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1 BEFORE THE WASHINGTON STATE
2 UTILITIES AND TRANSPORTATION COMMISSION
3 WASHINGTON UTILITIES AND)
4 TRANSPORTATION COMMISSION,) DOCKET NO. UE-070565
5)
6) Complainant,) Volume III
7) Pages 57 to 74
8)
9) vs.)
10)
11) PUGET SOUND ENERGY, INC.,)
12)
13) Respondent.)
14)
15) _____)

9 A hearing in the above matter was held on
10 July 25, 2007, from 6:40 p.m to 6:55 p.m., at 1300
11 South Evergreen Park Drive Southwest, Room 206, Olympia,
12 Washington, before Administrative Law Judge ADAM TOREM
13 and Chairman MARK H. SIDRAN and Commissioner PATRICK J.
14 OSHIE and Commissioner PHILIP B. JONES.

15 The parties were present as follows:

16 THE COMMISSION, by ROBERT D. CEDARBAUM,
17 Assistant Attorney General, 1400 South Evergreen Park
18 Drive Southwest, Post Office Box 40128, Olympia,
19 Washington 98504. Telephone (360) 664-1188, Fax (360)
20 586-5522, E-Mail bcedarba@wutc.wa.gov.

21 PUGET SOUND ENERGY, by SHEREE STROM CARSON,
22 Attorney at Law, Perkins Coie, LLP, 10885 Northeast
23 Fourth Street, Suite 700, Bellevue, Washington 98004,
24 Telephone (425) 635-1400, Fax (425) 635-2400, E-Mail
25 scarson@perkinscoie.com.

26 Joan E. Kinn, CCR, RPR
27 Court Reporter

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1 THE PUBLIC, by SIMON FFITCH, Assistant
2 Attorney General, 800 Fifth Avenue, Suite 2000, Seattle,
3 Washington 98104-3188, Telephone (206) 389-2055, Fax
4 (206) 464-6451, E-Mail simonf@atg.wa.gov.

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5 EXHIBIT: MARKED: ADMITTED:

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1 P R O C E E D I N G S

2 JUDGE TOREM: Good evening, my name is Adam
3 Torem, I'm an Administrative Law Judge with the
4 Washington Utilities and Transportation Commission, and
5 this is the Puget Sound Energy Power Cost Only Rate
6 Case, otherwise known as the PSE PCORC proceeding. This
7 is the public comment session, and this is Docket Number
8 UE-070565. We are convened this evening at the
9 Commission's headquarters in Olympia, Washington for the
10 public comment hearing, so it is Wednesday evening, July
11 25th, 2007. It is now approximately 6:40 p.m., we were
12 scheduled to begin about 10 minutes ago and waited to
13 see if any other interested members of the public were
14 going to come tonight. At this time we have one person
15 who has signed in to comment. My role this evening is
16 to facilitate the hearing, that should be pretty easy,
17 the Commissioners' role will be to listen to the
18 comments, and as you can see, we have a court reporter
19 who will be taking those down.

20 This public hearing is held as part of the
21 Commission's formal hearing process as it considers a
22 multiparty settlement agreement that was submitted
23 earlier this month by PSE, Commission Staff, the
24 Industrial Customers of Northwest Utilities and ICNU, as
25 well as the Public Counsel Section of the Attorney

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1 General's Office. The other intervening parties in this
2 case, who are the Kroger Company and the Federal
3 Executive Agencies, have confirmed by separate letters
4 filed with the Commission that they do not oppose the
5 settlement agreement. So in essence, the parties have
6 reached a full settlement on all the issues presented in
7 this case.

8 The Commission's hearing process allows for
9 both technical testimony from the parties formally here
10 before the Commission, and we also take the public
11 testimony and evidence from members of the public in
12 sessions such as this tonight. Earlier today the
13 parties appeared before the Commissioners and formally
14 presented their proposed settlement agreement, and they
15 also had a panel of supporting witnesses. The
16 Commissioners had a chance to inquire of those witnesses
17 and counsel as to questions on the settlement agreement.
18 Tonight the purpose is to provide Commissioners with
19 other information they might use to make a decision
20 about whether the settlement is in the public interest
21 and whether it will provide rates that are fair, just,
22 reasonable, and sufficient. Your comments this evening
23 will be given under oath and recorded, and the comments
24 will become part of the formal record that is the basis
25 for the Commission's decision in this case.

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1 Quickly I'm going to ask counsel that are
2 present tonight to make their appearances, which means
3 they will state on the record who they are and who they
4 represent. We don't need all the long details, those
5 are already in the record.

6 Members of the public, we still only have
7 one, if you follow along you will hear there are two
8 different members of our Attorney General's Office, each
9 of them though has a separate client and a separate
10 purpose in the matter for the Commission, and I think
11 that will be clear as they state their appearance
12 tonight. So let me start with the Company's
13 representative, Ms. Carson.

14 MS. CARSON: Good evening, I'm Sheree Strom
15 Carson representing Puget Sound Energy, and also with me
16 is Company representative Tom DeBoer, who is the
17 Director of Rates and Regulatory Affairs for the
18 Company.

19 MR. FFITCH: Good evening, thank you, Your
20 Honor, my name is Simon ffitch, I'm an Assistant
21 Attorney General with the Public Counsel Section of the
22 Attorney General's Office, and we are appearing in the
23 case on behalf of the residential and small business
24 customers of Puget Sound Energy, and I would be happy to
25 meet with any members of the public after the formal

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1 session.

2 MR. CEDARBAUM: Thank you, Your Honor, my
3 name is Robert Cedarbaum, I'm also an Assistant Attorney
4 General appearing for the Commission Staff, which
5 operates as an independent party in this proceeding
6 subject to all the rules with respect to communications
7 with the Commission that the other parties are subject
8 to.

9 JUDGE TOREM: All right, thank you all. I
10 will note that ICNU was represented this afternoon, but
11 we did not expect them to have a representative here
12 tonight. And again, the Kroger Company and the Federal
13 Executive Agencies just submitted that they were not
14 opposing the settlement by their letters.

15 Now tonight you can offer comments concerning
16 the proposed settlement and the rate increase, and we
17 recognize you might also have some questions. Ms. Gail
18 Griffin-Wallace is in the back of the room from the
19 Commission's Public Involvement Division, she's
20 available tonight after the hearing as well as
21 Mr. ffitich and Mr. Cedarbaum, so if there are questions
22 that are more appropriate directed to them, they will be
23 available.

24 Now although experience in general for taking
25 public comments teaches us that each speaker should

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1 generally be limited to about three minutes so we have
2 time to get to everyone, those of you who have spoken in
3 public know that three minutes is usually quite a bit of
4 time, but tonight I don't think we have to be overly
5 concerned with that, so we can be more relaxed and just
6 take the comments within reason until one is exhausted.
7 If there are written comments or materials this evening,
8 you can provide a copy of those directly to me, and they
9 will be made part of the record.

10 Ms. Carson, let me inquire if you think you
11 can give a two or three sentence summary as to what the
12 settlement accomplishes, and then I'll see if any other
13 members of the public arrive, and we'll swear them in.

14 MS. CARSON: Certainly.

15 Just to briefly summarize the case that was
16 filed and the settlement that we agreed to, on March 20,
17 2007, Puget Sound Energy filed its power cost only rate
18 case and proposed to increase electric rates
19 approximately by \$65 Million, which is an average of
20 3.68%. In May of 2007, Puget supplemented the filing
21 because of increased wholesale and natural gas rates,
22 and that increase would have been a total from the
23 current rates an average of 4.43% increase in rates.
24 Commission Staff, Public Counsel, the Industrial
25 Customers of the Northwest Utilities investigated

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1 Puget's filings, and ultimately a settlement was reached
2 in July, in early July. The parties entered into a
3 settlement that will result in an average rate increase
4 of approximately 3.68%.

5 JUDGE TOREM: All right, thank you,
6 Ms. Carson.

7 Our one member of the public, Mr. Cypert, you
8 might as well come on up to the podium, and I will swear
9 you in individually.

10 And is there anyone on the bridge line that
11 wanted to comment tonight? I didn't hear anybody ring
12 in earlier.

13 All right, Mr. Cypert, let me give you the
14 oath of witness, if you will raise your right hand.

15

16 Whereupon,

17 MARV CYPERT,
18 having been first duly sworn, was called as a witness
19 herein and was examined and testified as follows:

20

21 JUDGE TOREM: All right, sir, go ahead and
22 why don't you give us your comment. I'm going to ask
23 you a couple of brief preliminary questions so we know
24 who you are. Can you state your name and spell your
25 last name for the court reporter.

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1 MR. CYPERT: Marv, M-A-R-V, Cypert,
2 C-Y-P-E-R-T.

3 JUDGE TOREM: And where do you live, sir?

4 MR. CYPERT: 4137-B, Shincke, S-H-I-N-C-K-E,
5 Road, Olympia, Washington 98506.

6 JUDGE TOREM: And when you signed in, you
7 noted you're representing yourself; is that correct?

8 MR. CYPERT: I don't want anybody else to be
9 responsible for me or me to be responsible for my
10 mistakes on them.

11 JUDGE TOREM: All right, and are you a PSE
12 customer, sir?

13 MR. CYPERT: I am, regrettably.

14 JUDGE TOREM: All right, please let's hear
15 your comments.

16 MR. CYPERT: Well, before we get there, you
17 just said something that upsets me badly, because you
18 just explained to me that I'm wasting my time and your
19 time being here because this is already a cut and dried
20 fish.

21 JUDGE TOREM: I hope not, sir.

22 MR. CYPERT: Well, you said that all the big
23 dogs have already weighed in, and I don't blame you for
24 not having a lot of faith in the public because I'm a
25 little thin come public, you know, but you explained

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1 that everything else has already happened, it's a done
2 deal, and we're just going to listen to a few public,
3 and then we're going to print it.

4 JUDGE TOREM: Let me clarify that for you,
5 sir.

6 MR. CYPERT: Okay.

7 JUDGE TOREM: This afternoon was the
8 opportunity for the Commissioners to hear the expert
9 witnesses. It was a separate notice that went out. You
10 certainly would have been welcome and maybe you were
11 there this afternoon, I don't recall seeing you. These
12 counsel were there this afternoon as well as the ICNU
13 counsel. Each of them had a witness sitting which would
14 be to your right and my left, and they were sworn in,
15 and they talked about the settlement agreement that was
16 reached. Mr. ffitich again can make sure you have a copy
17 of that if you're at all interested.

18 But the Commission has not made up its mind
19 on anything, it has simply heard from the parties. The
20 public is always invited to observe those proceedings,
21 and every time there is a rate case, whether it's a
22 power cost only rate case as a PCORC, which is this
23 case, or a full blown rate case where all of those
24 issues can be litigated, the public always has an
25 opportunity to give its input. Throughout this process

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1 since the case was filed in March, a number of public
2 comments have come in in writing, you may have filed one
3 already. But tonight is the designated time for the
4 public to speak to it.

5 The Commission will have deliberations as to
6 whether they are going to accept or accept on condition
7 or reject the settlement agreement that's being
8 presented. Your comments tonight may influence the
9 decision. So while there is only one member of the
10 public here tonight, it's to your benefit and to the
11 Commission's benefit that you speak to that and take the
12 opportunity tonight to make your feelings known. If
13 more of the public would be here tonight, we would
14 certainly stay until that were exhausted.

15 MR. CYPERT: I heard that.

16 JUDGE TOREM: I hope I clarified that.

17 MR. CYPERT: I guess I'm having a problem
18 with the phrase settlement agreement. To me that says
19 it's already a done deal.

20 JUDGE TOREM: Well, it's agreed among the
21 parties what they want to present to the Commission.
22 The Commission is not a party to the settlement
23 agreement. It's being offered to us as a body to
24 approve or reject or modify.

25 MR. CYPERT: It's a little clearer now, thank

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1 you. I didn't mean to offend, but the phrase settlement
2 agreement says to me that, yeah, we're just going to
3 rubber stamp it after we do the -- okay, all right.

4 JUDGE TOREM: Not the case, but I'm glad you
5 clarified that, I wouldn't want you to leave with the
6 wrong impression.

7 MR. CYPERT: I do that most of my life,
8 that's why I'm having so much fun.

9 JUDGE TOREM: All right, Mr. Cypert, now
10 let's take your comments.

11 MR. CYPERT: Well, how about a giant no.
12 This past winter not every month but almost every month
13 my electric bill has gone up. Now I have been told that
14 that's not due to a rate increase, but the bottom line
15 is when it comes out of my pocket it's a rate increase,
16 okay. And, hey, I know they're having problems, fuel
17 costs goes up for everybody, we're all having tough
18 times.

19 The second part of it is that I understand
20 they want to buy a power plant, a power generating
21 facility for the year 2035 or 2027 or something. I
22 probably won't be here. But I been 40 plus years buying
23 power plants to generate electricity for my time in
24 life, let somebody who's around in 2030 pay for their
25 own power plant, okay.

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1 The other thing, I have a piece of paper here
2 from the UTC that tells me that Puget Power is already
3 getting 55% more for their electricity than another
4 company doing the same job in Western Washington. Now I
5 understand the law says fair and just, we've got to make
6 a profit and all that, but 55% more than the other guy
7 who's running the same business across the street seems
8 a little tall to me. I think they got plenty of room to
9 do things without coming back to my pocket.

10 And I guess that's all I can say under the
11 rate case thing except repeat, how about a giant no.
12 And thank you for your consideration.

13 JUDGE TOREM: Thank you, Mr. Cypert, I
14 appreciate your concerns and the sentiments on paying
15 higher rates.

16 I haven't seen anyone else come in from the
17 public, let me ask the Commissioners if they have
18 anything they want to address Mr. Cypert or those others
19 that are gathered tonight.

20 COMMISSIONER SIDRAN: This is Mark Sidran, I
21 chair the Commission, and I just want to take the
22 opportunity to thank Mr. Cypert, who is unique at least
23 in the sense that you came to the hearing. These
24 hearings do matter to us. We have them in every case.
25 They are sometimes not or perhaps I should say they are

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1 frequently not as well attended as we would like, so we
2 appreciate the fact that you took the time to come this
3 evening. Your comments, as the Judge has indicated,
4 will be weighed.

5 I would encourage you if you would like to
6 discuss the concerns that you have raised to have a
7 conversation with some of the people that are in this
8 hearing room who represent the Company but who also
9 represent consumers, that's Public Counsel's role, or
10 you can speak to the Assistant Attorney General who is
11 representing Staff. They can explain to you a little
12 bit more about what is actually being paid for in this
13 proposed increase. And I think they can speak to your
14 concern about the power plant that you mentioned.

15 And just, not to put too fine a point on it,
16 but the primary driver behind the requested rate
17 increase that's reflected in the settlement is the
18 purchase of a power plant that's already been purchased
19 and is already providing power and was built by another
20 company that went into bankruptcy. You can learn more
21 about that if you're interested by talking to one of the
22 representatives of the parties here, but it's not about
23 some future acquisition.

24 MR. CYPERT: I got the date from the
25 publication that was made available.

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1 JUDGE TOREM: All right, and maybe,
2 Mr. Cypert, if you bring that piece of paper forward
3 when you ask the question, and I encourage you as
4 Chairman Sidran did to take advantage of the knowledge
5 that's here. It could be some misinformation or
6 misunderstanding in the paper, or they can clarify that
7 information for you.

8 MR. CYPERT: Thank you.

9 JUDGE TOREM: Let me quickly ask if there are
10 any other callers that may have come in on the bridge
11 line that wanted to comment, is there anyone on the
12 bridge line?

13 All right, still hearing nothing, let me ask
14 Public Counsel, we had an outstanding issue from this
15 afternoon's proceeding about the public comment exhibit.

16 MR. FFITCH: Yes, thank you, Your Honor. We
17 had an opportunity to obtain the public comments that
18 have been filed with the Commission in this case, there
19 appear to be approximately 80 letters and E-mails, and
20 we would like to offer those as an exhibit in the record
21 for the Commission's consideration. Exhibit Number 3
22 has been designated for that purpose, and I would
23 request at this time that we be allowed until the close
24 of business on Monday to prepare those in a formal
25 exhibit form and provide those to the Commission.

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1 JUDGE TOREM: And that would be filing here
2 in Olympia by Monday.

3 MR. FFITCH: Correct.

4 JUDGE TOREM: The 30th of July.

5 MR. FFITCH: Correct.

6 JUDGE TOREM: I see no objection from the
7 Commission, so that will be fine, and we'll have a
8 filing date of Monday, July 30th, for Exhibit 3, and
9 that will become part of the record at that time.

10 However, tonight now seeing no further
11 comment, we're ready to close the record subject to
12 Exhibit 3 coming in on Monday. And again I want to
13 thank you, Mr. Cypert for coming down. If you have any
14 questions, you can check with Commission Staff from the
15 public comment, the public involvement section, and the
16 folks that are here, and I think that's it. It's now
17 about 5 minutes to 7:00, and we are adjourned.

18 (Hearing adjourned at 6:55 p.m.)

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