

3 Puget is proposing in this proceeding that its largest interruptible transportation customers receive the largest increase of any customers. That is true even though Puget claims that the primary reason why it needs additional revenue is the investments it is required to make in order to serve expected growth – and as a matter of adopted policy Puget makes no investments in order to continue to be able to serve interruptible customers. It appears that Puget comes to its position by significantly changing the methodology of its cost of service study. Seattle Steam and Nucor are at this point the only large Schedule 57 customers who have intervened in this matter. Seattle Steam has only 2 therms of firm demand, while Nucor has firmed a significant portion of its demand. As a result, they have quite different perspectives on some of the issues. The amount at issue for Seattle Steam, however, is not enough to allow it to justify retaining the sort of experts who are needed in order to be able to fully analyze Puget’s work. Therefore it is important that Seattle Steam have the ability to communicate with other similarly situated companies which may wish to join with it in responding to Puget’s proposal before this Commission.

4 Press coverage of this case has focused on the average increase – 5.31%. Seattle Steam believes most of Puget’s large transportation customers have no knowledge that they are facing the increase that is being proposed. Simply including the generic notice to all customers that has been proposed as an insert in April billing statements is unlikely to provide effective notice.¹

5 The names and addresses of the seventeen current Schedule 57 customers who Puget assumes will either stay on Schedule 57 or migrate to Schedule 87T are included within

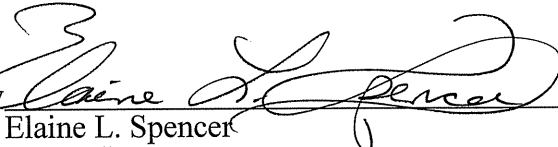
¹ Puget is proposing to include a flyer in the April bills to its customers providing them a summary of the proposed increases. When sent to a homeowner, the “decisionmaker” is the person who pays the bills. But in most companies that are large enough to use one million therms a year of gas, the bill will go to someone in the accounts payable section of the corporate accounting department. That person may not realize management needs to see flyer that is included with the bill, or may not know where to send the notice to get it to the person in the company who would take action if they knew about the proposed increase. That is simply not the role of accounts payable clerks. Thus we do not believe that the proposed flyer insert in April bills will provide effective notice of this proceeding to affected large industrial companies.

Puget's confidential work papers. Because the information is confidential, Seattle Steam's counsel can use it solely for purposes of this proceeding, and cannot pass the names and addresses on to Seattle Steam's management. Seattle Steam believes that the proposed letter from counsel, attached as Exhibit A, is entirely appropriate under that standard. It does not wish to run afoul of the protective order that the Commission has entered in this matter, however. As a result, it asked Puget's permission to send the letter. Exhibit B. Puget has denied that permission. Exhibit C. As a result, Seattle Steam must ask the Commission for leave to send it.

6 Seattle Steam submits that basic concepts of due process support making sure that before any class of customers is given the sort of rate increase that Puget proposes for its large interruptible customers currently served under Schedule 57, those customers be given notice and an opportunity to be heard. Seattle Steam's proposed letter would provide that notice, and unless the letter can be sent, most of those large industrial customers are unlikely to know of this proceeding or the proposed increase until it is too late for them to be heard.

DATED this 18th day of March, 2008.

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