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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)Docket UE-060266
Complainant,)Docket UG-060267
vs.)Volume II
PUGET SOUND ENERGY,)Pages 34-68
Respondent.)

A public hearing conference in the above-entitled matter was held at 6:37 p.m. on Thursday, June 29, 2006, at 1055 South Grady Way, Renton, Washington, before Chairman MARK SIDRAN, Commissioner PATRICK OSHIE, and Administrative Law Judge DENNIS MOSS.

The parties present were as follows:

PUGET SOUND ENERGY, by Kirstin Dodge, Attorney at Law, Perkins Coie, LLP, The PSE Building, 10885 N.E. Fourth Street, Suite 700, Bellevue, Washington 98004.

COMMISSION STAFF, by Robert Cedarbaum, Assistant Attorney General, 1400 S. Evergreen Park Drive, S.W., Olympia, Washington 98504.

PUBLIC COUNSEL, by Simon ffitch, Assistant Attorney General, 900 Fourth Avenue, Suite 2000, Seattle, Washington 98164.

Barbara L. Nelson, CCR
Court Reporter

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1 CHAIRMAN SIDRAN: Well, good evening, and
2 welcome to a public hearing on behalf of the
3 Washington Utilities and Transportation Commission.
4 My name is Mark Sidran, and I chair the Commission,
5 and I'm joined by one of my two colleagues.
6 Commissioner Patrick Oshie is on my left.
7 Commissioner Philip Jones is away, but he will be
8 reviewing what is said here tonight. And on my far
9 left is one of our Administrative Law Judges, Dennis
10 Moss.

11 I just want to welcome all of you to this
12 public hearing. It is our practice to have our
13 Administrative Law Judge, in this case, Dennis Moss,
14 actually conduct the proceeding, but I just want to
15 make a couple of preliminary remarks.

16 The primary purpose of this hearing is to
17 give members of the public an opportunity to address
18 the issues in this proposed rate increase by Puget
19 Sound Energy with respect to both their electricity
20 and natural gas business.

21 As you will hear, and you may have had a
22 chance to read the piece of paper from Public
23 Counsel, this is just one phase of a fairly lengthy
24 process that is the functional equivalent of a trial.
25 The company has filed its case and there are some

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1 parties to that case. You will hear more about that
2 from those parties that are here tonight.

3 But you, as members of the public, also have
4 an opportunity to express your opinions to the
5 Commission, and that's why we're here tonight. So we
6 will be listening, rather than talking, and we won't,
7 in all likelihood, be asking questions tonight. So
8 we'll be paying close attention to what everyone has
9 to say. And after this public hearing, this
10 proceeding will then continue on into the fall with a
11 more formal trial-like proceeding that will be held
12 in Olympia. And if the case does not settle, which
13 sometimes happens, then we will be making the best
14 decision that we can sometime towards the end of the
15 year.

16 So with that, I would ask Judge Moss to get
17 us underway.

18 JUDGE MOSS: Thank you, Chairman Sidran,
19 Commissioner Oshie. As Chairman Sidran has
20 mentioned, this is part of our formal hearing process
21 that the Commission conducts in this type of a
22 proceeding to consider a company, in this case, Puget
23 Sound Energy's request for rate increases for both
24 electric service and gas service.

25 The process is quasi-judicial. The

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1 testimony that we receive is under oath and subject
2 to cross-examination and questions from the
3 Commissioners, although we probably will not have
4 that tonight.

5 There are a number of participants in the
6 proceeding. Aside from the company, there are ten
7 parties in this particular proceeding. The
8 Commission's regulatory staff participates as a party
9 and they are separated from the Commissioners in the
10 sense that their only contact with the Commissioners
11 concerning this case is through this process.

12 So there's no discussions on the side
13 between the regulatory staff and the Commissioners.
14 They're a party like any other. They are represented
15 by counsel, an attorney from the Attorney General's
16 office, and that's Mr. Bob Cedarbaum, who's sitting
17 here tonight and will have a comment later on.

18 Another party also represented by the
19 Attorney General's office is the Public Counsel. And
20 Mr. ffitich is here tonight, he is the Public Counsel,
21 and he will also be making a comment tonight.

22 The other parties, just so you'll know who
23 they are, are organizations, by and large, Industrial
24 Customers of Northwest Utilities, Northwest
25 Industrial Gas Users, the Federal Executive Agencies,

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1 who are big customers, Seattle Steam Company, the
2 Cogeneration Coalition of Washington, the Northwest
3 Energy Coalition, the Kroger Company for Fred Meyer
4 and Quality Foods, and an organization known as the
5 Energy Project.

6 I'm going to take a few minutes of your time
7 this evening to give you a brief outline of what the
8 company is asking for in its filing and I'm going to
9 give the company an opportunity to say a few words,
10 as well.

11 The additional revenue that the company
12 seeks in this case amounts to 148.8 million, or about
13 9.21 percent on the electric side and 51.3 million,
14 or 5.34 percent on the gas side.

15 The company, in addition to asking for
16 increased revenue, asked for approval of certain
17 costs and asked the Commission to determine as
18 prudent certain new electric and gas resources that
19 the company has obtained. In particular, one you've
20 probably read about in the newspaper, the acquisition
21 of the Wild Horse Wind Farm is a part of this case.
22 There are a couple of new purchased power contracts
23 of some significance, there are relicensing costs
24 associated with the company's Baker River
25 Hydroelectric Project, and there's acquisition of

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1 additional long-term gas pipeline transportation
2 capacity from Duke Energy Trading and Marketing.

3 The company asked for revisions to a
4 mechanism by which the company accounts for
5 variations in power costs relative to a baseline upon
6 which rates are determined. They asked for the cost
7 of new and expanded energy efficiency and
8 conservation programs that are planned.

9 The company also asked for revisions to its
10 rate design, including what's called a decoupling
11 mechanism on the gas side. These changes are meant
12 to protect the company's ability to recover its fixed
13 cost of operation, even if customers are lost or
14 decide to use less energy, so there's that aspect of
15 the cost the company has to recover.

16 And finally, they're asking for recovery of
17 a million dollar increase in low-income assistance
18 funding that the company plans to provide.

19 I'll start -- before we get to the public
20 comments, I will take the appearances of some of the
21 parties who are represented here this evening, and I
22 will give them an opportunity to make a brief
23 statement about the case. And we'll start with the
24 company. Ms. Dodge.

25 MS. DODGE: I'm Kirstin Dodge, Counsel for

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1 the company in this case, and I'd actually like to
2 introduce you to Kimberly Harris, Senior Vice
3 President for Puget Sound Energy, in charge of this
4 rate case.

5 JUDGE MOSS: Thank you. And Public Counsel,
6 Mr. Ffitch, could you stand up and let people see who
7 you are?

8 MR. FFITCH: Thank you, Your Honor. Simon
9 Ffitch, Assistant Attorney General, with the Public
10 Counsel office.

11 JUDGE MOSS: Okay. And for Staff, Mr.
12 Cedarbaum.

13 MR. CEDARBAUM: Thank you, Your Honor.
14 Robert Cedarbaum, also Assistant Attorney General,
15 representing Commission Staff.

16 JUDGE MOSS: And are there any others who
17 need to make an appearance, any of their counsel
18 present? No, I think not.

19 All right. Let's have our statements, then.
20 Ms. Harris, were you going to make a statement, then,
21 for the company? Thank you.

22 MS. HARRIS: Thank you, Your Honor. Good
23 evening, Chairman Sidran, Commissioner Oshie and
24 Judge Moss. My name is Kimberly Harris. I am Senior
25 Vice President of Regulatory Policy and Energy

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1 Efficiency for Puget Sound Energy. Again, and I
2 guess I echo exactly what Chair Sidran talked about,
3 we are here tonight to listen.

4 We understand that rate increases impact all
5 of our customers and that the high cost of power is
6 something that impacts every customer of every level,
7 whether it be industrial, whether it be our
8 low-income, or whether it be our residential
9 customers. So we are basically here to listen to the
10 concerns of our customers.

11 And we thank you for showing up at the
12 public meeting to voice your concerns. If you have
13 anything to address in private or you would like to
14 talk to someone, we do have representatives from the
15 company in the back of the room, and we would like to
16 hear your concerns at the end of the night. Thank
17 you.

18 JUDGE MOSS: Thank you very much. Mr.
19 ffitch, would you like to speak briefly?

20 MR. FFITCH: Thank you, Your Honor. Simon
21 ffitch, for the Public Counsel office. I first will
22 just let folks know that we have prepared an
23 information sheet statement by our office about the
24 case, and it is available. If you didn't see it when
25 you came in, some copies are available on the front

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1 table.

2 That handout should give you some of the
3 basic information about the case, and if you have
4 additional questions, we also will be waiting --
5 after the hearing is over, we'll stay around
6 afterwards, if anybody would like to speak with us
7 about the case. Stephanie Johnson, from our office,
8 is also sitting in the front row here and she will be
9 also available to talk with people.

10 The handout provides you with information
11 about the company's original request. It also talks
12 about a pretty large piece of the request, which has
13 been addressed by the Judge already, the power cost
14 filing piece of the request, in the second paragraph.
15 That is a fairly sizeable portion of the total, and
16 that has been moving on a different -- a different
17 track than the main case.

18 Our office has already indicated that we do
19 not oppose that piece of the rate increase request.
20 It does involve some fairly well-understood power
21 cost changes that the company's experiencing, areas
22 where they do have increases in their costs and where
23 they do need to make expenditures to make sure they
24 can serve their customers.

25 That -- as we indicate in our handout, there

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1 are still approximately \$50 million of this rate
2 increase that are in dispute. And we are going to
3 be, on behalf of customers, taking a look at the
4 issues for those \$50 million. If you look on the
5 back page of our handout, in the top half, there's a
6 list of bullet points of some of the main issues that
7 we're concerned about with the filing. I won't go
8 into a lot of detail about those right now, but we
9 will be filing testimony on those issues later this
10 month, and I'd be happy to talk with you about the
11 issues after the hearing in more detail.

12 And also, on the backside of the handout,
13 you can see information about how to file comments
14 with the Commission, if you'd like, or how to contact
15 our office, and some information about the rest of
16 the proceeding after this. Thank you, Your Honor.

17 JUDGE MOSS: Thank you, Mr. ffitch. Mr.
18 Cedarbaum, did you have a brief comment for us?

19 MR. CEDARBAUM: Yes, thank you, Your Honor.
20 Again, Robert Cedarbaum. I don't need to repeat the
21 description of the nature of the case or the process
22 we're in. I do just want to emphasize the
23 independent nature of the Commission Staff that you
24 mentioned and to make the public aware of that.

25 And also, the Staff, for those members of

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1 the public that don't understand the role of Staff,
2 the Staff is an independent body of expert witnesses
3 in the areas of finance, accounting, power supply and
4 other matters that are integral to the rate-making
5 process.

6 That Staff will be examining all of the
7 issues and has been examining all the issues through
8 a long discovery process, since the case was filed.
9 All those issues are being investigated by Staff that
10 are raised by the company, including many of the ones
11 that Mr. ffitch outlined in his handout. And like
12 Public Counsel, Staff will be filing its own
13 independent recommendation in July, toward the end of
14 July, on the issues in the case. So there will be
15 some recommendations in a pre-filed written form from
16 the Commission Staff on the case, as well.

17 There are members of the Commission Staff in
18 the audience as well, and if members of the public
19 would like to talk about the process or who Staff is
20 and what we do, they're available. Thank you.

21 JUDGE MOSS: Thank you, Mr. Cedarbaum. I
22 have just a few ground rules to go over for those of
23 you who wish to make comments tonight, and then we
24 will get on to that process. We have, on the basis
25 of long experience, determined that three minutes is

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1 about right. You can say quite a lot in three
2 minutes if you've ever done public speaking. And we
3 do place limits on the time so that everybody has an
4 opportunity to speak, and so we will ask you to keep
5 your comments to that length. And I will be timing
6 them, so if you run much beyond that, I'll have to
7 interrupt and ask you to sum up.

8 I want to emphasize that if you agree with
9 someone else's comments this evening, it is not
10 necessary to repeat that person's comments. You can
11 simply say that you agree with them, and the record
12 -- that will be the record and we will have that.

13 I ask that you listen politely when other
14 people are speaking so that the court reporter can
15 get everything down and so that we can maintain the
16 appropriate decorum for the formal proceeding.

17 Questions are best asked of the company
18 representatives, the Commission Staff and the Public
19 Counsel, who are all heret tonight, rather than being
20 directed to the Bench. We are here to listen.

21 I want to say, too, that we will continue to
22 take written comments in this proceeding, Mr. ffitch
23 touched on that point, as well, until the conclusion
24 of our hearing process this fall. Our evidentiary
25 hearing is currently scheduled for September 18

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1 through 29, though that can change. So we will
2 continue to take written comments.

3 If you don't want to speak tonight or if you
4 think of something after you leave the room that you
5 want to add, you can certainly submit those, and Mr.
6 ffitich's handout explains how you can do that.

7 Now, as I mentioned at the outset, the
8 testimony in these proceedings is all sworn, so I'm
9 going to swear you all at once. I'd like to ask that
10 all of you who are going to give a comment tonight,
11 if you would please rise at this time and raise your
12 right hand.

13 Whereupon,

14 ALL POTENTIAL PUBLIC WITNESSES,
15 having been first duly sworn by Judge Moss, testified
16 as follows:

17 JUDGE MOSS: Thank you. Please be seated.
18 I will call you in the order that your names have
19 been given to me on the sign-in sheets here, and I
20 will probably mispronounce at least half of your
21 names. Forgive me for that, and correct me.

22 When you get to the podium, please do step
23 up to the podium, use the microphone. I will ask you
24 a few preliminary questions to identify you for
25 purposes of the record and then invite you to make

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1 your comments to the Commission.

2 So with that, the first name I have is John
3 Ruegsegger.

4 MR. RUEGSEGGER: Yes, sir.

5 JUDGE MOSS: How did I do?

6 MR. RUEGSEGGER: You did quite well. Most
7 people tend to slaughter it because they forget the
8 first G.

9 JUDGE MOSS: Let me ask you a few questions,
10 then, please. State your name and spell your last
11 name for the court reporter.

12 MR. RUEGSEGGER: I am John Ruegsegger, it's
13 three syllables in the last name, and it's spelled
14 R-u-e-g-s-e-g-g-e-r, and I am here on behalf of Lake
15 Meridian Ridge condominium complex in Kent. There
16 are 76 homeowners in our complex.

17 JUDGE MOSS: And you have anticipated my
18 next two questions, or actually, the next three
19 questions. So I have no further questions for you
20 and I'm prepared to have your statement now, please.

21 MR. RUEGSEGGER: Thank you, Your Honor. I
22 read the announcement or the flier that comes with
23 the bill every month, and I read those all the time
24 when they come. So I'm interested in this one very
25 much, because the rate increases have been rather

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1 steady.

2 PSE wants another increase in funds from
3 their customers, who are put in the position of being
4 the unlimited resource every time PSE wants more, and
5 the reasons are endless.

6 In October '04, PSE increased the low-income
7 assistance program, and I do not have things against
8 assisting people who cannot afford that, so I would
9 not object so much to that. But in March '05, they
10 had another rate increase. In April '05, there was
11 another increase. In November '05, there was another
12 increase. And in April '06, another increase took
13 effect. I think one of these was to help pay for the
14 windmills in southeast Washington.

15 And now already, after those increases,
16 you're asking for a 17 percent increase in the
17 electrical customer charge, a 32 percent increase in
18 the gas customer charge, and an increase to the rate
19 of return on equity, add a surcharge tracker for
20 depreciation, add a decoupling mechanism to make
21 natural gas revenue separate from gas sales and again
22 expand the low-income assistance program. And all
23 this PSE says will increase residential electric
24 rates by less than 12 percent a month. That's every
25 month for those of us who have to pay.

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1 Everyone has their hands out these days for
2 more money. Not long ago, the Hospital District
3 wanted more. And they said, But it's only 59 cents
4 per hundred thousand home value. The library system
5 said the same thing, But it's only a dollar and a
6 half. The Fire District said, It's only \$3.50 a
7 month. Anybody can afford \$3.50, just don't drink
8 one latte. The governor wants in on this, too.
9 Three cents a gallon on gas and, Saturday, she wants
10 three more cents a gallon on gas. The school
11 district wants more, the King County executive wants
12 a lot more, the state already gets almost four
13 percent every month from us, City of Kent gets over
14 six percent from us.

15 Please consider that we ratepayers do not
16 have an endless supply of money. We're going broke.
17 We do not have that proverbial money tree that you
18 seem to think we do. We don't get all these
19 increases in our salaries. Sometimes, for years at a
20 time, we don't get increases. We simply cannot
21 afford this upward spiral for more and more and more.

22 I ask you to please insist that PSE curb
23 their appetite for growth and bureaucracy. Please
24 deny PSE this increase and urge them to tighten their
25 belts like we have to. And thank you.

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1 JUDGE MOSS: Thank you very much. The next
2 name I have is J.O. Huson.

3 MS. HUSON: Your Honor, I'd like to -- I
4 came to observe this meeting, and I would like to
5 wait and see what everybody has to say before I have
6 my little --

7 JUDGE MOSS: All right. We'll give you
8 another opportunity at the end. That's just fine.

9 MS. HUSON: Thank you, sir.

10 JUDGE MOSS: The next name I have indicating
11 an interest in speaking is Diana Chan.

12 MS. CHAN: Hello.

13 JUDGE MOSS: Hello.

14 MS. CHAN: And pardon me if I don't remember
15 names.

16 JUDGE MOSS: Let me ask you a few
17 preliminary questions, so we can identify you for the
18 record. Would you please state your name for the
19 record and spell your last name for the court
20 reporter?

21 MS. CHAN: Diana Chan, C-h-a-n.

22 JUDGE MOSS: And where do you live, Ms.
23 Chan?

24 MS. CHAN: I live in Lynnwood. The physical
25 address is 3331 180th Place, S.W.

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1 JUDGE MOSS: All right. And are you a Puget
2 Sound Energy customer?

3 MS. CHAN: I certainly am.

4 JUDGE MOSS: Electric and gas or just one?

5 MS. CHAN: Just one, the gas.

6 JUDGE MOSS: Gas, all right.

7 MS. CHAN: That's enough.

8 JUDGE MOSS: And are you testifying tonight
9 on your own behalf or on behalf of an organization?

10 MS. CHAN: Well, on my own behalf, but I
11 think I'm speaking probably for every senior in the
12 state, but I'm only here for me.

13 JUDGE MOSS: Thank you very much. Go ahead
14 with your statement, please.

15 MS. CHAN: Well, first of all, for the
16 record, please let it be known that I'm against any
17 increase in PSE. As a senior member of society and
18 on a very limited income, fixed income, by the way,
19 any increase raises a financial difficulty in the
20 area of health, safety, medical expenses and plain
21 survival.

22 Living on a fixed income of SSI and a small
23 disability, I'm also required to participate in the
24 care and expenses of my husband in an adult home, who
25 suffered a stroke two years ago, as well as pay for

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1 my own medical expenses, food for survival and pay
2 for all the utilities and expenses on a house.

3 I am blessed that I have a roof over my
4 head, because many seniors don't have that luxury.
5 However, I may not have that luxury for very long.
6 The increase will put an additional strain on many
7 seniors, as well as young families with children.

8 And this is a question that I have for
9 probably everyone in this room and everyone in this
10 state. Do we need to decide between, one, disconnect
11 the gas furnace; two, medical needs; three, food and
12 survival; four, care of a loved one in an adult home?

13 Again, for the record, please let it be
14 known that I'm against any increase in PSE. Thank
15 you.

16 JUDGE MOSS: Thank you very much. And
17 before I call the next name, Ms. Smith, if we have
18 additional sign-ups, I'd like to have that, please.
19 The next name I have here indicating possibly an
20 interest in speaking, Shirley Gaunt-Smith. Ms.
21 Gaunt-Smith, did you wish to speak?

22 MS. GAUNT-SMITH: Yes.

23 JUDGE MOSS: Let me ask you a few
24 preliminary questions.

25 MS. GAUNT-SMITH: Certainly.

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1 JUDGE MOSS: Get your identification on the
2 record. Please state your name and spell your last
3 name for the court reporter.

4 MS. GAUNT-SMITH: Shirley Gaunt-Smith, The
5 last name is G-a-u-n-t-S-m-i-t-h.

6 JUDGE MOSS: Where do you live, Ms.
7 Gaunt-Smith?

8 MS. GAUNT-SMITH: I live in the Renton
9 Highlands.

10 JUDGE MOSS: And are you a Puget Sound
11 Energy customer?

12 MS. GAUNT-SMITH: Yes.

13 JUDGE MOSS: Electric, gas, or both?

14 MS. GAUNT-SMITH: Electricity.

15 JUDGE MOSS: All right. Are you testifying
16 on your own behalf or on behalf of an organization?

17 MS. GAUNT-SMITH: No, on my own behalf.

18 JUDGE MOSS: All right. Thank you very
19 much. Please make your statement.

20 MS. GAUNT-SMITH: Yeah, I have a statement
21 similar to the lady preceding me. I am a senior
22 citizen. I retired from Boeing in 1995 with a nice
23 pension, blessed. Then later, when I turned 62, I
24 think it was 62, I started drawing social security.
25 I am now approaching 68, and every year my nice

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1 little retirement gets smaller and smaller and, as
2 that lady says, everything is going up in price.

3 And I just think that -- I have to say that
4 I think senior citizens are probably a good
5 percentage of people these days and -- because of the
6 baby boomer people are becoming old, and so it's a
7 good number of people that we're talking about.

8 And I also like -- I'm on a board of a bunch
9 of senior citizens, too, in the Highlands area, and I
10 know that I'm not speaking for them, but I know that
11 they will be very much affected by this, and they
12 have made less money than I do, so -- just something
13 to consider.

14 JUDGE MOSS: Thank you. Appreciate your
15 statement.

16 MS. GAUNT-SMITH: Thank you.

17 JUDGE MOSS: Duane Tibeau indicates maybe.
18 Mr. Tibeau, do you wish to make a statement?

19 MR. TIBEAU: Oh, I guess so.

20 JUDGE MOSS: All right. Well, then, let me
21 ask you a few preliminary questions. Please state
22 your name and spell your last name for the court
23 reporter.

24 MR. TIBEAU: It's Duane Tibeau, and that's
25 T-i-b-e-a-u.

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1 JUDGE MOSS: I was close. Got the emphasis
2 a bit wrong. And where do you live, Mr. Tibeau?

3 MR. TIBEAU: Lake Tapps area.

4 JUDGE MOSS: Okay. And are you a Puget
5 Sound Energy customer?

6 MR. TIBEAU: Gas and electric, both.

7 JUDGE MOSS: Thank you. Are you testifying
8 on your own behalf?

9 MR. TIBEAU: Just myself.

10 JUDGE MOSS: Okay, great. Go ahead with
11 your statement.

12 MR. TIBEAU: Well, basically, being another
13 senior citizen on a fixed income, these rate
14 increases are just killing us. And basically, I'm
15 opposed to any increase that they want, and I will
16 also agree with all these other folks that have
17 testified before.

18 And I'd like to throw in one more thing.
19 It's about time we get rid of PS and turn this whole
20 thing into a public utility district and get rid of
21 this company and all these high-paid people that have
22 their, you know, million dollar salaries. You've got
23 a lot of public utility districts in this state and
24 in this area and they're doing just fine, so we don't
25 need PS anymore. That's my biggest thing, is get rid

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1 of them. Thanks.

2 JUDGE MOSS: Thank you very much. Eric
3 Wightman.

4 MR. WIGHTMAN: Yes.

5 JUDGE MOSS: Mr. Wightman. I will, of
6 course, ask you the same preliminary questions.
7 Please state your name and spell your last name for
8 the court reporter.

9 MR. WIGHTMAN: My name's Eric Wightman. The
10 last name is spelled W-i-g-h-t-m-a-n.

11 JUDGE MOSS: And where do you live, Mr.
12 Wightman?

13 MR. WIGHTMAN: I live in Unincorporated King
14 County, just up the hill.

15 JUDGE MOSS: All right. And are you a Puget
16 Sound Energy customer?

17 MR. WIGHTMAN: Yes, sir.

18 JUDGE MOSS: Gas and electric?

19 MR. WIGHTMAN: Gas only.

20 JUDGE MOSS: Okay. And are you testifying
21 on your own behalf or on behalf of an organization?

22 MR. WIGHTMAN: On my own behalf.

23 JUDGE MOSS: All right. Thank you. Please
24 make your statement.

25 MR. WIGHTMAN: I have some comments and I do

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1 have some questions for the people from the gas
2 utility. The flier that they sent out, they do --
3 they state the reason for the increase, which I found
4 -- I find to be patently absurd. They state that the
5 increase is expected to strengthen the utility
6 financially so that, long-term, it can provide more
7 stable, reasonably priced, reliable service. I would
8 think that the company is run well enough that they
9 can -- they're already capable of providing good
10 quality, reliable service, so any increased monies
11 that they have is profit. It's really not going to
12 improve the way the business is run.

13 Additionally, they have -- they're proposing
14 to increase the monthly customer charge from six and
15 a quarter to eight and a quarter, which is a 32
16 percent increase.

17 Now, the utility charges a price of gas and
18 delivery separate, so it's my understanding that this
19 six and a quarter that they're getting, which is
20 about six percent, according to their figures, if the
21 average monthly bill for gas is \$95, they're already
22 making six, six and a half percent pure profit.

23 Guaranteed, before they sell my product, they're
24 already getting this comfortable margin, which is
25 pretty good. The Boeing Company would love to make

0059

1 six and a quarter. So I think this increase is
2 unwarranted.

3 Also, in the pamphlet, they -- I'd like to
4 -- my question for the people from the utility is I'd
5 like an explanation of this decoupling mechanism that
6 they have. They state in the pamphlet that they
7 would like to add a decoupling mechanism. And let me
8 read here. Add the decoupling mechanism to make
9 natural gas revenues independent from gas sales
10 volume. Let me repeat that. Make natural gas
11 revenues independent from gas sales volume.

12 What business in the world wouldn't like to
13 be able to guarantee their own profit margin
14 regardless of how their sales or the amount of
15 product they sell. That's -- I'd like to know a
16 little bit more about this. Maybe I don't understand
17 what it is, but it -- I would request that the
18 Commission look at this and does not grant this.
19 This is -- it's absurd.

20 JUDGE MOSS: And let me offer, again, there
21 are company representatives here tonight, there are
22 also representatives from the Public Counsel's office
23 and our Staff, and I'm sure they would be happy to
24 discuss the questions with you.

25 MR. WIGHTMAN: Yeah, I think everyone's

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1 probably interested in this, too, so perhaps one of
2 them can get up and explain it to everyone. I think
3 this is -- everyone would be interested in this.

4 JUDGE MOSS: Thank you.

5 MR. WIGHTMAN: Thank you very much.

6 JUDGE MOSS: Brian Grunkemeyer. And I see
7 you are representing the Sierra Club; is that right?

8 MR. GRUNKEMEYER: Yes.

9 JUDGE MOSS: All right. I'll ask you the
10 same questions. Please state your name and spell
11 your last name for the court reporter.

12 MR. GRUNKEMEYER: Brian Grunkemeyer,
13 G-r-u-n-k-e-m-e-y-e-r, and I live in Redmond. I'm a
14 Puget Sound Energy customer for both gas and
15 electric.

16 JUDGE MOSS: And as we have already
17 ascertained, you are representing the Sierra Club.

18 MR. GRUNKEMEYER: Yes, yes, the Energy
19 Committee, in particular.

20 JUDGE MOSS: Thank you. Please present your
21 statement.

22 MR. GRUNKEMEYER: Clearly a number of people
23 here have demonstrated that whatever rate increase
24 does happen, it must take into account some tiered
25 structure where people that use more energy end up

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1 paying a lot more. There needs to be some sort of
2 basic cost of living allowance, so that people can
3 simply survive. I think we can all agree on that.

4 However, we in the Sierra Club are very
5 concerned about both the environmental impacts here
6 and some long-term global macroeconomic problems that
7 we need to solve. The interesting things that keep
8 us up at night are global warming and peak oil. As
9 we all know, global warming is a moral issue that
10 threatens our own existence as a species. We need to
11 fix that at all costs. The other one is peak oil.

12 Now, you may be wondering, why do we care
13 about oil when only three percent of our power comes
14 from oil. The real reason is that natural gas will
15 follow a very similar depletion curve that oil will.
16 Natural gas, as we know, is the source of 20 percent
17 of our electricity nationwide and is widely
18 considered a bridge fuel for transportation sources.
19 We need to guarantee that we have access to renewable
20 sources of energy.

21 Natural gas causes two problems. One,
22 that's where we get 20 percent of our power. We
23 absolutely must ensure that we get a stable supply of
24 that, but the second one is that the way out of our
25 transportation problems is by electrifying our power

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1 grid. We need utilities to be there with renewable
2 resources to generate electricity for us to solve
3 these problems.

4 So in that light, I want you guys to
5 seriously reward utilities whenever they build
6 renewable resources, like wind farms. This is an
7 excellent way to set us up to survive better in the
8 future.

9 The writing's on the wall. The cost of
10 natural gas is going through the roof. Most of these
11 people just don't see the worldwide impact that's
12 going on right now that's causing that problem.
13 Electricity is going to follow suit, as well. Once
14 Bush gets out of office, coal, where we get half of
15 our power, is going to be taxed. There will be a
16 carbon tax nationwide. This will account for
17 probably on the order of \$20 per ton worth of carbon
18 emissions. This cost will be passed on one way or
19 another to the consumers.

20 Puget Sound Energy is already moving in the
21 right direction by trying to build new renewable
22 sources of electricity to help save us ratepayers
23 from paying this cost directly. You guys need to
24 help direct all of our utilities statewide to use
25 more renewable resources.

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1 You probably heard of I-937, where we want
2 to get 15 percent of our power from new renewable
3 resources in this state. That's not enough. The
4 problem here is that we're trying to do something
5 through a ballot initiative to force a change in
6 behavior in the companies. We need you guys to set
7 up the economic rates so that the companies want to
8 build new renewable plants in the first place.

9 And we are happy to work with you guys on
10 this all you want. We have some energy principles
11 here. I think this will be a good long-term guidance
12 for your Commission, if you're at all interested.

13 JUDGE MOSS: We can certainly receive that
14 for the record if you'd like to hand it to the court
15 reporter.

16 MR. GRUNKEMEYER: Excellent.

17 JUDGE MOSS: And I am going to ask you to
18 sum up, okay. You're done?

19 MR. GRUNKEMEYER: I think I'm done.

20 JUDGE MOSS: Great. Thank you very much.
21 If you'll provide that to the court reporter, I'll
22 get it at the end.

23 According to the sign-up sheets that I have,
24 that brings us back to you, Ms. Huson, if you wish to
25 speak. You're not compelled to speak, but if you --

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1 I want to give you the opportunity. All right. Let
2 me ask you a few preliminary questions, then. Please
3 state your name and spell your last name for the
4 record.

5 MS. HUSON: My name is June Huson,
6 H-u-s-o-n.

7 JUDGE MOSS: And where do you live, Ms.
8 Huson?

9 MS. HUSON: In Newcastle.

10 JUDGE MOSS: And are you a Puget Sound
11 Energy customer?

12 MS. HUSON: Yes, sir.

13 JUDGE MOSS: Electric, gas, both?

14 MS. HUSON: Both.

15 JUDGE MOSS: All right. And are you
16 testifying on your own behalf or on behalf of an
17 organization?

18 MS. HUSON: On my own behalf and behalf of
19 my friends.

20 JUDGE MOSS: Okay. Thank you. Please make
21 your statement.

22 MS. HUSON: Just about everything I have
23 thought about saying has been covered very adequately
24 by the gentleman behind me, and I would like to add
25 this, and it comes from all the women that I know

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1 that belong to my same university club, is that you
2 raise the rates and we cut back on our consumption.
3 You raise the rates again to cover what you've lost
4 because we have cut back. It's become a vicious
5 circle. I think it's ridiculous. And I think that's
6 about all I have to say.

7 JUDGE MOSS: Well, thank you very much. We
8 appreciate your statement.

9 MS. HUSON: I do have a question. When we
10 cut back, it creates additional power that can be
11 sold. Where is it sold to?

12 JUDGE MOSS: Well, I think the company can
13 perhaps give you some answers to that question
14 tonight at the conclusion of our proceeding.

15 MS. HUSON: Thank you, sir.

16 JUDGE MOSS: You bet. Now, that -- I see
17 there may be more. The last name I have is Sally
18 Neary. Ms. Neary, you came in late, so I'm going to
19 have to swear you in when you get up here.
20 Whereupon,

21 SALLY NEARY,
22 having been first duly sworn by Judge Moss, testified
23 as follows:

24 JUDGE MOSS: Thank you. I won't ask you to
25 be seated, since you must remain standing at the

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1 podium. Please state your name and spell your last
2 name for the record.

3 MS. NEARY: Sure. It's Sally Neary,
4 N-e-a-r-y.

5 JUDGE MOSS: And where do you live, Ms.
6 Neary?

7 MS. NEARY: 1190 Union Avenue, N.E., in
8 Renton.

9 JUDGE MOSS: And are you a Puget Sound
10 Energy customer?

11 MS. NEARY: I am.

12 JUDGE MOSS: Gas, electric, both?

13 MS. NEARY: Yes. I did come in late. I
14 apologize. So I didn't hear what other people talked
15 about, but I purchase a couple blocks of green power,
16 and I do applaud those efforts to transition over to
17 alternative sources of energy and to give the
18 customers the option to buy into that, and I'd like
19 to say to the Commission that I think any effort to
20 offer incentives to any of the utility companies
21 towards getting solar power, wind power, alternative
22 sources, besides just penalties, but to offer
23 incentives is a great step forward.

24 JUDGE MOSS: Thank you very much.
25 Appreciate your statement. Is there anyone else here

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1 this evening who wishes to make a statement whose
2 name I have not called? If so, you may approach the
3 podium and we will get you on the record. All right.

4 Well, that appears to bring us to the
5 conclusion of our public comments this evening. I
6 will just say quickly that I thank you all very much.
7 I think you all did an excellent job. The company
8 representatives, Staff representative, and Public
9 Counsel representatives, as we mentioned, will remain
10 at the conclusion this evening. If you have some
11 questions, I'm sure they'll be happy to discuss these
12 things with you.

13 And with that, I'd like to turn back to
14 Chairman Sidran to bring us to a close.

15 CHAIRMAN SIDRAN: Thank you, Judge Moss. I
16 will simply also add my thanks for those of you who
17 turned out. You've asked some very good questions.
18 It is in the nature of the proceeding, because this,
19 in a sense, is part of a process that is kind of like
20 a trial, we tend not to answer questions from our
21 end, but that is why these folks are here, as Judge
22 Moss mentioned.

23 So if you want to know more about any of
24 these issues, like decoupling or just exactly what
25 they mean when they talk about power costs and how

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1 those issues come about, there are some excellent
2 resources in the room representing different
3 perspectives, not just the company's. And I know
4 that the folks who are here would be happy to answer
5 questions that you have raised during your testimony.

6 So again, thank you. As always, public
7 testimony, I can assure you, is something that we
8 take seriously during the course of our
9 deliberations, and we appreciate the fact that you
10 took the time on a nice summer night to come here and
11 share your views on this.

12 I also want to emphasize something that
13 Judge Moss mentioned at the beginning. This is early
14 in a process that will be going on for the next few
15 months, and during that time, you and others you may
16 know, if they have an interest, can not only follow
17 the proceedings by going to our Web site, which I
18 have to say is an excellent resource. If you go to
19 -- the Web site is just wutc.wa.gov, you will find a
20 lot of information about a lot of interesting topics,
21 but in particular you'll find this case, this
22 particular case listed on the Web site. And if you
23 go into that Web site, you'll find probably more than
24 you would ever want to know about this case and what
25 all the parties have to say about it.

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1 And if you have other comments that you want
2 to add, you can go to the Web site and you can add
3 those. If you don't use the computer, you can send
4 us a written comment if you like. So there are lots
5 of different ways to continue to participate,
6 encourage others you know to participate in the
7 process and offer their comments.

8 So again, thank you for coming, and we
9 appreciate it. I don't know if, Commissioner Oshie,
10 if you'd like to add anything. All right. Thank you
11 very much. I believe that will conclude our hearing.

12 JUDGE MOSS: We'll be off the record.

13 (Proceedings adjourned at 7:12 p.m.)

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