

Exhibit T-____ (TJH-T)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KIMBERLY-CLARK TISSUE COMPANY
Complainant
v.
PUGET SOUND ENERGY, INC.
Respondent

Docket No. UG-990619

SUPPLEMENTAL TESTIMONY OF TIMOTHY J. HOGAN

ON BEHALF OF PUGET SOUND ENERGY, INC.

October 11, 1999

SUPPLEMENTAL TESTIMONY OF TIMOTHY J. HOGAN

Q. Please state your name and business address.

A. My name is Timothy J. Hogan. I have testified earlier in this proceeding on behalf of Puget Sound Energy, Inc. ("PSE"). My address is One Bellevue Center, 411 108th Avenue NE, 15th Floor, Bellevue, Washington.

Q. Can you summarize the main points of your supplemental testimony?

A. My review of the deposition testimony of James Owens, reveals that his basis for stating that the PSE provided less than acceptable service is not based on (1) the language of PSE's tariff, (2) the Rate Schedule 57 service agreement, or (3) any experience with managing a local gas distribution system. To support his position, Mr. Owens is relying on his experience working for an electric utility, Portland General Electric ("PGE"), and performing consulting work with electric utilities. In addition, Mr. Owens' testimony that senior management was not sufficiently involved in this curtailment, is based on examples of emergency situations which are not applicable to this particular case.

Q. In his testimony, Mr. Owens states that a public utility is required to provide service that is "safe, adequate, efficient, just, and reasonable" and that this obligation includes the "duty to provide adequate service to the extent possible during unusual weather conditions." Why does Mr. Owens rely on this standard as PSE's obligation to serve its interruptible customers under Rate Schedule 57?

A. In his deposition, Mr. Owens recalled that some of these terms were drafted by counsel. Mr. Owens further testified that he relies on this standard based on his experience at PGE and his consulting work for electric utilities.

Q. Has Mr. Owens participated in a gas distribution company's response to curtailment of customers based on limited distribution capacity?

A. No, his experience has been limited to electric utilities and he has never seen or been involved with a gas distribution company's response to a curtailment, precipitated by distribution system capacity constraints.

Q. Is Mr. Owens correct when he states that absent extreme circumstances a public utility has the obligation to serve its customers 24 hours a day, 365 days a year even when those customers are interruptible transportation customers?

A. No. Mr. Owens is applying the standards for providing service to firm customers. Mr. Owens does not seem to recognize that PSE's obligation to serve its interruptible customers is delineated by PSE's tariff and its service agreements with those customers. Under Rate Schedule 57, PSE may declare constraint periods for interruptible transportation service until PSE determines that there is sufficient distribution capacity to serve the estimated requirements of all firm sales, interruptible sales and interruptible transportation customers. Moreover, PSE's service agreement with customers taking service under Rate Schedule 57 allows PSE to extend a curtailment "for such duration as the Company deems necessary in order to manage its gas distribution system." As more fully testified by Ms. Caswell, the circumstances under which interruptible customers may be curtailed are not necessarily "extreme circumstances."

Q. In his deposition testimony, Mr. Owens provided two examples where electric utilities faced major problems to illustrate the level of involvement that he would expect to see in resuming service to interruptible customers. Are these examples appropriate comparisons to the curtailment of interruptible customers in December 1998?

A. Mr. Owens discussed two situations in his deposition testimony. One was an outage at Trojan which involved the loss of 1,100 megawatts (and would presumably impact the Northwest Power grid). Obviously that is an outage on a huge scale and would potentially have affected thousands of firm customers. In that circumstance, it clearly would be appropriate for senior management to be involved in restoration efforts. The other involved Keyspan Energy's response to forecasts of a hurricane. Those that lost service would have included residential customers as well as other firm and interruptible customers. These situations are not at all analogous to the resumption of service to interruptible customers. Both of these situations involve the availability of firm service. The situation of residential customers depending on electricity for essential needs, such as light and heat, is vastly different from that of an interruptible industrial customer, which has made a conscious economic decision to contract for cheaper, less reliable service because of the availability of a back-up fuel or its ability to alter its operations.

Q. What other conclusions did Mr. Owens arrive at that demonstrate he does not understand the requirements of PSE's tariff?

A. Mr. Owens appears to have an issue with the immediacy of resumption of interruptible customers based on operational capabilities. He points out in his deposition testimony that because Schedule 57 customers have telemetry they can be resumed independent of Rate Schedule 86 customers, who do not have telemetry. Mr. Owens makes the point that this is an operational issue and that he is not an expert in PSE's tariff. However, consideration of operational issues without considerations of service priority established by Rule 23 makes little sense. PSE is required to restore service in the priority of Rule 23 regardless of whether certain

interruptible customers have telemetry.

Q. Does this conclude your testimony, Mr. Hogan?

A. Yes.