



Rob McKenna

## ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division

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March 25, 2008

Carole J. Washburn, Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P. O. Box 47250  
Olympia, Washington 98504-7250

Re: *WUTC v. Puget Sound Energy (General Rate Case)*  
Dockets UE-072300 and UG-072301

Dear Ms. Washburn:

Enclosed for filing in the above-referenced docket are the original and 12 copies of the Response of Commission Staff to Motion of Seattle Steam for Leave to Notify Schedule 57 Customers, and Certificate of Service.

Sincerely,

ROBERT D. CEDARBAUM  
Senior Counsel

RDC:klg  
Enclosures  
cc: Parties



BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET UE-072300

DOCKET UG-072301  
(Consolidated)

RESPONSE OF COMMISSION  
STAFF TO MOTION OF SEATTLE  
STEAM FOR LEAVE TO NOTIFY  
SCHEDULE 57 CUSTOMERS

1 By motion filed March 18, 2008, Seattle Steam requests permission from the  
Washington Utilities and Transportation Commission to notify certain Schedule 57  
interruptible transportation customers of the rate increases they would receive under Puget  
Sound Energy, Inc.'s proposed rates and rate design. Such permission is required because  
the identities of those customers are contained in the Company's confidential work papers  
that are subject to the Protective Order in this case.<sup>1</sup>

2 Commission Staff is generally supportive of complete and accurate customer notice  
in cases where the rates, terms and conditions of utility service are at issue. Therefore, Staff  
does not expressly oppose Seattle Steam's motion.

3 Nevertheless, Staff does question the necessity of the additional notice Seattle Steam  
asks the Commission to authorize. The Company already provided notice of the proposed  
rate increases for all customer classes by publicly filing its proposed revised tariffs with the

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<sup>1</sup> Order 02 at ¶¶ 6 and 10.

Commission. Such notice appeared sufficient for Schedule 57 customer Nucor Steel Seattle, Inc. to intervene at the outset of the case.<sup>2</sup>

4 The Company, with Staff and Public Counsel, also prepared a bill insert for use in March and April that describes the proposed rate increase and its impact on customer classes of service. The rate increase (24%) for Schedule 57 transportation customers is specifically itemized, as is a summary of the Company's transportation rate design proposal that Seattle Steam also wishes to address in its notice.<sup>3</sup> Seattle Steam fails to address why the bill insert is deficient. It also fails to address why it did not express its concerns at the prehearing conference when preparation of the bill insert was specifically discussed.<sup>4</sup>

5 Staff also questions the use of confidential information that Seattle Steam proposes. The motion states:

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.<sup>5</sup>

A party's litigation strategy is typically not an appropriate justification for disclosing protected information.

6 Staff also notes that the Northwest Industrial Gas Users is already a full party in this proceeding. Before the Commission decides Seattle Steam's motion it may wish to

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<sup>2</sup> Because Seattle Steam has intervened in prior Puget rate cases, it was served with the Company's Advice letter in the current case. See Advice Letter, Addendum H (December 3, 2008). However, Nucor did not receive the same service.

<sup>3</sup> Attachment at 2.

<sup>4</sup> TR. 40-41. Seattle Steam is concerned that the bill insert will go to an employee in the accounts payable department of a Schedule 57 customer and, thus, will be overlooked by management. See Motion at n.1. The flow of mail through the hierarchy of a company is not an issue the Commission can or should address.

<sup>5</sup> Motion at ¶ 3.

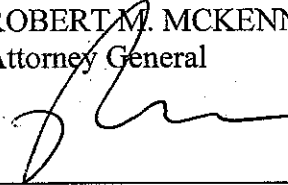
determine if any of the customers Seattle Steam seeks to notify are already represented through the NWIGU.

7 Finally, should the Commission grant Seattle Steam's motion, Staff reserves the right to object to any late-filed petition to intervene from a customer receiving that notice. Staff is concerned that such intervention may impede litigation or settlement efforts in the case, but understands that the merits of intervention will be determined if and when the need arises.<sup>6</sup>

DATED this 25<sup>th</sup> day of March, 2008.

Respectfully submitted,

ROBERT M. MCKENNA  
Attorney General



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ROBERT D. CEDARBAUM  
Senior Counsel  
Counsel for Washington Utilities and  
Transportation Commission

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<sup>6</sup> Staff also reserves the right to object to any Schedule 57 customer that may attempt to present detailed, expert testimony at one of the public comment hearings scheduled in this case.

# ATTACHMENT

(PSE Notice of Requested Rate Increase)

# 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

\$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.

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

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



### 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 -----

**COMMENT CARD**

Please use this card or send a letter.

Customer Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

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

Comments: \_\_\_\_\_

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 \_\_\_\_\_

*more room on back*

## Effects on residential customers

Based on the overall or average Increase <sup>(1)</sup> 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 <sup>(2)</sup> : |                |                 |
|---------------------------------------------------------|----------------|-----------------|
|                                                         | Current Bill   | Proposed        |
| Average rate <sup>(3)</sup> per kwh                     | 8.53¢          | 9.29¢           |
| Basic charge per month                                  | \$6.02         | \$9.00          |
| <b>Total</b>                                            | <b>\$91.27</b> | <b>\$101.91</b> |

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

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.

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

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

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

<sup>(4)</sup> 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<br>\$ Increase  | Overall<br>% Increase              |
|---------------------------------------------------------------------------------------------------|-------------------------|------------------------------------|
| <b>Electric</b>                                                                                   | \$174,482,512           | 9.5%                               |
| Type of Service                                                                                   | Electric<br>Schedule(s) | Average<br>Increase <sup>(1)</sup> |
| 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. |                         |                                    |

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

|                                                                                                                                                                                                                                | Overall<br>\$ Increase     | Overall<br>% Increase              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------|
| <b>Natural Gas</b>                                                                                                                                                                                                             | \$56,770,922               | 5.31%                              |
| Type of Service                                                                                                                                                                                                                | Natural Gas<br>Schedule(s) | Average<br>Increase <sup>(1)</sup> |
| 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. |                            |                                    |

COMMENT CARD

Comments: (continued) \_\_\_\_\_

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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](mailto: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](mailto:generalratecase@pse.com)

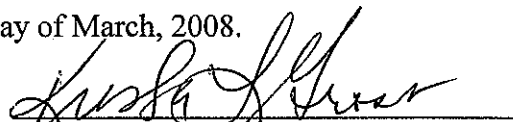
For more information visit [PSE.com](http://PSE.com) or call 1-888-225-5773, press option 4.



Dockets UE-072300 and UG-072301  
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the attached document upon the persons and entities listed on the Service List below by depositing a copy of said document in the United States mail, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 25<sup>th</sup> day of March, 2008.

  
KRISTA L. GROSS

**HC=Highly Confidential**

**C=Confidential**

**NC=Non-Confidential**

**Receive HC, C and NC documents:**

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