

— II —
CABLE HUSTON
CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP ■ ATTORNEYS

EDWARD A. FINKLEA

efinklea@cablehuston.com

March 24, 2008

**VIA FEDERAL EXPRESS
AND ELECTRONIC FILING**

Carol Washburn
Executive Secretary
Washington Utilities & Transportation
Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Washington Utilities & Transportation Commission vs. Puget Sound Energy, Inc.
Docket Nos. UG-072301 and UE-072300 (consolidated)

Dear Ms. Washburn:

Enclosed please find an original and twelve copies of **Northwest Industrial Gas Users' Response to Seattle Steam's Motion for Leave to Notify Schedule 57 Customers or in the Alternative for More Complete Notice** in the above-referenced dockets.

An electronic submission will be sent to the Records Center on March 24, 2008, as well as to all parties listed on the current service list.

Very truly yours,



Edward A. Finklea

EAF:tr

Enclosure(s)

cc: Official Service List

BEFORE THE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	DOCKET NOS.
)	UG-072301 AND UE-072300
)	<i>(consolidated)</i>
Complainant,)	
)	
v.)	NORTHWEST INDUSTRIAL GAS
)	USERS' RESPONSE TO SEATTLE
)	STEAM'S MOTION FOR LEAVE TO
PUGET SOUND ENERGY, INC.,)	NOTIFY SCHEDULE 57 CUSTOMERS
)	OR IN THE ALTERNATIVE FOR
Respondent.)	MORE COMPLETE NOTICE
)	
)	
)	

1. On March 18, 2008, Seattle Steam Company (“Seattle Steam”) filed a motion to allow Seattle Steam to use confidential work papers from this proceeding to notify seventeen current Schedule 57 customers that are assumed by Puget Sound Energy, Inc. (“Puget”) to either stay on Schedule 57 or migrate to Schedule 87T about this rate case. The Northwest Industrial Gas Users (“NWIGU”) does not approve of Seattle Steam, or any party, using or disclosing information from confidential work papers in a manner inconsistent with an approved protective order.

2. NWIGU is not entirely sure what criteria Seattle Steam is using to define seventeen customers—in addition to Seattle Steam, but it appears that they are seeking to use the confidential information of those who are both currently on Schedule 57 and who also use more than 1 million therms of gas per year. It is NWIGU’s understanding that these customers whose confidential information that Seattle Steam seeks to use are assumed to remain on Schedule 57 or 87T by Puget's filing. There would appear to be some NWIGU members that would be captured in Seattle Steam's requested use of confidential information depending on what criterion is used.

3. As an alternative to Seattle Steam being allowed to use the confidential information as it has requested, NWIGU requests that Puget provide notice to each industrial customer on Schedule 57 or 87 through its customer representatives. The notice should advise each of the Schedule 57 and 87 customers that a proposed redesign and rate increase has been proposed by Puget in the pending rate case and how that proposal impacts them. NWIGU is aware from Public Counsel's March 12, 2008 filing of the prehearing status report that Puget is prepared to send a rate case notice to all Puget customers in March/April bills. See Attachment A. NWIGU is not asking to alter this notice and finds it to be appropriate as an all customer mailing and that it appropriately details both Puget's proposed increase of 24% to Schedule 57 customers and Puget's proposed elimination of Schedule 57 in four years. However, NWIGU requests that a supplement be sent by Puget's account representatives to a much smaller group (approximately 130 customers) showing the rate case's individual impact both for now and for when Schedule 57 is eliminated. The impact on each Schedule 57/87 customer is highly variable in this rate case. Puget's filing shows that some 57/87 customers are assumed to migrate to Schedule 85T, and that some both larger and smaller than one million therms in annual usage are assumed to stay on Schedule 57 or 87T. A general notice such as that proposed by Puget that describes a class impact, while technically true for the class average (for those remaining on that schedule), is sufficient for a mass mailing. NWIGU, however, believes that a supplemental notice is appropriate here because Puget has proposed a massive redesign of its industrial rates. Because of the redesign, there is a highly variable individual impact, presumed reassignment to a new schedule for some, as well as the elimination of transportation service as a separate rate schedule. The 57/87 customers should also be advised that they may contact any of the industrial

customers who have intervened in the gas portion of this proceeding and not just a single particular entity:

1. the Northwest Industrial Gas Users, whose counsel is Edward A. Finklea of Cable Huston Benedict Haagensen & Lloyd, LLP at 1001 SW 5th Avenue, Suite 2000, Portland, Oregon, 97204-1136. Telephone No. (503) 224-3092 and Facsimile No. (503) 224-3176.
2. Nucor Steel, whose counsel is Damon Zenopolous and Shaun Mohler of Brickfield Burchette Ritts & Stone at 1025 Thomas Jefferson St. NW, 8th Floor, West Tower, Washington, District of Columbia, 20007. Telephone No. (202) 342-0800 and Facsimile No. (202) 342-0807.
3. Seattle Steam, whose counsel is Elaine Spencer of Graham & Dunn at Pier 70, 2801 Alaskan Way, Suite 300, Seattle, Washington, 98121-1128. Telephone No. (206) 624-8300 and Facsimile No. (206) 340-9599.

///

///

///

///

///

///

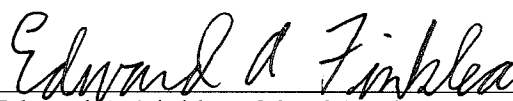
///

///

4. Each Schedule 57 and 87 customer should be given copies of the specific impact of Puget's proposed rates on their particular facility if the proposed rates are implemented, showing impact both now in 2009 and in 2013 after Schedule 57 is eliminated. The particular circumstances of this case dictate this communication occur from the utility to these customers, and thereby no confidential information of any customer is used inappropriately.

Dated in Portland, Oregon, this 24th day of March, 2008.

Respectfully submitted,



Edward A. Finklea, OSB 84216
Chad M. Stokes, WSB 37499, OSB 00400
Cable Huston Benedict Haagensen & Lloyd LLP
1001 SW Fifth Avenue, Suite 2000
Portland, OR 97204-1136
Telephone: (503) 224-3092
Facsimile: (503) 224-3176
E-mail: efinklea@cablehuston.com
cstokes@cablehuston.com

NOTICE OF REQUESTED RATE INCREASE

You have an opportunity to comment on PSE's requested rate increase. The Washington Utilities and Transportation Commission will hold three public hearings on this rate request as well as PSE's merger application.

(Please see separate notice for additional merger information)

In December 2007, Puget Sound Energy (PSE) asked the Washington Utilities and Transportation Commission (UTC) for approval to increase its rates by \$174.5 million (9.5 percent overall) for electric customers and \$56.7 million (5.31 percent overall) for gas customers. The primary purpose of these increases would be to recover PSE's costs, including:

- New plant to provide service to customers—increases of \$25.8 million for electric and \$15.5 million for natural gas.
- Depreciation costs—increases of \$12.8 million for electric and \$18.9 million for natural gas.
- \$55.1 million for increases in electric power cost.
- Return on shareholder investment—increases of \$12.2 million for electric and \$5.0 million for natural gas.
- \$16.6 million increase in costs related to storm damage restoration. This amount is a portion of the

6:30 p.m. Public hearing dates and locations

May 15 Bellevue	May 20 Bellingham	June 4 Olympia
Bellevue Community College Room 130 B 3000 Landerholm Circle S.E.	Bellingham Senior Activity Center 315 Halleck Street	Washington Utilities and Transportation Commission 1300 S. Evergreen Park Dr. S.W.

\$83.6 million total cost of the 2006 Hanukkah Eve storm, as well as a portion of the \$28.5 million from other 2003 through 2007 storms. PSE's request would collect the total storm costs in rates over a period of years.

The UTC has the authority to approve rates that are higher or lower than PSE's request depending on the results of its investigation. The UTC will conduct an investigation to determine if the proposed rates are fair. The UTC staff, PSE, Public Counsel Section of the Attorney General's Office, and other parties will participate. The new rates will become effective upon completion of the UTC's investigation, which may take up to 11 months.

The UTC will hold three public hearings so that customers have an opportunity to tell the UTC commissioners their opinions about the rate increase request.



You are invited to comment to the UTC:

- in person at one of three public hearings (outlined in this notice)
- in writing (see card at right):
UTC
P.O. Box 47250
Olympia, WA 98504-7250
- by telephone at: **1-800-562-6150**
- via UTC web form:
<http://www.utc.wa.gov/comment>
- by email at:
comments@utc.wa.gov
- by fax at: **360-664-4291**

Please reference docket numbers UE-072300 (electric) and/or UG-072301 (natural gas) in your correspondence.

----- cut along dotted line ✂ place in envelope, mail to UTC address at left -----

Please use this card or send a letter.

Customer Name: _____

Address: _____

Phone: _____ Email: _____

Docket Number: UE-072300 (electric) UG-072301 (natural gas)

Comments: _____

more room on back

Effects on residential customers

Based on the overall or average Increase ⁽¹⁾ shown below, the request will result in increases for the typical residential electric and for the typical natural gas customer as follows:

Electric Service at 1000 kWh per month ⁽²⁾ :		
	Current Bill	Proposed
Average rate ⁽³⁾ per kwh	8.53¢	9.29¢
Basic charge per month	\$6.02	\$9.00
Total	\$91.27	\$101.91

Natural Gas Service at 68 therms per month ⁽²⁾ :		
	Current Bill	Proposed
Average rate ⁽⁴⁾ per therm	31.248¢	23.719¢
Basic charge per month	\$8.25	\$18.00
Total	\$82.08	\$86.68

Note: The figures shown here are ranges and averages. It is not possible to set out every service or every variation in this brief notice.

⁽¹⁾ Individual rate schedules will see a greater or lesser increase than the overall or average increase shown depending on the amount of usage.

⁽²⁾ Most electric and all gas customers are billed monthly. Some electric customers are billed every other month.

⁽³⁾ Current and proposed electric rates shown above represent the average cost of energy and other per kwh charges.

⁽⁴⁾ Current and proposed natural gas rates shown above represent per therm charges except for the cost of the gas commodity.

Summary of requested rate increases

	Overall \$ Increase	Overall % Increase
Electric	\$174,482,512	9.5%
Type of Service	Electric Schedule(s)	Average Increase ⁽¹⁾
Residential	7	11.8%
Non-Residential	24, 25,	6.4%
Secondary Voltage	26, 29	
Non-Residential Primary	31, 35, 43	9.4%
Campus	40	5.0%
Non-Residential High Voltage	46, 49	9.4%
Non-Residential		
Primary/High Voltage	449, 459	9.4%
Lighting	50-59	7.1%
PSE has proposed to increase the monthly residential electric basic charge from \$6.02 to \$9.00.		

	Overall \$ Increase	Overall % Increase
Natural Gas	\$56,770,922	5.31%
Type of Service	Natural Gas Schedule(s)	Average Increase ⁽¹⁾
Residential	23	5.73%
Commercial & Industrial	31	6.86%
Non-Residential		
High Load Factor	41	0.00%
Non-Residential Interruptible	85	0.00%
Non-Residential Interruptible	86	-1.76%
Non-Residential Interruptible	87	3.64%
Non-Residential Transportation	57	23.89%
Compressed for Vehicles	50	4.05%
Rental Water Heaters/Burners	71-74	5.20%
PSE has proposed to increase the monthly residential natural gas basic charge from \$8.25 to \$18.00, to cancel Schedules 36 and 51 and revise and expand schedules for transportation service and cancel Schedule 57 in 2012.		

⁽¹⁾ Individual rate schedules will see a greater or lesser increase than the overall or average increase shown depending on the amount of usage.

Comments: (continued) _____

The public is represented by the Public Counsel Section of the Washington Attorney General's Office. You can contact the office at:

Public Counsel
Assistant Attorney General
800 5th Avenue, Suite 2000
Seattle, WA 98104-3188

or by email: utility@atg.wa.gov

To contact Puget Sound Energy, you may reach us in writing at:

Puget Sound Energy
Attn.: Customer Service
P.O. Box 90868
Bellevue, WA 98009-0868

or by e-mail:

generalratecase@pse.com

For more information visit PSE.com or call 1-888-225-5773, press option 4.



CERTIFICATE OF SERVICE

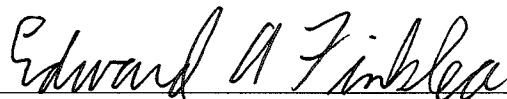
I HEREBY CERTIFY that I have this day served the foregoing document upon all parties of record (listed below) in these proceedings by mailing a copy properly addressed with first class postage prepaid.

<p>Elaine Spencer Graham & Dunn Attorneys for Seattle Steam Pier 70 2801 Alaskan Way, Suite 300 Seattle, WA 98121-1128 espencer@grahamdunn.com</p>	<p>Sheree Carson Jason Kuzma Perkins Coie Representing Puget Sound Energy, Inc. 10885 NE Fourth St., Ste 700 Bellevue, WA 98004 scarson@perkinscoie.com jkuzma@perkinscoie.com</p>
<p>Ronald L. Roseman Attorney at Law Attorney for Energy Project 2011 – 14th Avenue East Seattle, WA 98112 ronaldroseman@comcast.net</p>	<p>Robert D. Cedarbaum Assistant Attorney General WUTC - Attorney General Office State Mail Stop 40128 Olympia, WA 98504 bcedarba@wutc.wa.gov</p>
<p>Simon ffitich, AAG Sarah Shifley Public Counsel Section Office of the Attorney General 800 Fifth Avenue, Ste. 2000 Seattle, WA 98104-3188 simonf@atg.wa.gov sarahs5@atg.wa.gov</p>	<p>S. Bradley Van Cleve Iriion Sanger Davison Van Cleve PC Attorneys for ICNU 333 SW Taylor, Suite 400 Portland, OR 97204 bvc@dvclaw.com ias@dvclaw.com</p>
<p>Mike Kurtz Kurt J. Boehm Boehm, Kurtz and Lowry Attorneys for Kroger 36 East Seventh St., Suite 1510 Cincinnati, OH 45202 Mkurtz@bkllawfirm.com kboehm@bkllawfirm.com</p>	<p>Damon Zenopolous Shaun Mohler Brickfield Burchette Ritts & Stone Attorneys for Nucor Steel 1025 Thomas Jefferson St. NW 8th Floor, West Tower Washington, DC 20007 DEX@BBRSLaw.com SCM@BBRSLaw.com</p>

<p>Scott Johansen, Associate Counsel Department of the Navy Attorneys for FEA 1220 Pacific Highway San Diego, CA 92132 <u>Scott.johansen@navy.mil</u></p>	<p>Dmitri Iglitzin Schwerin Campbell Barnard & Iglitzin Attorneys for Washington and Northern Idaho Council of Laborers 18 West Mercer ST., Suite 400 Seattle, WA 98119 <u>Iglitzin@workerlaw.com</u></p>
<p>Norman Furuta Associate Counsel Department of the Navy 1455 Market Street, Suite 1744 San Francisco, CA 94103-1399 <u>Norman.furuta@navy.mil</u></p>	<p>Tom Deboer Director, Rates & Regulatory Affairs Puget Sound Energy (E012) PO Box 97034, PSE-08N Bellevue, WA 98009-9734</p>
<p>Quality Food Centers, Inc. 10116 NE 8th Street Bellevue, WA 98004</p>	<p>Seattle Steam Company 1325 Fourth Ave., STE 1440 Seattle WA 98101</p>
<p>The Kroger Co. Attn: Corporate Energy Manager (G09) 1014 Vine Street Cincinnati, OH 45202</p>	<p>Kay Davoodi Naval Facilities Engineering Command-HG ACQ-Utilities Rates and Studies Office 1322 Patterson Avenue, SE Building #33 Washington Navy Yard, DC 20374-5018</p>
<p>Michael Early Executive Director Industrial Customers of Northwest Utilities 333 SW Taylor St., STE 400 Portland, OR 97204</p>	<p>Charles M. Eberdt, Manager The Energy Project Opportunity Council 1322 N. State St. Bellingham, WA 98225</p>
<p>Paula E. Pyron Executive Director Northwest Industrial Gas Users 4113 Wolf Berry Court Lake Oswego, OR 97035-1827</p>	<p>Robert Sheppard Seattle Steam Co. 30 Glacier Key Bellevue, WA 98006</p>
<p>Larkin and Associates Representing Dept. of Navy 15728 Farmington Road Livonia, MI 48154</p>	<p>Maurice Brubaker Brubaker & Associates, Inc. Representing Dept. of Navy 1215 Fern Ridge Parkway STE 208 St. Louis, MO 63141</p>

Dan Trotter Assistant Attorney General WUTC Attorney General Section State Mail Stop 40128 Olympia, WA 98504	Craig Gannett Davis Wright Tremaine 1201 Third Avenue STE 2200 Seattle, WA 98101-3045
--	---

Dated in Portland, Oregon this 24th day of March, 2008.



Edward A. Finklea, OSB 84216
Chad Stokes, WSB 37499, OSB 00400
Cable Huston Benedict Haagensen & Lloyd LLP
1001 SW 5th Avenue, Suite 2000
Portland, OR 97204-1136
Telephone: (503) 224-3092
Facsimile: (503) 224-3176
E-mail: efinklea@cablehuston.com
cstokes@cablehuston.com

Of Attorneys for the
Northwest Industrial Gas Users