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BEFORE THE WASHINGTON UTILITIES AND

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TRANSPORTATION COMMISSION

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OPEN MEETING

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In re)

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the Filing of Service)

Schedule 448)

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By PUGET SOUND ENERGY,)

Docket Number UE-010038)

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An Open Meeting in the above matter was held

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on January 16, 2001, at 10:05 a.m., at 1300 South

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Evergreen Park Drive Southwest, Olympia, Washington,

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before Chairwoman MARILYN SHOWALTER and Commissioner

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RICHARD HEMSTAD.

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Joan E. Kinn, CCR, RPR

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Court Reporter

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P R O C E E D I N G S

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CHAIRWOMAN SHOWALTER: Good morning, this is a special open meeting of the Washington Utilities and Transportation Commission. We're here to take up one matter, it is UE-010038, the filing of service schedule 448 by Puget Sound Energy.

Mr. Ottavelli, are you here to present the matter?

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MR. OTTAVELLI: Good morning, I am. I'm Fred Ottavelli with the Commission Staff. Docket UE-010038 is a tariff filing by Puget Sound Energy for a new service, Schedule 448, Power Supplier of Choice. PSE has developed a buy-sell tariff, which is described in this particular schedule. Under this schedule, the schedule is designed to put the customer in control of its energy supply portfolio.

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The customer will choose its suppliers and negotiate the price, duration, and commercial terms of the customer's energy supply arrangements consistent with the requirements that would be set forth in a customer service agreement. PSE would then purchase the energy from the customer's chosen supplier and pass through to the customer the customer's negotiated cost of the energy supply.

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1 The term of each service agreement will be no
2 less than ten years. Eligibility for the service
3 agreement will be any existing customer of PSE under
4 either Schedule 48 or a Special Contract and any other
5 existing or new industrial customer with an annual load
6 of at least 1 average megawatt at any location served at
7 high voltage or with an annual load of at least 2.4
8 average megawatt at any location served at primary
9 voltage.

10 The rates are designed to recover the actual
11 cost of service to customers under this schedule, and
12 the intent is that there be no shifting of cost of
13 service under this schedule.

14 Staff has several areas of concern with the
15 proposed schedule to include the eligibility being set
16 at 1 average megawatt appears to be relatively low, the
17 term of ten years appears to be too long, and the
18 extreme complexity of the proposed agreement is of
19 concern.

20 Staff recommendation is it has not been
21 demonstrated that the proposed rates are fair, just,
22 reasonable, and sufficient, therefore Staff recommends
23 that the Commission issue an order suspending tariff
24 filing in UE-010038.

25 I am available for questions, and I believe

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1 there are several who wish to comment on this filing.

2 CHAIRWOMAN SHOWALTER: Thank you.

3 Mr. ffitch.

4 MR. FFITCH: Thank you, Madam Chairwoman,
5 Commissioner Hemstad. Simon ffitch for the office of
6 Public Counsel. Just very briefly, Your Honor, I wanted
7 to support the Staff recommendation on behalf of Public
8 Counsel. As we have stated in other proceedings before
9 this Commission, we believe that the buy-sell kind of
10 approach may well offer a reasonable kind of a future
11 for some of Puget's customers. We have not analyzed
12 this particular tariff in great detail. We think
13 suspension is the best approach to allow that kind of a
14 review to take place.

15 CHAIRWOMAN SHOWALTER: Thank you.

16 I see you made it out of the woods.

17 MR. FFITCH: Yes, I did, thank you.

18 CHAIRWOMAN SHOWALTER: Ms. Davison.

19 MS. DAVISON: Good morning, Commissioners.

20 I'm Melinda Davison. I'm here on behalf of the
21 Industrial Customers of Northwest Utilities. We have
22 certainly looked and been working with PSE on Schedule
23 448. We're concerned at this moment in time that it may
24 not be the solution to the Schedule 48 problems. And
25 the reason for that is that several of our members have

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1 on a preliminary basis tested the market, and we did not
2 get a very favorable response to that.

3 I think there are several reasons for that.

4 I think that 448 is a very complex tariff, as Staff
5 noted in their remarks. Also there's a competitive
6 concern. It puts PSE in the middle of the transaction,
7 so there's a certain reluctance on the part of PSE's
8 competitors for PSE to see the prices that they're
9 offering customers. And there's a whole variety of
10 things that I won't go into today.

11 Having said that, I assure you that we will
12 work very hard in this proceeding to provide very
13 constructive input and do our very best to provide at
14 least our views of how to make the tariff better.

15 CHAIRWOMAN SHOWALTER: Thank you. Any
16 questions?

17 COMMISSIONER HEMSTAD: No.

18 CHAIRWOMAN SHOWALTER: Mr. Berman, you're
19 still with us.

20 MR. BERMAN: I am, Your Honor.

21 Good morning, commissioners, I'm Stan Berman
22 with the law firm of Heller Ehrman White & McAuliffe
23 representing Puget Sound Energy. We're very proud of
24 Schedule 448. We think it provides an excellent new
25 option for a broad class of customers. It gives the

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1 economic equivalent of open access to a class of
2 customers, and the approach of providing access through
3 a buy-sell type arrangement is a type of arrangement
4 that has been successful for assisting industrial
5 companies in other parts of the country, and we think it
6 will provide assistance here as well.

7 The thing that I would urge you most is that
8 you keep in mind that this is a new option and a new
9 service that provides solutions to companies, and so
10 putting this into place and making it effective as early
11 as possible is essential if people are going to be able
12 to take advantage of the new service. We were hoping
13 that it could be accepted quickly and promptly. We will
14 be very concerned if there were any extended delays
15 before acceptance, because that simply prevents
16 customers from being able to take advantage of this
17 service, which we think really does provide solutions.

18 CHAIRWOMAN SHOWALTER: If we suspend this, we
19 will have plenty of opportunity for further inquiry, but
20 I do have one question. Is 448 optional, that is
21 voluntary on the part of the customers, or would it
22 require eligible customers to be on 448?

23 MR. BERMAN: As I understand it, and I have
24 to concede that the final edits to the document were put
25 together while I was in trial here, but as I understand

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1 it, Schedule 448 is an optional service. That is
2 customers served under Schedule 48 or the Special
3 Contracts or other large customers who would have been
4 eligible for those contracts can choose to take part in
5 this service. If they choose not to take part in this
6 service, then there are other options available for
7 them.

8 CHAIRWOMAN SHOWALTER: Other tariffs?

9 MR. BERMAN: Yes.

10 CHAIRWOMAN SHOWALTER: Thank you.

11 Would anyone else like to comment?

12 I will just make the comment that as I think
13 most people in the room know, we've got other docket
14 numbers pending. We have the complaint by some of the
15 48 customers against the tariff Schedule 48, we have a
16 new filing that was required for the new 48 I will call
17 it, and now this is yet another filing, 448. The issues
18 and the parties overlap almost totally.

19 And because the first complaint is in a quasi
20 judicial mode and now we have suspended the new filing
21 of 48 so it's in a quasi judicial mode, by getting this
22 one into the same mode, it allows the Commission to
23 address all dockets in a coherent fashion. Whether we
24 do or don't consolidate them is another issue, but it
25 gets them all on the same side of the ex parte line,

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1 which means that Commissioner Hemstad and I can talk
2 about them, which is hard to avoid talking about one
3 without implicating the other. The recommendation here
4 is simply a procedural one.

5 COMMISSIONER HEMSTAD: And it provides the
6 opportunity for everyone to spend a lot of time
7 together.

8 All right, in Docket UE-010038 with regard to
9 Puget's Schedule 448 Power Supply Choice, I move the
10 Commission will suspend the filing and issue an order on
11 the procedure.

12 CHAIRWOMAN SHOWALTER: I second the motion.
13 The motion carries.

14 Is there anything else to come before the
15 special open meeting?

16 In that case, the meeting is adjourned.
17 (Open meeting adjourned at 10:15 a.m.)

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