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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
2 COMMISSION
3 WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION)
4)
Complainant,)
5)
vs.) DOCKET NO. PG-041624
6) Volume 3
PUGET SOUND ENERGY, INC.,) Pages 44 - 56
7)
Respondent.)
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10 A prehearing conference in the above matter
11 was held on December 9, 2004, at 9:35 a.m., at 1300
12 South Evergreen Park Drive Southwest, Olympia,
13 Washington, before Administrative Law Judge THEODORA
14 MACE.

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16 The parties were present as follows:
17 WASHINGTON UTILITIES AND TRANSPORTATION
18 COMMISSION, by DONALD T. TROTTER, Assistant Attorney
19 General, 1400 South Evergreen Park Drive Southwest,
20 Post Office Box 40128, Olympia, Washington 98504;
21 telephone, (360) 664-1189.
22 PUGET SOUND ENERGY, INC., by JAMES F.
23 WILLIAMS, Attorney at Law, Perkins Coie, LLP, 1201
24 Third Avenue, Suite 4800, Seattle, Washington 98101;
25 telephone, (206) 359-3543.
26 CITY OF BELLEVUE, by LORI MOLANDER-RIORDAN
27 (via bridge line), Attorney at Law, City Attorney's
28 Office, Post Office Box 90012, Bellevue, Washington
29 98009; telephone, (425) 452-6829.
30 Kathryn T. Wilson, CCR
31 Court Reporter

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

2 JUDGE MACE: Let's be on the record in the
3 claim of Washington Utilities and Transportation
4 Commission against Puget Sound Energy. This is Docket
5 No. TG-041624. My name is Theodora Mace. I'm the
6 administrative law judge who has been assigned to the
7 case, and we are convened in the offices of the
8 Commission in Olympia, Washington, on December the 9th,
9 2004.

10 I would like to have oral appearances now.
11 Ms. Riordan, why don't you begin.

12 MS. RIORDAN: This is Lori Riordan from the
13 Bellevue City Attorney's office appearing on behalf of
14 the City of Bellevue.

15 JUDGE MACE: Let me note that Ms. Riordan is
16 appearing by conference bridge. Go ahead.

17 MR. WILLIAMS: This is James Williams. I'm
18 with the Perkins Coie law firm appearing on behalf of
19 Puget Sound Energy.

20 JUDGE MACE: Thank you.

21 MR. TROTTER: Donald T. Trotter, assistant
22 attorney general for Commission staff.

23 JUDGE MACE: The purpose of the prehearing
24 conference today is to get an update on the status of
25 the investigation into the cause of the explosion that

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1 was what initiated this complaint and also to set a
2 schedule for further proceedings. Before we go ahead
3 with those two items, is there anything of a
4 preliminary nature that we need to address?

5 MR. WILLIAMS: No.

6 JUDGE MACE: Ms. Riordan, anything?

7 MS. RIORDAN: I have nothing.

8 JUDGE MACE: What's happening, I guess. Go
9 ahead, Mr. Trotter.

10 MR. TROTTER: I would be happy to, and I will
11 be discussing the action plan that the Commission
12 approved in Order No. 1 in this docket, Paragraph 16,
13 and there are Items A through I.

14 It's my understanding that this, as you
15 noted, that this hearing was set to discuss scheduling
16 and other matters appropriate to resolution of the
17 case. I think primarily it was for a status report to
18 see if the case could be scheduled, and at this point,
19 the case cannot be scheduled, and I will explain why.

20 The action plan is proceeding. PSE has made
21 filings and leak surveys consistent with that, to our
22 knowledge. Data requests have been issued and so on.
23 But there are three key events that have not yet been
24 completed that preclude us from scheduling right now
25 but might give us some guidance with some PSE input as

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1 to when we could do that.

2 Items C and D on the action plan called for
3 the Company to preserve the service line to the house
4 that had the explosion and to conduct a metallurgical
5 analysis of that service line. An independent
6 consultant was selected by PSE. The pipe has been
7 transported to Ohio for testing. We just received a
8 schedule for the testing. A series of tests will be
9 conducted, the last of which, as I understand it, will
10 be conducted in mid January. I don't have an
11 indication of when a final report will be issued, but I
12 can only assume it would be sometime after mid January.

13 The second item in the action plan that I
14 want to mention are Items F and G, which ask the
15 Company to make available to the Commission upon
16 request records of any investigations of the explosion
17 and its causes and to preserve documents surrounding
18 the investigation of the explosion and so on.

19 We have issued data requests for those two
20 items. The Company has responded by saying the
21 investigations are not complete, which I think is
22 understandable given that there is still analysis to be
23 done on the pipe and so on. So until those
24 investigations are complete and we have full responses
25 to those data requests, we are not in a position to

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1 schedule the case. PSE may have some insight as to
2 when that will occur.

3 JUDGE MACE: I would like to ask, you said
4 "full responses." Has PSE provided you any
5 information?

6 MR. TROTTER: We have been getting the leak
7 surveys and other documents, but the response we have
8 for some of them is the investigation is ongoing, and
9 when it's complete, we will get the response, and we
10 understand that preliminary drafts of investigations
11 are not what we are seeking, but we have been getting
12 documents on an ongoing basis, maps, and other facts
13 regarding the system.

14 The Company has also decided to replace
15 pipes, mains, and services to 600 homes in the area
16 identified in the Complaint, and we've been taking
17 samples of pipe and soil in that area, so we are not
18 sitting still. The Company is not providing no
19 information. That's not the case at all. We have been
20 getting a lot of information, but in terms of the final
21 investigative results and so on, we won't have those
22 until they are done.

23 The third area is Item I, and that is a
24 requirement that PSE conduct a test of the coating on
25 the steel surface lines of mains in the area covered by

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1 the rectifier and provide the results to the Commission
2 upon request. It also says that PSE will work with
3 Commission staff to determine the parameters of this
4 survey -- I think it's been called the coating
5 survey -- and follow-up activities.

6 It is our understanding that that survey has
7 not been initiated. The Company has not yet worked
8 with Commission staff to determine the parameters of
9 that survey, and that is an important survey to test
10 the condition of the coating on the pipe in the area to
11 see if there are any conditions in the area that are
12 leading to corrosion that the Commission and Company
13 should be concerned about, so that needs to be done,
14 and again, I don't have any timing on that.

15 As I did mention, the Staff is conducting its
16 own tests for getting soil samples, pipe samples and
17 other things, and we do have a meeting scheduled with
18 PSE immediately following this prehearing conference to
19 discuss some of those Staff needs for information in
20 addition to what the order specifically requires PSE to
21 provide.

22 JUDGE MACE: It seemed to me that in our last
23 prehearing conference, you had talked about hiring a
24 consultant. Was Staff going to hire a consultant, and
25 has Staff done so?

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1 MR. TROTTER: Yes. Subject to being
2 corrected by the record, I believe what I said last
3 time was that Staff had retained or was imminent to
4 retain a consultant, but he was not available to assist
5 us right away. He would be available in a couple of
6 weeks, I think, as I recall.

7 In any event, he has been retained. He is on
8 task. He is reviewing all the information that the
9 Company has provided and will be providing input on
10 additional Staff needs for information. In today's
11 meeting, he will be on the conference call.

12 JUDGE MACE: Thank you.

13 MR. TROTTER: So those three, the metallurgic
14 test, the coating survey, and the investigative
15 results, are key elements of information that will be
16 necessary before we can set the hearing schedule.

17 JUDGE MACE: Mr. Williams?

18 MR. WILLIAMS: Your Honor, I believe what
19 Mr. Trotter said is true and consistent with our
20 discussions before this hearing. I think today's
21 meeting after the hearing will probably reveal greater
22 information about the time needs and what we need to
23 accomplish.

24 I agree with him that it doesn't make sense
25 to schedule a hearing before these activities take

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1 place, but the truth is that Puget Sound Energy and
2 Staff have been working very closely with one another
3 in a very cordial manner to get these things take care
4 of.

5 JUDGE MACE: My problem is I need to have
6 some date that I can set, at least for a prehearing
7 conference, that I can at least talk with the
8 commissioners about it. So it would be helpful for me
9 to have some information about when Puget Sound Energy
10 thinks these three items are going to be accomplished.

11 MR. WILLIAMS: One second, Your Honor.

12 (Discussion off the record.)

13 MR. WILLIAMS: Your Honor, I think I can give
14 you a rough estimate. The metallurgy analysis that
15 Mr. Trotter spoke of, the last testing, as I understand
16 it, is to take place in the middle of January. We
17 couldn't anticipate a report of any kind from this
18 expert until probably the end of January. I suspect he
19 will take some time to collect the information and put
20 it in some readable form.

21 JUDGE MACE: That was the first item he spoke
22 of?

23 MR. WILLIAMS: C and D, the metallurgy
24 report. We should jump down to Item I, which is the
25 third item he mentioned, which is the coating survey.

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1 We suspect that that will take, depending on the scope,
2 which will be defined hopefully after this hearing,
3 that should take about 60 days once there is an
4 agreed-upon scope, so we are talking probably mid
5 February.

6 JUDGE MACE: All right.

7 MR. WILLIAMS: I suspect that the
8 investigation should also be coming to a close,
9 hopefully, by mid February. So ideally for us, unless
10 Mr. Trotter has a different view, we would like to have
11 this hearing postponed or continued until sometime in
12 mid February that's convenient for your schedule.

13 JUDGE MACE: Let me suggest something. I
14 have a concern that if we wait until mid February to
15 schedule a proceeding, it's going to take some time
16 just because of the lag between now and the prehearing
17 conference where we schedule.

18 Is there any possibility, based on the
19 information we've just gotten from Puget Sound Energy,
20 that we could set a schedule now, taking into account
21 the fact that perhaps these items would not be ready to
22 be reviewed until mid February? I'm not saying we are
23 going to have a hearing in mid February. I'm saying
24 can we set a schedule for a hearing based on this
25 information?

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1 MR. TROTTER: I don't think so. I don't
2 think that's a wise course of action in this case
3 because there are too many uncertainties involved. Our
4 consultant will have to evaluate the metallurgic test,
5 and we won't be able to -- I suspect we won't be able
6 to do that until we get it, and that will be mid
7 January, so we won't be able to make an estimate as to
8 when that consultant's evaluation will be complete, and
9 the same goes with the coating survey and the other
10 investigative results.

11 So I think it makes sense to, if you want a
12 status report of where we are, maybe toward the end of
13 January and just see where we are at, or even a
14 conference call to see what progress has been made, but
15 I have not talked to staff's consultant about how long
16 it will take from receiving the metallurgic test
17 results to being in a position to testify regarding
18 them.

19 JUDGE MACE: What about a conference call at
20 the end of February? If we hold a conference at the
21 end of January, you still have two fairly large items
22 outstanding, and you may have the other two items
23 completed by mid February, and the end of February
24 would then give you some time to look at them.

25 MR. TROTTER: I would think definitely a

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1 conference call maybe the last week of February, and I
2 will instruct our consultant that as we go along, we
3 will want estimates as to when their focus will be,
4 when can he be prepared to submit his report and get
5 testimony put together, as well as other staff that may
6 have to testify. But I do think rescheduling this
7 prehearing conference toward the last week of February,
8 we'll have a much better idea and even be able to
9 commit to a schedule at that point, possibly.

10 JUDGE MACE: Mr. Williams?

11 MR. WILLIAMS: I agree with Mr. Trotter.

12 JUDGE MACE: Ms. Riordan, have you heard this
13 conversation?

14 MS. RIORDAN: Yes.

15 JUDGE MACE: Do you have any problem with
16 that approach of holding a prehearing conference again
17 at the end of February?

18 MS. RIORDAN: No. Ordinarily, I would be
19 pushing for a date to be set, but the fact that PSE is
20 out there replacing lines is making the City feel more
21 secure that this problem is being addressed. I don't
22 have a problem with waiting until the end of February.

23 JUDGE MACE: I'm assuming that Ms. Riordan
24 has been kept in the loop since the City of Bellevue is
25 a party of all these events. Is that correct?

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1 MS. RIORDAN: Certainly many of them, yes. I
2 wasn't asked to join in the discussion about the
3 coating tests today, but I think that's probably not
4 fatal.

5 MR. WILLIAMS: My understanding is, and
6 Ms. Riordan can correct me, I think she's getting
7 weekly updates from representatives from Puget Sound
8 Energy.

9 MS. RIORDAN: That is correct, and they are
10 being very responsive to our staff. I believe we are
11 being kept pretty well in the loop.

12 MR. TROTTER: Your Honor, we would also offer
13 if Ms. Riordan wants to participate in the meeting
14 after this hearing is over, we would be glad to patch
15 her in.

16 MS. RIORDAN: That's a great offer, but
17 unfortunately, not knowing you were doing it, I've got
18 some things scheduled, but I think I should be able
19 to -- so far, you've been very responsive in responding
20 to our requests, so I don't anticipate that's going to
21 be a problem if I weigh in after that.

22 JUDGE MACE: Very well. It sounds like what
23 I will recommend to the Commission is that we hold a
24 prehearing conference again at the end of February.
25 I'm going to just select February 24th because on the

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1 calendar I have in front of me, there is nothing going
2 on at the Commission, and I hope that would be
3 appropriate, and of course, I will send out a short
4 prehearing conference order confirming that within the
5 next few days.

6 MR. TROTTER: Also, Your Honor, if events
7 change and it turns out that we feel we can schedule
8 the case at an earlier date, we will certainly
9 communicate that to you and to the Company, and perhaps
10 we could hold the hearing earlier if that is what turns
11 out.

12 JUDGE MACE: I would appreciate that. If
13 there is nothing else, then we are adjourned until the
14 next prehearing conference. Thank you very much.

15 (Prehearing conference concluded at 9:52 a.m.)

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