

**BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Washington Utilities and Transportation Commission	:	DOCKET NO. UE-011570
	:	DOCKET NO. UG-011571
	:	
Complainant,	:	
v.	:	PETITION TO INTERVENE OF
	:	OF THE KROGER CO. ON
Puget Sound Energy, Inc.	:	BEHALF OF THE FRED MEYER
	:	STORES AND QUALITY FOOD
Respondent.	:	CENTERS
_____	:	

PETITION TO INTERVENE

Pursuant to WAC 480-09-430, the Kroger Co., on behalf of its Fred Meyer Stores (“Fred Meyer”) and Quality Food Centers (“QFC”) divisions, petitions to intervene in these proceedings and states in support as follows:

1. Name and Addresses of Petitioner:

Quality Food Centers, Inc.
10116 N.E. 8th Street
Bellevue, WA 98004

Fred Meyer Stores, Inc.
3800 Southeast 2nd Street
Portland, OR 99202

The Kroger Co.
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2. Name and Address of Attorney Representing Petitioner:

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3. Identify the Petitioner:

Petitioner is a retail electric and natural gas customer of Puget Sound Electric, Inc. (“PSE”). Petitioner has approximately 66 grocery stores and other facilities that purchase their electric supply from PSE and approximately 112 facilities that purchase their natural gas supply from PSE. Several stores purchase both utility services from PSE.

4. Petitioner’s Interest in this Proceeding:

Kroger is a corporation engaged in the business of selling groceries at retail throughout the United States. One of the largest retail food companies in the United States, Kroger operates approximately 130 grocery stores in the state of Washington under the Fred Meyer and QFC banners. Of that total, 66 purchase their electric supply from PSE. These stores purchase more than 185 million kWh of electricity from PSE annually under various rate schedules and have a peak demand in excess of 27 MW. Petitioner is one of the largest commercial customers served by PSE. The grocery stores operated by Fred Meyer and QFC are high load factor facilities that use energy for food storage, lighting, heating, cooling and distribution, often on a 24 hour a day, 7 day a week basis. If PSE’s rate increase request is granted, then the cost for electric power service to Petitioner will increase by approximately \$1.5 million per year. Accordingly, Petitioner has a substantial and vital interest in the outcome of this electric rate case which cannot be adequately represented by any other party.

These Fred Meyer and QFC stores are also substantial natural gas customers of PSE. On an annual basis Petitioner purchases approximately 300,000 Mcf from PSE at 112 locations. If PSE’s request to increase its natural gas base rates is approved, then Petitioner’s cost will be substantially affected. Accordingly, Petitioner has a substantial and direct interest in the outcome of the gas rate case which cannot be accurately represented by any other party.

5. Reason for Late Intervention:

Kroger operates approximately 3,400 grocery stores, convenience stores, distribution facilities and manufacturing plants in 34 states, including Washington. The energy supply function of Kroger is centrally managed by its corporate energy department in Cincinnati, Ohio. The instant rate case applications were filed by PSE on or about November 26, 2001, between Thanksgiving and Christmas. To the best of the undersigned counsel's knowledge, the energy manager of Kroger was not made aware of these rate case filings until yesterday, January 7, 2002. Upon learning of these significant rate case filings, Petitioner took immediate action to file this Petition to Intervene.

Granting this Petition to Intervene will not unduly prejudice any party. Several untimely petitions to intervene have already been filed. Petitioner understands that it must accept the record and procedural schedule as it exists. Petitioner's legal counsel and expert witness are experienced in all facets of electric utility and gas utility rate regulation, have extensive experience in many states, and will productively assist this Commission in its decision making process. Therefore, Petitioner's participation is in the public interest.

In addition to the proposed 16.5% electric rate increase and the proposed 14.5% natural gas rate increase, PSE seeks to fundamentally alter the method of rate regulation in this jurisdiction through the imposition of adjustable and fixed price options. Accordingly, it is important that Petitioner have the opportunity to fully participate in this proceeding.

6. Issues To Be Raised:

Petitioner's grocery/retail stores are high load factor commercial accounts. Petitioner aggressively manages its electricity usage to control its peak demand and costs as much as possible. However, given state and federal health regulations and consumer expectations which require

Petitioner's refrigeration equipment to run on a continuous basis, and for other reasons, it is difficult for a grocery store to change its energy usage in response to price signals. Therefore, Petitioner is concerned regarding the justness and reasonableness of the adjustable rate option being proposed in this case. In addition, Petitioner will likely address the proposed allocation of the requested electric and natural gas rate increases to the various customers classes and the design of the proposed rate increases within specific rate schedules. Petitioner may also address revenue requirement issues as appropriate.

7. Testimony of Witnesses:

If Petitioner submits written direct testimony or exhibits, it will be prepared by Mr. Kevin C. Higgins, a principal in the firm Energy Strategies, LLC of Salt Lake City, Utah. Petitioner also intends to cross examine the witnesses called by the other parties to this proceeding and to submit written briefs as appropriate.

WHEREFORE, for the reasons set forth above, Petitioner requests that this Petition to Intervene be granted.

DATED this 8th day of January, 2002.

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CERTIFICATE OF SERVICE

I certify that I have this 8th day of January, 2002, served the foregoing Petition to Intervene of the Kroger Co. on behalf of the Fred Meyer Stores and Quality Food Centers by overnight mail and telefax to the Washington Utilities And Transportation Commission; and depositing same, postage prepaid, in the United States Mail to all parties of record at their addresses shown below:

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