

1                   BEFORE THE WASHINGTON UTILITIES AND  
2                   TRANSPORTATION COMMISSION

3 In the Matter of the Petition )  
of PUGET SOUND ENERGY, INC., ) DOCKET NO. UE-031389  
4 For Approval of 2003 Power )  
Cost Adjustment Mechanism ) Volume II  
5 Report. ) Pages 29 to 36  
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8                   A pre-hearing conference in the above matter  
9 was held on December 11, 2003, from 9:50 a.m to 10:00  
10 a.m., at 1300 South Evergreen Park Drive Southwest, Room  
11 206, Olympia, Washington, before Administrative Law  
12 Judge C. ROBERT WALLIS.

13                   The parties were present as follows:

14                   THE COMMISSION, by ROBERT CEDARBAUM,  
Assistant Attorney General, 1400 South Evergreen Park  
15 Drive Southwest, Post Office Box 40128, Olympia,  
Washington, 98504. Telephone (360) 664-1188, Fax (360)  
16 586-5522, E-Mail bcedarba@wutc.wa.gov.

17                   THE PUBLIC, by SIMON FFITCH, Assistant  
Attorney General, 900 Fourth Avenue, Suite 2000,  
18 Seattle, Washington, 98164-1012, Telephone (206)  
389-2055, Fax (206) 389-2058, E-Mail simonf@atg.wa.gov.

19                   PUGET SOUND ENERGY, by KIRSTIN S. DODGE,  
20 Attorney at Law, Perkins Coie, LLP, 10885 Northeast  
Fourth Street, Suite 700, Bellevue, Washington 98004,  
21 Telephone (425) 635-1407, Fax (425) 635-2407, E-Mail  
KSDodge@perkinscoie.com.

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25 Joan E. Kinn, CCR, RPR  
Court Reporter

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1                   INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES,  
via bridge line by IRION SANGER, Attorney at Law,  
2 Davison Van Cleve, 1000 Southwest Broadway, Suite 2460,  
Portland, Oregon, 97205, Telephone (503) 241-7242, Fax  
3 (503) 241-8160, E-Mail mail@dvclaw.com.

4                   MICROSOFT, via bridge line, by HARVARD  
SPIEGAL, Attorney at Law, Preston Gates & Ellis, 222  
5 Southwest Columbia Street, Suite 1400, Portland, Oregon  
97201-6632, Telephone (503) 226-5788, fax (503)  
6 248-9085, E-mail hspiegel@prestongates.com.

7                   FEDERAL EXECUTIVE AGENCIES, via bridge line  
by NORMAN J. FURUTA, Attorney at Law, Department of the  
8 Navy, 2001 Junipero Serra Boulevard, Suite 600, Daly  
City, California 94014-1976, Telephone (650) 746-7312,  
9 Fax (650) 746-7372, E-Mail  
FurutaNJ@efawest.navfac.navy.mil.

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1 P R O C E E D I N G S

2 JUDGE WALLIS: This is a pre-hearing  
3 conference in the matter of Docket Number 031389 before  
4 the Washington Utilities and Transportation Commission.  
5 My name is Robert Wallis, and this conference is being  
6 held on December 11 of the year 2003 in Olympia,  
7 Washington.

8 Let's get appearances from counsel. I would  
9 like you to state your name and the name of the party  
10 that you represent. If you haven't previously stated an  
11 appearance in this docket, please give us your contact  
12 information.

13 MS. DODGE: Kirstin Dodge with Perkins Coie  
14 representing Puget Sound Energy.

15 MR. CEDARBAUM: Robert Cedarbaum, Assistant  
16 Attorney General for Commission Staff.

17 MR. FFITCH: Simon ffitch, Assistant Attorney  
18 General for Public Counsel.

19 JUDGE WALLIS: Are there other appearances to  
20 be made?

21 Let the record show that there is no  
22 response.

23 MR. SANGER: This is Irion Sanger with  
24 Davison Van Cleve on behalf of Industrial Customers of  
25 Northwest Utilities.

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1 JUDGE WALLIS: Thank you, Mr. Sanger.

2 Is there anyone else on the bridge line?

3 MR. SPIEGAL: Harvey Spiegel with Preston  
4 Gates for Microsoft.

5 JUDGE WALLIS: Thank you, Mr. Spiegel.

6 Anyone else?

7 Very well. In a brief pre-hearing colloquy  
8 parties have indicated that they will be seeking a  
9 continuance of today's pre-hearing conference for the  
10 purpose of refining some discussions that are presently  
11 underway.

12 Mr. Cedarbaum, are you prepared to state the  
13 status of the discussions and the request for  
14 continuance for the record?

15 MR. CEDARBAUM: Yes, Your Honor, thank you.  
16 As I indicated off the record, last week the parties did  
17 not file a settlement in the docket that's currently  
18 pending before the Commission. We have, however, since  
19 then believed that we have reached a partial settlement  
20 in the case subject to some finalization of documents  
21 and Staff and Public Counsel and company review of  
22 numbers, but we believe that those will be successful  
23 and that we will be presenting a partial settlement to  
24 the Commission.

25 I say partial because there is one issue that

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1 is outstanding that the parties have not been able to  
2 resolve, and that involves the issue with respect to  
3 fuel costs for Tenaska and Entogen power resources.  
4 That is an issue that we have reached an impasse on, and  
5 so we wish to carve that out of our settlement. We have  
6 not, however, reached an agreement on the process by  
7 which we would resolve that carve-out issue. We are not  
8 sure whether we would like to litigate it in the current  
9 docket or perhaps roll that issue into the other pending  
10 case with Puget, the power cost only rate case which is  
11 pending in Docket UE-031725.

12 We would like the opportunity to have some  
13 more time to finalize both the partial settlement and  
14 have those discussions on remaining process, and we  
15 would like to therefore have this pre-hearing conference  
16 continued for a week, hopefully until next Thursday, so  
17 that we can finalize all of those other discussions and  
18 be prepared to hopefully have filed a partial settlement  
19 with the Commission by that time which would be  
20 presented at a hearing at some later time, but also have  
21 a better feel for what type of process remains.

22 JUDGE WALLIS: Very well.

23 Does anyone else wish to comment for the  
24 record?

25 Ms. Dodge.

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1                   MS. DODGE: The only thing I would like to  
2 say for the record is that the company's firm position  
3 is just that the power cost only rate case should not be  
4 slowed down in any way because of this impasse issue.

5                   JUDGE WALLIS: Mr. ffitch.

6                   MR. FFITCH: I have nothing to add to  
7 Mr. Cedarbaum's presentation.

8                   JUDGE WALLIS: Very well. The request is  
9 granted, and we will recess this pre-hearing conference  
10 until next Thursday, December 18, for the purposes  
11 indicated. I would ask you to the extent that you have  
12 preliminary information that might assist in scheduling  
13 if you could let us know if there is something that we  
14 need to be doing to make arrangements or check  
15 commissioner availability. We want to facilitate a  
16 decision in the most appropriate way, and to the extent  
17 that you need that information or that we would need  
18 that information, it would be very helpful. I will be  
19 out of the office during the weeks of the 22nd and 29th,  
20 so I would hope to be able to finalize matters either on  
21 the 18th or the 19th resulting from that conference so  
22 that that would be taken care of promptly.

23                   Is there anything else to come before the  
24 Commission at this time?

25                   MR. CEDARBAUM: Just one question, Your

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1 Honor, on the 18th, would that be at 9:30?

2 JUDGE WALLIS: What's your preference?

3 MR. CEDARBAUM: I think from my perspective  
4 9:30 is fine.

5 JUDGE WALLIS: Very well, 9:30 will be fine.

6 Do the parties need any additional notice of  
7 hearing on that?

8 MR. FFITCH: We do not, Your Honor. Would it  
9 be permissible to appear by telephone?

10 JUDGE WALLIS: Yes.

11 MS. DODGE: I would just mention that I  
12 believe Mr. Furuta is not here today and may need  
13 notice.

14 MR. FURUTA: Actually, Your Honor, I just  
15 joined.

16 JUDGE WALLIS: Very well, Mr. Furuta, are you  
17 aware generally about what's happening?

18 MR. FURUTA: In a general way, yes.

19 JUDGE WALLIS: Very well. I would suggest  
20 that to the extent you need further explanation that you  
21 stay on the line when I close the record, and the other  
22 parties will brief you. The long and short of it is  
23 that we are continuing this conference until 9:30 a.m.  
24 one week from today, December 18th. We will convene in  
25 this room, but parties may attend via teleconference

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1 bridge if they wish.

2 Anything further?

3 There being nothing further, this matter is  
4 concluded. Thank you very much.

5 (Hearing adjourned at 10:00 a.m.)

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