

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UE-010525

**PUGET SOUND ENERGY'S COMMENTS  
IN SUPPORT OF SETTLEMENT SPECIAL CONTRACTS**

Pursuant to RCW 80.28 and WAC 480-80, Puget Sound Energy, Inc ("PSE") submits these comments and explanations in support of the Settlement, and its constituent parts, between PSE and three telecom customers currently on Schedule 48: AT&T Wireless ("AT&T"), WorldCom, Inc., and Qwest (collectively "Customers"). Together, the settling entities (PSE and Customers) are referred to as Parties to the Settlement.

**I. DESCRIPTION OF THE SETTLEMENT**

The Settlement contains several interrelated components:

- (1) Stipulation of Settlement ("Stipulation") dated September 14, 2001, executed by PSE and the Customers, as revised by an amendment filed contemporaneous with this document;
- (2) Three High Intensity Load Special Contracts ("Special Contracts");
- (3) Stipulated Schedule 45; and
- (4) Three Schedule 45 Service Agreements.

The Settlement, if approved by this Commission by October 31, 2001, will resolve a variety of legal and contractual issues in a manner that is acceptable to all parties affected, serves the public interest with terms, rates and conditions that are fair, just, reasonable, and sufficient, and otherwise comply with all statutory and regulatory requirements.

The Stipulation, as amended, supports two alternative settlement proposals, either of which could resolve the issues in this proceeding on proposed Schedule 45.

**A. Alternative #1: Special Contracts**

The first settlement alternative is based on the three Special Contracts. This alternative would eliminate the need for the Commission to address the merits of Stipulated Schedule 45 before a general rate case, thereby eliminating all current controversies among PSE, the Customers and intervenor, Industrial Customers of Northwest Utilities (“ICNU”).

PSE and the Customers tender this to the Commission as their preferred alternative. The Stipulation and the three identical Special Contracts resolve the following issues between PSE and each Customer:

- all disputes, including billing and payment issues, regarding the applicability of Schedule 48 to these Customers from the date each Customer commenced service extending through October 31, 2001,
- costs and expenses for construction of new dedicated facilities for Customers, and
- specification of the rates that would replace Schedule 48 applicable to Customers upon expiration of Schedule 48 on October 31, 2001.

PSE and the Customers resolved their differences through negotiations conducted under the auspices of Commission Staff.

**1. Special Contracts’ Rates**

The Special Contracts have three tiers of rates. These rates were negotiated to remove the Customers from Schedule 48 by the October 31, 2001, deadline without the necessity of a hearing before PSE’s next general rate case.

**Tier I** power will be available up to 5,000 kVA and will be billed at same demand and energy charges as set forth in PSE existing Schedules 31 and 49.

For planned power requirements above 5,000 kVA, **Tier II** will apply and Special Contract Customers will pay a long-term market price for such power. Those Customers projecting loads in excess of 3,650,000 kWh (5,000 kW \* 730 hours/month) will be required to notify PSE biannually of its monthly power usage projections for the next six months. These projections will constitute the Customer's planned incremental load upon which customer will have a take-or-pay obligation. The price will be determined the average of three 3 to 5 year forward purchase bids obtained by PSE and reviewed upon request by the Customer. After disclosure of the price, Customer may adjust to its planned incremental load. The take-or-pay obligation is softened, however, by a remarketing credit of 90% of the Mid-Columbia Firm Index price for the applicable month.

**Tier III** pricing will apply to any unplanned power usage above 3,650,000 kWh. Such power will be priced at the average running cost of PSE's Whitehorn combustion turbine, based on the average cost of gas during that month.

## 2. Facilities Provisions

The Special Contracts provide several provisions to ensure that the Special Contract Customers (rather than PSE's other customers) pay all reasonable costs and expenses necessary to study, locate, and install new dedicated and redundant transmission, distribution, and substation facilities necessary to provide service to the Schedule 45 customer. All issues regarding the cost of facilities already constructed have been resolved through the Stipulation. With respect to future construction, pursuant to new agreements yet to be concluded, each Customer has agreed to pay the reasonable costs and expenses (including Schedule 87 tax rider) of designing and constructing specified transmission, distribution and transformation equipment dedicated by PSE for service to their respective Facilities.

### **3. Term of the Special Contracts**

The term of these Special Contracts extends only during a “transitional period” extending until the end of PSE’s forthcoming general rate case or 24 months after contract approval, whichever occurs earlier. No Customer expects to have a load greater than 3,650,000 kWh per month before the end of PSE’s forthcoming general rate case, so the Customers do not expect to pay rates different than those specified in Schedule 31 or 49 under their Special Contracts.

The Stipulation and Special Contracts do not purport to address or resolve questions regarding the proper rate for application to the Customers after the contract term. PSE and the Customers have reached no agreement regarding the applicability of three-tier pricing after the transitional period. Instead, the Customers and PSE have expressly reserved their respective rights to advocate, in the forthcoming PSE general rate case, any form of rate for prospective application to these Customers. For example, the Customers have reserved their rights to advocate that they should be served under Schedule 31, Schedule 49, or some new schedule for high-voltage, extra-high load factor customers.

If the Commission approves the Stipulation and three Special Contracts, PSE would withdraw both the version of Schedule 45 now in file and the Parties’ Stipulated Schedule 45 (which is identical in all material respects to the Special Contracts). PSE would request termination of these proceedings without resolution of the merits of either Schedule 45.

### **4. Application to Other Customers**

There are no other existing customers requesting the type of retail service for which PSE intended Schedule 45. ICNU has intervened in this case to oppose Schedule 45. This opposition extends to Stipulated Schedule 45 as well.

After significant negotiations, ICNU has stipulated with PSE and the Customers that it will not oppose Commission approval of the three Special Contracts if the Special Contracts are considered first and separate from Stipulated Schedule 45 and, upon approval of the Special Contracts, PSE will withdraw Schedule 45 and Stipulated Schedule 45. ICNU, PSE and Customers have further agreed that, in the

event a similarly situated customer does request service during the transitional period described above, PSE will apply the following principles:

1. such new customers will pay for new dedicated facilities,
2. PSE will serve a base level of electric power to such new customers under Schedule 31 or 49 while the infrastructure facilities are being built, and
3. PSE and such new customers are free to disagree about the rates that apply to that customer's load after its facilities (*e.g.* internet data center) are up and running (such disagreements are not likely given the lead time for facilities build out and the statutory deadline for the end of PSE's next general rate case.)

This Special Contract alternative form of Settlement, if approved by this Commission by October 31, 2001, will resolve a variety of legal and contractual issues in a manner that is acceptable to all parties affected during the transitional period. It serves the public interest with terms, rates and conditions that are fair, just, reasonable, and sufficient, and otherwise comply with all statutory and regulatory requirements. As explained above this alternative preserves, for resolution in PSE's forthcoming general rate case, the substantive ratemaking issues related to these Customers and other potential customers who may be similarly situated.

Contracts identical to the submitted Special Contracts would be generally available upon request to interested customers meeting specified eligibility requirements during the transitional period.

#### **B. Alternative #2: Settlement Based On "Stipulated Schedule 45"**

The second settlement alternative would resolve the issues in this proceeding generically through Stipulated Schedule 45, negotiated by PSE and the Customers. Stipulated Schedule 45 is substantively identical to the Special Contracts; only the format and applicability differ. Stipulated Schedule 45 would apply only during the same transitional period. Stipulated Schedule 45 preserves the rights of PSE and the customer to argue any form of rate in the forthcoming PSE general rate case.

The Schedule 45 Service Agreement provides the contractual relationship between the high intensity load customer and PSE. The terms, rates, and conditions do not vary from the Stipulated

Schedule 45. The Schedule 45 Service Agreement is considered to be an integral part of Stipulated Schedule 45.

Although ICNU does not oppose Commission approval of the Special Contracts as described above, it does oppose Stipulated Schedule 45. If for any reason the Commission declines to approve the Special Contracts, PSE and the Customers have agreed as part of their stipulation with ICNU, that ICNU may challenge Stipulated Schedule 45 in whatever process the Commission deems appropriate. The three principles agreed to by ICNU regarding new customer requests, and listed above on page 5, would apply until removed or replaced by the Commission's final order on Stipulated Schedule 45.

PSE, Customers, and ICNU hope to avoid this hearing, which might simply duplicate proceedings to be conducted in PSE's next general rate case. It is for this reason that PSE and the Customers attempted to address ICNU's concerns by offering to resolve this case through the Special Contract alternative described above.

**C. The Customers Require A Rate In The Event The Commission Approves Neither Of The Two Settlement Alternatives Before October 31, 2001.**

Schedule 45 is currently under suspension. If the Commission does not approve the Special Contracts, deciding instead to conduct a hearing on Stipulated Schedule 45 while the suspension continues after October 31, 2001, PSE and the Customers will face the difficult question: what rate should apply to Customers after Schedule 48 expires on October 31, 2001? If that contingency were to occur, PSE and the Customers would require an immediate answer from the Commission.

In that event, PSE and Customers request that the Commission allow Stipulated Schedule 45 to become temporarily effective for the three Customers until the Commission rules on Stipulated Schedule 45. The Customers agreed to support the Stipulated Schedule 45, as negotiated, and they will honor their Stipulation with PSE. Customers and PSE agree that the Commission should preserve a refund remedy for these Customers, at least with regard to the rate applicable to purchases in excess of 3,650,000 kWh per month. It is our understanding that ICNU would contest Tier II and Tier III pricing. If ICNU were to prevail, a different rate outcome for the Customers would raise issues of undue discrimination.

If, however, the Commission does not approve the Special Contracts, does not approve Stipulated Schedule 45 prior to October 31, 2001, and does not allow the Customers to be served under Stipulated Schedule 45 pending the outcome of the Stipulated Schedule 45 hearing process, there will be no other rate applicable to Customers after October 31, 2001. In that event, Customers have reserved their right to argue that Schedule 31 or Schedule 49 should apply to each of them until the conclusion of the hearing on Stipulated Schedule 45.

## **II. BACKGROUND TO THE SETTLEMENT**

Starting in late 1999 and early 2000, PSE started receiving electric service inquiries totaling over 670 megawatts of new load from internet data centers (and real estate developers serving them). Internet data centers provide businesses and consumers with electronic data storage, internet access and e-commerce transactional abilities, web hosting services, virtual private network support, and computing capability.

The electric power loads of these new customers tend to be unique among PSE's customers: these new customers have highly intense usage coupled with a need for greater infrastructure necessary to improve reliability (*i.e.* service that is less prone to interruption). Essentially, these characteristics are driven by equipment and processes that can not be reestablished after electric power interruption. Because these customers have little or no tolerance for interruption, expensive dedicated electric distribution facilities have to be installed to provide the needed power with greater reliability and redundancy.

In addition, PSE believes many high intensity load customers have other characteristics that add to the uniqueness of the customers as a class: rapid projected load growth that varies considerably over time and the speculative nature of funding for the enterprises.

Initially, PSE served these high intensity load customers under Schedule 48 because Schedule 48 had provisions that required the customer to pay up front for the installation of new dedicated facilities. PSE envisioned that Schedule 48 would be temporary until it could devise a new rate schedule tailored to serve the unique characteristics of the high intensity load customers.

During 2000, Customers began to construct such facilities within PSE's service area. All three Customers are telecommunications providers. Each supports its activities with in-house internet data centers.

Each of the Customers' facilities is in start-up mode. At the end of start-up, each facility will have a demand of 8-10 MVA, consuming power at a very high-load factor. Particulars regarding each Customer facility are as follows:

- In November 1999, WorldCom contacted PSE to request service at a new facility in Kent. PSE energized the first 5 MVA of service and WorldCom signed a Schedule 48 Service Agreement in August 2000. At the end of start-up, the facility will have a demand of approximately 10 MVA.
- In April 2000, AT&T requested PSE provide 10 MVA for a data center in Bothell. In January 2001, AT&T signed a Schedule 48 Service Agreement and the site was energized. At the end of start-up, the facility will have a demand of approximately 10 MVA.
- In April 2000, Qwest requested 8 MVA for an internet data center at two adjacent sites in Tukwila. In September 2000, the "Phase I" site was energized with 8 MVA and Qwest signed a Schedule 48 Service Agreement. Phase II awaits construction; it will have a demand of approximately 12 MVA.

Unlike some of the more uncertain requests received by PSE from internet-data-center developers, the loads of the three Customers have proven to be more stable and predictable. They each have on-site back-up generation, installed at no cost to PSE. They each have paid for the infrastructure improvements necessary to connect their facilities to PSE's 115-kV grid. The Customers maintain that their facilities have characteristics that may make them very economical to serve.

During the period in which service was being provided to the three Customers, PSE also negotiated with twenty-three other possible high intensity load customers that were developing internet data center (IDC) facilities, such as Fisher Properties, Global Gateway, Globix, Kent Washington, LLC, PSINet, TrizecHahn, and 360 Degree Networks (USA) Inc.

In May 2000, PSE filed a proposed Schedule 300, entitled "New Energy Intensive Large Customer Integrated General Service." The Commission suspended Schedule 300 on August 30, 2000. On September 18, 2000, PSE withdrew Schedule 300 in order to discuss and negotiate its terms with the



affected customers. Throughout the balance of the year, PSE discussed the terms of the service with customers and Commission staff and began to generate what would become an early version of Schedule 45.

In December 2000, several industrial customers served by PSE under Schedule 48 filed a complaint against PSE at the Commission. *See Air Liquide et al, v. Puget Sound Energy, Inc.*, WUTC Docket Nos. UE-001952 and UE-001959 (Consolidated). After discovery, hearings, and intensive negotiations, the parties filed a comprehensive settlement in March 2001 in which, among other things, PSE agreed to terminate Schedule 48, effective at midnight on October 31, 2001, and file a new Schedule 45, for use by the Customers, not later than April 16, 2001. On April 5, 2001, the Commission issued an order approving the comprehensive settlement, terminating Schedule 48, effective at midnight on October 31, 2001 and required PSE to file a new Schedule 45, for use by the Customers, not later than April 16, 2001. *Eleventh Supplemental Order Approving and Adopting Settlement Agreement, Subject to Conditions; Dismissing Proceedings; and Granting Other Relief*, WUTC Docket Nos. UE-001952 and UE-001959 (Consolidated) ¶¶99-100 (April 5, 2001).

Customers (AT&T, Qwest and WorldCom) were **not** parties to that proceeding. Neither the settlement nor the Commission's order purported to prejudice their rights.

On April 16, 2001, PSE filed Schedule 45 pursuant to the Commission's Order in this Docket UE-010525. During its open meeting of June 27, 2001, the Customers opposed Schedule 45 in its then-current form. The Customers disagreed with PSE regarding both Schedule 45 and issues regarding their eligibility under other PSE rate schedules. The Commission suspended the proposed Schedule 45 without setting the matter for adjudicative hearing in order to allow the parties to negotiate a mutually acceptable rate schedule. Of the twenty-six customers or potential customers that requested service for IDCs, only the three Customers supporting this Settlement are either operating or actively developing IDC facilities.

Under the auspices of Commission Staff, PSE, the Customers and other interested parties met to attempt resolution of their differences through negotiation of a ratemaking solution. Representatives of the three customers and other potential customers (including Microsoft, Boeing Real Estate and Global Gateway) attended initial meetings, but only the three Customers participated in the negotiations to their

conclusion. Ultimately, PSE and Customers negotiated a settlement agreement on the terms and conditions of Stipulated Schedule 45, Special Contracts, and Service Agreements under Stipulated Schedule 45 as memorialized in the Stipulation, filed September 17, 2001.

On October 15, 2001, PSE and Customers agreed to amend the Stipulation in order to switch the order of requested consideration. Specifically, they request that the Commission review the Special Contracts first, rather than the Stipulated Schedule 45. If the Commission approves the Special Contracts, PSE will withdraw Stipulated Schedule 45. If the Commission does not approve the Special Contracts, PSE and Customers request that the Commission have an additional hearing on Stipulated Schedule 45 in order to consider approval of Stipulated Rate Schedule 45 promptly so that Customers would be on Stipulated Schedule 45 by the end of the month when Schedule 48 expires.

**III. DURING THE TRANSITIONAL PERIOD, THE SPECIAL CONTRACTS PROVIDE JUST, REASONABLE, AND SUFFICIENT RATES, ARE NON-DISCRIMINATORY AND IN THE PUBLIC INTEREST IN ACCORDANCE WITH WAC 480-80-335.**

PSE and the Customers are in agreement that the proper ratemaking treatment for new, high-load factor customers that have paid for their own electrical infrastructure raises issues best resolved during the course of a general rate case. Such a case is now imminent. In the meantime, PSE and the Customers have accomplished their most immediate rate, construction, and refund objectives. They have mutually agreed on a rate to apply during the transitional period after Schedule 48 expires.

The cost justification for the rates for Tier I Power (the first 5 MW of electric power) under Stipulated Schedule 45 can be imputed from its genesis: PSE's Schedules 31 and 49. The rates, terms, and conditions of those rates were established in the PSE's last rate case and the justification will remain in effect until the resolution of the next rate case. Thus, the cost basis and legitimacy (fair, just, and reasonable) of Schedules 31 and 49 rates have been well-established at this point in time. Consequently, provision of an initial block of power under such rates should not be controversial.

The pricing model for Tier II rate for incremental power under Stipulated Schedule 45 is Schedule 448, albeit a slimmed down and simplified version. In essence, PSE will charge high intensity load customers what it would charge them if PSE obtained such power through a buy-sell transaction under

Schedule 448. PSE obtains three forward price bids from power suppliers for three to five year power purchase contracts and averages the three to arrive at a rate. The customer gains PSE's professional traders' ability to get competitive bid prices and does not have to negotiate a buy-sell arrangement. The Stipulated Schedule 45 customer has more flexibility, however, because the customer may reduce its loads after it find out the price and PSE will remarket power under its Customer's take-or-pay provision that Customer does not use.

Similarly, the Tier III rates are founded explicitly on the cost of running PSE's own embedded cost generation. If the Customer does not plan for load growth, PSE is unable to plan for the load growth. PSE must satisfy such unplanned load demands with power from its own generation. Consequently, the customer should bear the cost of running one of PSE's less efficient generation: the Whitehorn single cycle combustion turbine.

The Special Contracts are unlikely to remain in effect in their current form for more than a year. Consequently, PSE and the Customers have agreed that the Special Contracts and Stipulated Schedule 45 – whichever is approved -- will have no precedential effect for or against any particular rate design to be proposed in PSE's general rate case. The negotiated Special Contracts are part of a comprehensive settlement, providing a fair, just, and reasonable bridge between the status quo and the end of PSE's next general rate case.

This resolution works no prejudice against the interests of anyone else. The Special Contracts and Stipulated Schedule 45 provide fair, just, reasonable, non-discriminatory and sufficient approach to serving these three Customers on a transitional basis.

#### **IV. SPECIAL CONTRACTS COMPLY WITH STATUTORY AND REGULATORY REQUIREMENTS**

In addition to meeting the general requirements that the rates are fair, just, and reasonable as required by WAC 480-80-335(3), the Special Contracts fully comply with the following criteria set forth WAC 480-80-335(5)(a):

- a. it does not result in unreasonable preference or undue discrimination between customers receiving like and contemporaneous service;
- b. it provides for the recovery of costs associated with the service;
- c. it is above the long run incremental cost (LRIC) and provides some contribution to the common costs for the company;
- d. it does not prejudice the competitive business relationship between customers with the special contract and those without;
- e. other ratepayers will receive lower rates because of the special contract;
- f. the utility must show that it has bargained effectively with the customer.”

**A. No Unreasonable Preference or Undue Discrimination**

A mere difference in rates does not, in and of itself, constitute unlawful discrimination. State *ex rel.* Puget Sound Power & Light Co., v. Department of Public Works, 181 Wa. 105, 112 (1935). Rate variances among customers premised on reasonable differences in conditions and costs are an acceptable part of ratemaking. *Cole v. Washington Utilities and Transportation Commission*, 79 Wa.2d 302, 310 (1971). In this vein, PSE believes it is obligated to develop special contracts to accommodate the particular service characteristics of its customers. High intensity loads that need and pay for improved infrastructure to reduce the possibility of power service interruption should be served under special contracts appropriate for that service, pending generic determination of appropriate rates in the next general rate case.

The following table illustrates some of the differences between the standard high voltage customer and the high intensity load customers (for which PSE has completed design studies for interconnection to PSE's electric system).

<u>Standard High Voltage Customer</u>	<u>High Intensity Load Customer</u>
53% have dedicated substation	100% will have dedicated substation
33% on Loop System	85% on Loop Feeds
67% on Radial Feeds	15% on Radial Feed
Minimal on-site Generation	100%+ Backup On-site Generation
62% Load Factor	85-95% Load Factor

High intensity loads, such as IDCs, need electric equipment infrastructure that is designed to reduce the likelihood of power supply delivery failure through installation of higher capacity equipment, redundant electric systems, looping of connections, interconnection with backup systems, heightened security against various types of interference, and various other means of increasing reliability, in order to produce a heightened level of reliability. All Customers will have on site backup generation and may want looped distribution systems. Most want dedicated substations or dedicated transformers within substations.

Importantly, PSE is aware of no other current customer that meets these criteria; accordingly, PSE has no intention of switching any existing customers to Special Contracts, other than Customers. Also, PSE knows of no other current customers (whether they qualify or not) that desire to take service under the Special Contracts. In other words, no customer has been included in the class against its will and no customer has been excluded against its will. If a new similarly situated customer requests a Special Contract, however, PSE would offer one identical to those now under consideration – subject to Commission approval.

Therefore, this Special Contract is not discriminatory and provides no unreasonable preferences.

## **B. Cost Recovery**

The special contract rate must be sufficient enough to cover the utility's costs of serving the customer, including a contribution to fixed costs. Previous Commission orders established the use of utility long run incremental cost and customer standalone cost for this review.

The rates for Tier I under each Special Contract (the first 3,650,000 kWh of electric power) are taken from PSE's Schedules 31 and 49. The rates, terms, and conditions of those rates were established in the PSE's last rate case and the justification will remain in effect until the resolution of the next rate case. Thus, the cost basis and legitimacy (fair, just, and reasonable) of Schedules 31 and 49 rates have been well-established at this point in time. Service under such rates should not be controversial.

Presently, none of the Customers' loads, existing or planned during the transitional period, is expected to exceed this initial level of 3,650,000 kWh of power prior to the time that the WUTC could

adopt a final solution in PSE's next general rate case. If, and only if, a Customer's load exceeds that threshold, Tier II or Tier III would apply during the transitional period. Tier II and Tier III pricing are each designed to recover, as accurately as practicable, PSE's actual incremental costs. PSE was unwilling to make Tier I pricing available for the entirety of Customer loads whatever the level. The Customers agreed to this limitation, without prejudicing their rights in the next general rate case, in return for the other components of the settlement.

**C. Prejudiced Competition:**

The Special Contract would not give these high intensity customers any unfair advantage over any competitors within PSE's service area. Indeed, all the existing IDCs in the service territory – Customers – have executed identical contracts. All future customers who meet the applicability standards would be offered an identical special contract. Therefore this special contract meets this standard.

**D. Lower Rates:**

The Special Contract Tier I rate fully recovers the costs for the base portion of the high intensity customer's load, whether they take service at high voltage or primary voltage. The Special Contract will result in lower rates for the other rate payers because the high intensity customers will be fully contributing to common costs for the base portion of their load by paying the same rates that primary and high voltage customers would pay under Schedules 31 and 49. Under the Tiers II and III rates, the Special Contract customers will bear most of the price and load fluctuation risk, thereby insulating PSE other ratepayers from additional risk.

The Special Contracts will also result in lower rates for the other ratepayers the fact that other customers are more fully protected from facilities costs and expenses resulting from the high intensity customer's requirements for increased reliability. Service under other rate schedules may not ensure such cost coverage.

**E. Effective Bargaining:**

There has been ample proof of effective bargaining. WUTC Staff have facilitated, and been present at numerous negotiating sessions between this new class of customers and the Company. WUTC Staff has spent dozens of hours observing the successful negotiation of the parties. Therefore this special contract meets this standard.

**V. CONCLUSION**

WHEREFORE, for the reasons discussed herein, the Settlement, in its entirety is fair, reasonable, and in the public interest. Accordingly, PSE respectfully requests that:

1) the Commission consider and approve the Stipulation, as amended, and the Special Contracts in their entirety (if the Commission approves the Special Contracts, PSE will withdraw Stipulated Schedule 45);

2) if the Commission does not approve the Special Contracts, PSE and Customers do not oppose request that the Commission have an additional hearing on Stipulated Schedule 45. Such hearing should occur before October 31, 2001 so that Customers could be on Stipulated Schedule 45 by the end of the month when Schedule 48 expires; and

3) if the Commission does not approve the Special Contracts, and does not complete its review process and deliberations on Stipulated Schedule 45 before October 31, 2001, PSE and Customers request that the Commission allow Customers to take electric service under Stipulated Schedule 45 on a temporary basis until the Commission approves or disapproves Stipulated Rate Schedule 45. If the Commission cannot or will not make Stipulated Schedule 45 temporarily available to these Customers, PSE and Customers respectfully request that the Commission specify the existing PSE rate that shall apply during the transitional period.

Date: October \_\_\_\_, 2001

Respectfully Submitted,

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