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 1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

 2 COMMISSION

 3

 WASHINGTON UTILITIES AND )

 4 TRANSPORTATION COMMISSION, )

 )

 5 Complainant, )

 )

 6 v. ) Docket No. UE 090205

 )

 7 PACIFIC POWER AND LIGHT ) Volume III

 COMPANY, ) Pages 49 - 67

 8 )

 Respondent. )

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10 A Public Hearing in the above matter was held on

11 Monday, October 12, 2009, Yakima Valley Community College,

12 1015 South 16th Avenue, Parker Room, at 5:30 p.m. before

13 Administrative Law Judge Patricia Clark.

14

15 The parties were present as follows:

16 PACIFIC POWER & LIGHT CUSTOMERS, by Simon J. ffitch,

17 Assistant Attorney General, Public Counsel Division, 800

18 5th Avenue, Suite 2000, TB-14, Seattle, Washington,

19 98104-3188; telephone (206)389-2055.

20 WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

21 by Jennifer Cameron-Rulkowski, Assistant Attorney General,

22 P.O. Box 40128, Olympia, Washington, 98504-0128; telephone

23 (360)664-1186.

24 Patricia E. Bute, CCR

25 Court Reporter

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

 2 COMMISSIONER OSHIE: Good evening,

 3 everyone. My name is Commissioner Patrick Oshie, and to

 4 my left is Commissioner Phillip Jones, and to my right,

 5 would be to your left, is our judge in this proceeding,

 6 Ms. Patricia Clark.

 7 We're here this evening for a public hearing

 8 in the matter of Washington Utilities and Transportation

 9 Commission versus PacifiCorp, doing business as Pacific

10 Power and Light, Docket UE 090205.

11 I would like to welcome you this evening.

12 Thank you for spending your time and coming out to tell us

13 your comments on this case. I would like to also say that

14 our chairman, Mr. Jeff Golds, is ill. He was on his, he

15 was planning to make the trip, and we left Olympia about

16 noon today to drive over, and he did not feel well and so

17 he decided it was better not to make the trip. He sends

18 his apologies. Any transcript that will be made tonight,

19 he will read, but otherwise there would be three

20 commissioners here, including our chairman, Jeff Golds.

21 So at this point, I'm going to turn it over to

22 our judge, Patricia Clark, to explain how the proceeding

23 will proceed and, again, welcome and thank you for turning

24 out this evening.

25 JUDGE CLARK: Thank you, Commissioner

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 1 Oshie.

 2 I have an agenda for our hearing this evening

 3 which I'm going to explain to you now.

 4 We are here for the Pacific Power and Light

 5 Company's request to increase their rates for electric

 6 service. I want to explain the standard of review that

 7 the commission will use to consider this type of case and

 8 identify the other participants or parties who are here

 9 with us this evening. I'll give you a brief outline of

10 the request for rate relief and then we'll proceed to the

11 public comments portion, which is your opportunity to give

12 comments to the commissioners to consider in making their

13 decision.

14 The Washington legislature establishes the

15 standard that the commission reviews requests for rate

16 relief. The commission reviews the proposed request for

17 rate relief to determine if it is just, fair, reasonable,

18 and sufficient. To make these determinations, the

19 commission will evaluate a significant amount of

20 accounting and financial data, including testimony from

21 expert witnesses and documentary evidence to determine how

22 much money Pacific Power and Light Company should be

23 allowed to recover in its rates from its customers.

24 The commission wants the rates to be fair to

25 customers and they also want the rates to allow Pacific

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 1 Power and Light Company to recover its costs of operations

 2 and have the opportunity to earn a fair rate of return.

 3 The commission's process is a quasi judicial

 4 process. It's very similar to what you might see in a

 5 court proceeding. The commissioners sit as judges and

 6 will make a commission in this case. I have no

 7 decision-making authority. I just aid them in the hearing

 8 process.

 9 In cases before the commissioners, the parties

10 submit pre-filed testimony and exhibits of their

11 witnesses. Those witnesses present their testimony under

12 oath and are subject to cross examination by the other

13 parties in the case and to questions by the commissioners.

14 The comments that you present to the

15 commissioners this evening are also considered testimony

16 and you will need to give those comments under oath.

17 Before I have anyone testify this evening, I'll administer

18 an oath to everyone who might wish to present comments to

19 the commissioners.

20 You'll see to my left an individual who is our

21 court reporter. She's making a transcript of this

22 evening's proceeding and your comments will be considered

23 by the commissioners prior to making a decision.

24 We do have three parties present with us this

25 evening, and at this time I would like them to identify

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 1 themselves by standing up and addressing the audience.

 2 First, we have a representative from Pacific Power and

 3 Light Company.

 4 MS. ALLEN: Kathy Allen. And we have

 5 three other gentlemen, also from Pacific Power.

 6 JUDGE CLARK: All right. If you could

 7 also stand up and identify yourselves, please.

 8 MR. SATRE: I'm Clark Satre. I'm the

 9 regional manager here in Yakima.

10 JUDGE CLARK: Thank you, Mr. Satre.

11 MR. CLEMENS: I'm Bill Clemens, regional

12 manager out of Walla Walla.

13 JUDGE CLARK: Thank you, Mr. Clemens.

14 MR. ULMER: And I'm Ed Ulmer, corporate

15 account manager out of Yakima.

16 JUDGE CLARK: Thank you.

17 We also have with us the public counsel section

18 of the office of the Attorney General. If you could

19 identify yourself.

20 MR. FFITCH: Thank you, Your Honor. My

21 name is Simon ffitch and I'm the attorney with the public

22 counsel office. We are the representative of Pacific

23 Power's customers in this case, and we have a handout out

24 on the front table that explains our overview of the case

25 and also it tells a little bit about our office. And I

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 1 will be available after the hearing if you would like to

 2 talk with me or ask any questions. Thank you, Your Honor.

 3 JUDGE CLARK: Thank you, Mr. ffitch.

 4 We also have with us a representative of the

 5 commission's regulatory staff. The commission's

 6 regulatory staff is separate from the commissioners or the

 7 decisionmakers in this case, and if you could identify

 8 yourself at this time.

 9 MS. CAMERON-RULKOWSKI: Jennifer Cameron-

10 Rulkowski representing commission staff.

11 JUDGE CLARK: Thank you. There are two

12 other parties to the proceedings who are not here this

13 evening, the industrial customers of Northwest Utilities

14 and the Energy Project. I've asked the individuals to

15 identify themselves in the event you have questions.

16 After the hearing, you can certainly approach these

17 individuals if you have inquiry.

18 It's not appropriate to ask either me or the

19 commissioners questions about this particular proceeding.

20 I want to give you a brief overview of the

21 cases. In their initial filing, Pacific Power and Light

22 Company said that it needed to collect additional revenue

23 from its customers and they requested approximately $38.5

24 million dollars or about a 15.1 percent rate increase. On

25 August 25th, all parties filed a settlement agreement in

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 1 this case.

 2 According to that settlement agreement, new

 3 rates would take effect on January 1st, 2010. Also

 4 according to the settlement, Pacific Power and Light

 5 Company now seeks to collect an additional $13.5 million

 6 dollars in rates or a 5.3 percent rate increase. For an

 7 average residential customer using 1300 kilowatt hours a

 8 month, rates would increase $4.79 to a total of $93.96 per

 9 month.

10 Customers could also see a two cent a month

11 increase in their contribution to the Low Income Bill

12 Assistance Program, which will increase that contribution

13 from 44 to 46 cents per month.

14 The commissioners may accept, reject, or

15 modify the settlement reached by all parties in this case.

16 I want to give you the process for presenting public

17 comments this evening.

18 If there are an extraordinary number of people

19 who want to speak, which doesn't appear to be the case, I

20 would limit your comments, but at this juncture, I'm just

21 going to call individuals forward in the order in which

22 you have signed up. I apologize in advance if I

23 mispronounce your name.

24 I'm going to swear witnesses in as a group,

25 and so anyone who thinks that they might present testimony

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 1 this evening will want to rise and raise their right hand

 2 when I administer the oath or affirmation. I'll remind

 3 you that this is a quasi judicial proceeding and that it

 4 is not appropriate to applaud or boo or make any other

 5 kind of reaction to a speaker's testimony. If you could

 6 quietly and respectfully listen to the comments of others,

 7 I would appreciate that.

 8 And you should try to not speak too rapidly so

 9 that the court reporter can assure that she can get down

10 all of your comments in the hearing this evening.

11 The commission will continue to take written

12 comments after this evening's proceeding until the

13 conclusion of the hearing. The evidentiary hearing is

14 scheduled in this matter on the settlement next week, I

15 think it's next week, the following week, October 29th, so

16 the commission will continue to take written comments in

17 this matter until October 30th.

18 At this time, I'm going to ask everyone who is

19 present who thinks they might like to present comments

20 this evening to rise so I can administer the oath.

21 Raise your right hand, please.

22 (Witnesses sworn.)

23 JUDGE CLARK: Please be seated.

24 I'm going to call the names, I only have three

25 names on my list this evening, and I'm going to call them

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 1 in order. The first name I have is Clark Satre -- I'm

 2 sorry -- Patrick McCarthy. Do you wish to present

 3 comments this evening, sir?

 4 MR. MCCARTHY: Sure.

 5 JUDGE CLARK: If you would come forward to

 6 this microphone. If you could state your full name for

 7 the record, please, and spell your last.

 8 MR. MCCARTHY: Patrick Joseph McCarthy,

 9 M-c-C-a-r-t-h-y.

10 JUDGE CLARK: And where do you reside,

11 Mr. McCarthy?

12 MR. MCCARTHY: I reside in Yakima,

13 Washington.

14 JUDGE CLARK: Are you an electric customer

15 of Pacific Power and Light Company?

16 MR. MCCARTHY: Yes, I am.

17 JUDGE CLARK: All right. Please make your

18 comments.

19 MR. MCCARTHY: Okay. I'm representing

20 mainly my company, Yakima Specialties, Incorporated. We

21 are a non-profit 501-C3 sheltered workshop for special

22 needs disabled adults. We have a woodshop and a medical

23 laundry. It employs about 75 special need adults.

24 My issue is utility increases, in general,

25 have really caused us a lot of grief in the last couple

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 1 years to sustain profitability.

 2 We use a lot of electricity in our operation.

 3 We also use a lot of natural gas, so I understand this is

 4 an electrical issue here, but all utilities, in general,

 5 we have no control over that.

 6 We obviously try to be a good citizen and curb

 7 our usage in any way we can, be conservative, go green.

 8 We've done some of that. We probably have more to do, and

 9 I think if these increases go through, that's what we

10 would need to focus on. And I understand there's some

11 help out there for us that we will try to seek to control

12 it, but I can't give out five percent or ten, you know,

13 fifteen percent increases to my customers.

14 Our sheltered workshop is probably on the

15 high end as far as the products we make and the services

16 we provide, just because of the nature of what we do. We

17 are in the business of creating labor, creating jobs for

18 people, not automation and not taking jobs away, so it's

19 very important for us to control our fixed costs as much

20 as we can.

21 We're regulated by the state, we also -- I'm

22 sure most people in this room understand -- the minimum

23 wage in the state of Washington is the highest in the

24 nation, maybe the highest in the world. I'm not sure

25 about that.

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 1 I don't mean to be flippant or comical or

 2 anything, but I see these wind machines all over and I

 3 would really like to get one on my property so I can have

 4 wind energy. We have a silo that we collect wood chips.

 5 All our by-products, the wood chips, are ground up and

 6 resold to Boise Cascade in Le Grande, Oregon for particle

 7 board, so we're really into going green. There isn't a

 8 scrap of wood that we use to make pallets or tree

 9 spreaders for the local orchardists that doesn't go back

10 into the system. So we like trees, we don't necessarily

11 replant them, but we certainly use every inch of them and

12 sell everything we have back to someone else as a

13 resource.

14 But that's my comment. I just, I understand

15 everybody needs increases on occasion and I'm not sure

16 that with the green energy that Pacific Power has to

17 provide, like the wind machines and things like that, that

18 the residential customers aren't going to be paying for

19 some of that. And I don't know in, well, at least in the

20 short-term, that we'll see the results of those. I guess

21 kilowatt hours that are produced, but maybe someone can

22 explain that in more detail to us so we could feel more

23 comfortable if we're paying for that, green resources,

24 that we're seeing some of that come back to us as small

25 business owners. And that's all I have to say.

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 1 JUDGE CLARK: Thank you, Mr. McCarthy.

 2 Why don't you just remain seated for just a second and see

 3 if anyone has any questions for you.

 4 COMMISSIONER OSHIE: No questions.

 5 JUDGE CLARK: All right. Thank you, very

 6 much for your testimony, Mr. McCarthy.

 7 MR. MCCARTHY: Thank you.

 8 JUDGE CLARK: The next name I have is

 9 Roger Overbeck.

10 Good evening, Mr. Overbeck. I need to have

11 you state your full name for the record and spell your

12 last name, please.

13 MR. OVERBECK: My name is Roger Overbeck,

14 O-v-e-r-b-e-c-k.

15 JUDGE CLARK: And where do you reside, Mr.

16 --

17 MR. OVERBECK: 5160 Lower Green Canyon

18 Road, Ellensburg, and I'm also a customer of Pacific

19 Power. My office is here in Yakima.

20 JUDGE CLARK: Thank you very much. Please

21 make your comments.

22 MR. OVERBECK: I notice, upon reviewing

23 Pacific Power's literature and explanations, that they're

24 supporting alternative power. And I think this

25 alternative power falls under the main issue of rate

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 1 increases and it would correlate with the EFSEC Committee

 2 in the state of Washington, which falls under the RCW and

 3 the WAC Code.

 4 The wind mills that today produce excess

 5 power -- the committee and the intervenors for EFSEC have

 6 allowed and the governor, have allowed the additional

 7 surplus wind mills to be sold to the highest bidder. And

 8 it was our understanding as residents and employers and

 9 taxpayers in this community that the state of Washington

10 would derive the benefits from this alternative power.

11 Last year it went from Wild Horse in Klickitat

12 County, went to the state of California, they were the

13 highest bidder. Prior to that, it went to the state of

14 Arizona, they were the highest bidder. But when EFSEC

15 approves and the governor signs off on this, no one is

16 putting the RCW or the WAC into effect that the surplus

17 power will be made available to the state of Washington.

18 They would have first chance, and reading

19 through all the material, I don't see -- I see the support

20 to wind mill, but I don't see any proposals from Pacific

21 Power or any other to purchase this additional energy.

22 And so I'm wondering if there could be some type of

23 proposal between EFSEC, before they make their final

24 decision on desert claim, and with the Public Utilities

25 Commission that it would be understood that the excess

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 1 power derived from these wind mills would be kept in the

 2 state of Washington, they would have the first chance of

 3 the highest bidder, which would reduce the consumer's

 4 costs over a long period of time because these wind mills

 5 farms are designated for 30 year programs.

 6 And as we see this now in Kittitas County,

 7 they are in the process now of doing a formal proposal --

 8 the state of Washington and the EFSEC committee, this is

 9 headed by Don Lewis, Jim Lewis.

10 Now we are looking at this from a different

11 alternative in Kittitas County, which could correlate to

12 Yakima County as well. Because of 95 towers going up, 650

13 feet apart, 410 feet tall in a highly populated ranch

14 area, it reduces our property values by 50 percent. When

15 they start putting the foundations in for the towers, 50

16 by 35, 50 feet deep, they will have to use explosives

17 because in Kittitas County the rocks get bigger the

18 further they go into the ground. What will that do with

19 our aquifers?

20 Also, we have to take a look, not only at the

21 property values, which we have done at the present time

22 resented this as intervenors to EFSEC, but I still feel

23 that your part as representatives of the state of

24 Washington, Public Utilities Commission, should explore

25 this surplus so that the state of Washington can reduce

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 1 its energy costs, therefore, the taxpayers would not have

 2 to handle the ramifications of the price increase. Thank

 3 you.

 4 JUDGE CLARK: Thank you. If you could

 5 just remain seated for a moment to see if there's any

 6 questions.

 7 Is there any inquiry of Mr. Overbeck?

 8 COMMISSIONER OSHIE: No questions.

 9 UNIDENTIFIED MAN: Am I allowed to comment

10 here?

11 JUDGE CLARK: Well, actually, if you have

12 a question for Mr. Overbeck, that's fine, but this is not

13 an appropriate time for you to make comments.

14 UNIDENTIFIED MAN: Point of clarification.

15 Of the ownership of the two projects of which he speaks,

16 neither one is owned by Pacific Power --

17 JUDGE CLARK: Well, we can do that off the

18 record and perhaps you can relate that information to

19 Mr. Overbeck when we're not on the record, but the purpose

20 right now is just to take public comments.

21 Thank you, Mr. Overbeck.

22 And I only have one more name, and I think it's

23 Sam Woods. Step forward, please. If you would state your

24 full name for the record, please, and spell your last

25 name.

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 1 MR. WOODS: Sam Woods, W-o-o-d-s.

 2 JUDGE CLARK: Thank you. Where do you

 3 reside, Mr. Woods?

 4 MR. WOODS: Moxee, Washington.

 5 JUDGE CLARK: Thank you. And are you a

 6 customer of Pacific Power and Light?

 7 MR. WOODS: Yes, ma'am.

 8 JUDGE CLARK: Thank you. Please make your

 9 comments.

10 MR. WOODS: Well, this presentation isn't

11 as well versed as the other two before me because I didn't

12 hear about this until on the news tonight. It wasn't in

13 any kind of a newspaper or anywhere else that I know of.

14 I agree, it's only right around $5 a month is

15 all it's been increasing, but right now I'm on L & I,

16 which means I'm on a fixed income, which means I'm on a

17 disability, which means I cannot work. I cannot even do

18 any volunteer work until my L & I case gets closed.

19 Right now, I am living paycheck to paycheck.

20 $5 would mean that I would have to go a day without eat,

21 without any kind of food at all, any kind of an increase,

22 basically, for that matter. And I don't know what kind of

23 help is available for people that are in my situation in

24 regards to the people on SSDI or SSI, the people involved

25 in the L & I that are on fixed income. I'm tapped out.

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 1 There has to be some way to where the people

 2 that are on a fixed income can possibly be exempt from the

 3 increases. I've tried the DSHS. They say that I'm making

 4 $920 a month, and because of that amount, that I'm not

 5 eligible to receive any kind of assistance from them. I

 6 only get like $15, that's 15 dollars a month on food

 7 stamps, which I'm sure that you know doesn't go very far.

 8 So, I guess, my comment is I've worked all my

 9 life and this is the thanks that I get, apparently, when I

10 get on a fixed income, that everybody wants to raise their

11 rates -- the gas prices, everything else is going up --

12 and now you folks are going up? There has to be some stop

13 to it. That's all.

14 JUDGE CLARK: Thank you, Mr. Woods.

15 COMMISSIONER OSHIE: Mr. Woods, thank you

16 and thank you to the others that have given testimony

17 tonight.

18 Mr. Woods, if you would -- this is

19 Commissioner Oshie -- I would advise you to talk to

20 Mr. ffitch here from public counsel and also talk to the

21 company. There are assistance programs that are available

22 through the company, and I don't know if you qualify in

23 your circumstances, but that's where I would check first.

24 Thank you.

25 MR. WOODS: Thank you, sir.

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 1 JUDGE CLARK: Any other inquiry for

 2 Mr. Woods?

 3 (No response.)

 4 JUDGE CLARK: Is there anyone else who

 5 wishes to present public comment this evening?

 6 (No response.)

 7 JUDGE CLARK: All right. Well, it

 8 doesn't appear that there are other individuals who are

 9 interested in making public comment this evening. We do

10 appreciate those individuals who have come out and taken

11 their time out of their personal schedules to give

12 comments to the commissioners this evening.

13 Your comments will be memorialized in the

14 transcript and will be considered by the commissioners

15 prior to making a decision, and that includes

16 consideration by Chairman Golds, who is unable to be with

17 us this evening.

18 Because there are no further comments, I'm

19 going to adjourn this hearing, but I would like to remind

20 those individuals who are present that we do have

21 representatives available from Pacific Power and Light

22 Company, the public counsel of the office of the Attorney

23 General, and the commission's regulatory staff, and in

24 addition, the nice young woman, Pam Smith, who signed you

25 in, is also available with some pamphlets at the front

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 1 door. So if you have additional questions, or inquiry, I

 2 would encourage you to pose them to these individuals.

 3 Thank you, again, for coming out this evening.

 4 We are adjourned.

 5 (6:00 p.m.)

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 1 C E R T I F I C A T E

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 4 As Court Reporter, I hereby certify that

 5 the foregoing transcript is true and accurate and contains

 6 all the facts, matters and proceedings of the hearing held

 7 on October 12, 2009.

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11 CONTINENTAL REPORTING SERVICE, INC.

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