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BEFORE THE WASHINGTON

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UTILITIES AND TRANSPORTATION COMMISSION

3

WASHINGTON UTILITIES AND)
)Docket UG-040640

4

TRANSPORTATION COMMISSION,)Docket UE-040641

Complainant,)(Consolidated)

5

)Volume II

v.

)Pages 65-97

6

PUGET SOUND ENERGY, INC.,)

7

Respondent.)

8

In the Matter of the Petition of)

9

PUGET SOUND ENERGY, INC.,)Docket UE-031471

)(Consolidated)

10

For an Order Regarding the)

Accounting Treatment for Certain)

11

Costs of the Company's Power Cost)

Only Rate Filing)

12

)

In the Matter of the Petition of)

13

)

PUGET SOUND ENERGY, INC.,)Docket UE-032043

14

)(Consolidated)

For an Accounting Order Authorizing)

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Deferral and Recovery of)

Investment and Costs Related to the)

16

White River Hydroelectric Project.)

17

)

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A public hearing in the above-entitled

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matter was held at 6:03 p.m. on Wednesday, November

20

10, 2004, at Bellevue High School, Bellevue,

21

Washington, before Chairwoman MARILYN SHOWALTER,

22

Commissioner RICHARD HEMSTAD and Commissioner PATRICK

23

OSHIE.

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Barbara L. Nelson, CCR

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Court Reporter

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1 The parties present were as follows:

2 COMMISSION STAFF, by Robert Cedarbaum,
3 Assistant Attorney General, 1400 S. Evergreen Park
4 Drive, S.W., P.O. Box 40128, Olympia, Washington,
5 98504-1028.

6 PUGET SOUND ENERGY, INC., by Kirstin S.
7 Dodge, Attorney at Law, Perkins Coie, 10885 N.E.
8 Fourth Street, Suite 700, Bellevue, Washington 98004.

9 PUBLIC COUNSEL, by Simon ffitch,
10 Assistant Attorney General, 900 Fourth Avenue, Suite
11 2000, Seattle, Washington 98164.

12 A W.I.S.H. and THE ENERGY PROJECT, by
13 Ronald Roseman, Attorney at Law, 2011 14th Avenue
14 East, Seattle, Washington 98112.

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1 CHAIRWOMAN SHOWALTER: Thank you, everyone,
2 for coming out tonight on a night before a holiday,
3 at least it's a holiday for some of us. This is a
4 hearing of the Washington Utilities and
5 Transportation Commission in the case of Washington
6 Utilities and Transportation Commission versus Puget
7 Sound Energy, Docket Number UG-040640.

8 I'm Marilyn Showalter, I'm the Chair of the
9 Commission, and with me are my two colleagues. On my
10 right, Commissioner Dick Hemstad, and on my left,
11 Commissioner Pat Oshie, and the three of us make up
12 the Commission.

13 We're here tonight to hear from anyone who
14 wishes to testify in this case. As you can see, we
15 have a court reporter here, and that should tell you
16 a few things. This is a quasi-judicial proceeding,
17 and we sit as judges, so we have not made up our
18 minds in the case. In fact, there are several days
19 of hearings yet to be had in this case.

20 It is a contested case. Puget Sound Energy
21 is, excuse me, asking for electric rate increase in
22 revenues that would be approximately a six percent
23 increase overall, but rates would vary with the
24 residential increase reaching approximately seven
25 percent. And in the case of the gas rates, the

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1 overall increase in revenue is about five percent.
2 The residential increase would be about 6.92 percent.
3 That is what the Company is asking this Commission to
4 do.

5 However, there are other parties in the
6 case, and they are the Commission Staff, which
7 operates as a separate party from us, and they are
8 represented in this case by Bob Cedarbaum. And there
9 are -- I won't go through all the parties in the
10 case, because I'm not sure how many parties there
11 are, but Simon ffitich is here, and he represents the
12 office of Public Counsel. It's a division of the
13 Attorney General's Office, and he has a special
14 relationship with residential and small business
15 customers.

16 Mr. Roseman, what -- since you're here, I
17 want you to introduce yourself and say what party
18 you're --

19 MR. ROSEMAN: Okay. My name's Ron Roseman,
20 and I'm representing the Energy Project, which
21 advocates for statewide community action agencies
22 looking for affordable energy for primarily
23 low-income clients and also appearing on behalf of A
24 W.I.S.H., AWorld Institute for Sustainable Humanity,
25 which is also a non-profit organization to promote

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1 sustainability, in this case, looking at green power
2 for low-income people.

3 CHAIRWOMAN SHOWALTER: And I also -- Ms.
4 Kirstin Dodge is in the back of the room up there,
5 and she represents Puget Sound Energy. And these are
6 the attorneys who will be presenting the case in the
7 hearings in front of us in December, but tonight we
8 would like to hear from anyone here who would like to
9 comment on the case.

10 Because it is a quasi-judicial proceeding,
11 you will be sworn in as a witness and your words will
12 be recorded by the court reporter. That means that
13 you need to speak slowly enough for her to catch your
14 words, which is going to help us, as well.

15 I'm checking the sign-in sheets, and there
16 are not terribly many people signed up, but I would
17 just advise you to try to keep your comments pointed
18 toward the issue in this case, which is a rate
19 increase for Avista's -- excuse me, Puget's
20 electricity or gas rates.

21 Because it is a quasi-judicial proceeding, I
22 ask that you give everybody respectful silence and
23 please refrain from clapping or booing or other
24 expressions when -- if you'd like to express your
25 opinions, then please come up and comment.

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1 At this point, would you raise your hand if
2 you plan to testify? Okay. Actually, you should
3 keep raising your hands. If you stand and raise your
4 right hand, I'll swear you in as a group.

5 Whereupon,

6 ALL PROSPECTIVE WITNESSES,
7 having been first duly sworn, were called as
8 witnesses herein and testified as follows:

9 CHAIRWOMAN SHOWALTER: Thank you. Before
10 you comment, I'd like to give Simon ffitch a chance
11 to make a statement about this case.

12 MR. FFITCH: Thank you, Madam Chairwoman.
13 As you heard, my name's Simon ffitch. I'm with the
14 Office of Public Counsel, which is a Department of
15 the State Attorney General's Office, and our role is
16 to advocate on behalf of customers, the ratepayers of
17 the utility companies in the state, including Puget
18 Sound Energy, and we try to emphasize the residential
19 and small business customer concerns in rate cases
20 like this one and in other cases in front of the
21 Commission.

22 And in this case we have hired two expert
23 witnesses, one to take a look at the company's
24 financial picture, and we also have joined with the
25 Energy Project to hire a witness to -- an expert

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1 witness who's going to testify about the Company's
2 spread of rates, which is a way of saying if there's
3 a rate increase, how do you spread that out across
4 the different customers and how do you set up the
5 structure of a company's rates.

6 We do have -- we've completed our initial
7 analysis and have filed testimony that indicates that
8 we don't believe the company should have a rate
9 increase of the full amount they've asked for here.

10 And I'll be available if folks would like to
11 speak with me after the hearing. We also can get you
12 copies of our testimony, either over the Internet or
13 whatever way's convenient to you. So if you'd like
14 to find out more about our case or about Public
15 Counsel, I'll be around after the hearing.

16 CHAIRWOMAN SHOWALTER: Mr. ffitich made a
17 good point. He and the Staff and the Company all
18 have people here, and after the hearing is over,
19 they'll be available.

20 Before I call the first witness, when you
21 are called, come forward to the microphone here, and
22 I will ask you a couple of questions, that is, what
23 is your name and whom you represent, and if it's
24 anyone other than just you and your family, and then
25 you are welcome to give your comments.

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1 I'd like to call first on John Smith. Could
2 you please say your name and spell your last?

3 MR. SMITH: John M. Smith, S-m-i-t-h.

4 CHAIRWOMAN SHOWALTER: Thank you. And are
5 you speaking on your own -- as an individual or on
6 behalf of an organization?

7 MR. SMITH: I'm speaking on behalf of the
8 Housing Authority of Skagit County, which I'm the
9 Executive Director.

10 CHAIRWOMAN SHOWALTER: All right. And if
11 you could go ahead and give your comments, but it
12 would help us to know what your organization is and
13 what it does.

14 MR. SMITH: The Housing Authority of Skagit
15 County serves low-income families and individuals
16 with their housing needs, and it also provides
17 low-income weatherization and repair for Skagit
18 County.

19 I'm also a ratepayer, living in Clear Lake,
20 Washington, ratepayer of Puget Sound Energy, and in
21 fact, I live in a Gold Medallion home, if any of you
22 know what that means.

23 CHAIRWOMAN SHOWALTER: Why don't you say for
24 the record what it does mean.

25 MR. SMITH: Gold Medallion homes were built

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1 in the early '70s, late '60s, all electric
2 appliances, heat, everything. I guess that was back
3 when power was going to be too cheap to meter.
4 Anyway, I'm a Gold Medallion owner.

5 And before I tell the Commission why I
6 oppose this rate increase, I want the Commissioners
7 to understand that the low-income programs of Puget
8 Sound Energy are valuable tools in assisting
9 low-income families and elderly persons in conserving
10 electricity and creating more energy efficiency in
11 their homes and providing funding to help with the
12 high cost of heating bills in the winter.

13 Thank you for this opportunity to present
14 the reasons why this rate increase requested by Puget
15 Sound Energy sends all the wrong signals to those
16 customers, especially low-income customers, who have
17 struggled to conserve electricity.

18 I would expect that a rate increase would be
19 granted, is likely to be granted. I hope it's not
20 this particular increase. If a rate increase is
21 allowed, I would urge the Commissioners to index the
22 Help program and the low-income weatherization
23 program to any rate increase that they give and any
24 future rate increases that might be awarded to Puget
25 Sound Energy.

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1 First of all, the increase of over 18
2 percent in the monthly service charge makes no sense
3 for conservation, nor does the expansion of the first
4 energy block from 600 to 800 kilowatt hours,
5 especially coupled with the unequal and burdensome
6 increase in this cost of the first increment over the
7 increase in cost of the usage block above 800
8 kilowatt hours.

9 The fact is that everyone needs electricity,
10 and most low-income customers have no choice, have no
11 choice about whether they use it or not. The largest
12 public utility issue here in Washington and elsewhere
13 continues to be that excessive use of electricity
14 must be curbed.

15 This proposal excessively penalizes those
16 PSE customers who have switched to a different heat
17 source from electricity, have installed energy-saving
18 appliances, or who have drastically curtailed their
19 use of energy by some other means.

20 Approval of this request is a slap in the
21 face to the prudent user of electricity. The prudent
22 user ought to be given further incentives to reduce
23 usage, not hit with a disproportionate and unfair
24 rate increase.

25 I ask myself why has PSE retreated from a

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1 pro conservation rate structure in favor of one that
2 rewards profligate use. This attack on the lower
3 tier electricity users is decades out of date.

4 I must also state I oppose the request for
5 an increase in rate of return for investors. PSE's
6 investors, in my opinion, need no increase in
7 financial return in order to bolster the PSE
8 borrowing capacity. Interest rates are at an
9 all-time low for borrowers. The stock market is not
10 particularly strong, and regulated utility stock,
11 with a guaranteed rate of return, is already an
12 attractive investment.

13 I have firsthand knowledge of the effect of
14 this proposal on low-income customers. A prime
15 example is the Raspberry Ridge Apartments of the
16 Housing Authority of Skagit County. Those were built
17 two years ago. Raspberry Ridge Apartments consist of
18 50 units of housing for farm worker families. It's
19 located near Burlington, Washington. The Housing
20 Authority was fortunate to have had the resources to
21 install maximum energy-efficient appliances, a
22 natural gas-fired hydronic heating system, high
23 levels of insulation, and Puget Sound Energy-approved
24 energy-efficient lighting. The usage of electricity
25 for a three-bedroom townhouse unit at Raspberry Ridge

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1 is currently calculated at \$13.24 per month on a
2 year-round basis.

3 This PSE-proposed increase, given the
4 existing low-income program charge, the existing
5 power cost adjustment, and the existing energy
6 exchange credit, would increase the cost to tenants
7 of those units by 21.6 percent.

8 The low-income clients of Housing Authority
9 need to be protected from this unfair rate increase,
10 and they're counting on the Washington Utilities and
11 Transportation Commission to rule in the public
12 interest against this disproportionate increase.
13 Thank you very much.

14 CHAIRWOMAN SHOWALTER: Thank you. Dave
15 Finet. Is it "Fin-it" or "Fi-nay"?

16 MR. FINET: "Fi-nay."

17 CHAIRWOMAN SHOWALTER: Finet, the French
18 way. Please state your name and spell your last.

19 MR. FINET: Dave Finet, F-i-n-e-t.

20 CHAIRWOMAN SHOWALTER: And are you speaking
21 as an individual or on behalf of an organization?

22 MR. FINET: On behalf of Opportunity
23 Council, a private, non-profit community action
24 agency in Bellingham, Washington.

25 CHAIRWOMAN SHOWALTER: All right. Please go

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1 ahead and -- beginning with your organization and
2 what it does.

3 MR. FINET: Our organization is a community
4 action program that provides an umbrella of services,
5 including weatherization and energy assistance in
6 Whatcom, Island, and San Juan Counties. Of course,
7 today we're speaking about specifically Whatcom and
8 Island County.

9 I've been working for the Opportunity
10 Council for the past 18 years in energy assistance
11 and weatherization programs, and during that time
12 I've had an opportunity to witness the negative
13 impact of increasing basic needs costs for families,
14 and this rate increase would be an increase in those
15 basic needs costs.

16 During the same period of time, I've been
17 lucky enough -- or the Opportunity Council's been
18 lucky enough and the community's been lucky enough to
19 have assistance from Puget Sound Energy in the
20 weatherization program. Thousands of households in
21 Whatcom and Island County have been served by PSE's
22 low-income energy conservation programs, they're
23 vital programs to the community, not only saving
24 energy for families, but also in preserving
25 affordable housing.

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1 And most recently, the last couple years,
2 the Puget Sound Energy Help program has assisted
3 families with energy assistance. And this morning,
4 we had an executive staff meeting at the Opportunity
5 Council, and we had folks lined up out the door
6 waiting to get energy assistance. It was pretty much
7 that way all last winter, too.

8 The LIHEAP Program, the Low-income Home
9 Energy Assistance Program, federal funding, is
10 supplemented also by the Puget Sound Energy funding,
11 and we turn away people each year, so it's very --
12 it's a very important program.

13 What I did this morning, or actually, this
14 afternoon, before I came, is I just went to our
15 client files and took a look at -- I pulled five
16 random files of typical households that we
17 weatherized in 2003, and I just wanted to take a look
18 at -- I just wanted to give you some examples of what
19 the annual energy cost is and how that affects the
20 families we serve.

21 The first file that I pulled, there are two
22 people in the household and their annual income is
23 \$7,620 per year, and their annual energy cost is
24 1,255. That's 16 percent of their annual income goes
25 towards energy.

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1 The second one was a two-person household,
2 and their annual income was \$12,000, and their annual
3 energy cost is \$1,068.

4 I pulled a couple more. I pulled one, it
5 was a household with eight people in the household,
6 their annual income was 18,360, and their annual
7 energy cost was \$1,232, which is about six percent.
8 I pulled five files in all, and the average annual
9 energy cost for those families was about nine
10 percent.

11 And so when you're talking about basic needs
12 for families and you're already paying -- at this
13 point paying over, you know, nine percent for your
14 energy, that next increment of -- whether it's six
15 percent or seven percent or whatever the rate
16 increase would be, has a dramatic impact on these
17 families. They're making the decisions between
18 transportation, school clothes for the kids, food,
19 medical, all those kinds of things, and so when we
20 look at seven or \$8 in a month, for us, if we're
21 making 50,000 or 60,000 or \$100,000 household, \$7
22 doesn't seem like very much, but to these folks, \$7
23 and what that amounts to in a year is a lot of money.

24 At this -- you know, I'd like to -- you
25 know, I would propose that you deny the rate hike, or

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1 deny the rate hike as it's proposed, but I would
2 recommend, as John Smith did, that if there is a rate
3 hike, that it is reflective of the rate increase of
4 the rate hike, that it mirrors -- whatever, if it's a
5 rate hike of six percent, that the low-income
6 weatherization program and the energy assistance
7 program reflect those same rate increases, because I
8 feel like the families that we serve are going to be
9 negatively impacted by this rate increase. Thank
10 you.

11 CHAIRWOMAN SHOWALTER: Thank you. I have
12 Tom and Mary Young, but only one at a time, please.
13 Okay.

14 MR. YOUNG: Tom Young, speaking for my wife
15 and myself. We're retired. We live at Providence
16 Point. We just feel that, every six months, it seems
17 like we hear about another rate increase by Puget
18 Sound Energy. And living on fixed incomes, we're
19 finding this harder and harder to meet the bill.

20 Our alternative is just not to turn the heat
21 on and never turn the light on if we don't absolutely
22 have to. We just feel like Puget Sound Energy needs
23 to tighten their belt like we have to. Thank you.

24 CHAIRWOMAN SHOWALTER: Well, thank you. And
25 you might want, after the meeting, to talk to someone

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1 from the Company or the Staff, because there are
2 different kinds of adjustments and there's, in
3 particular, one kind having to do with gas can go up
4 and down, but it is a lot to keep track of, from a
5 ratepayer's point of view.

6 Jim Loring is a maybe. Would you like to
7 comment? Give us your name and spell your last.

8 MR. LORING: I'm Jim Loring, L-o-r-i-n-g,
9 and I represent myself and my family.

10 CHAIRWOMAN SHOWALTER: All right.

11 MR. LORING: I'd urge the Commission to
12 reject the rate increase proposal before you,
13 particularly, and I'll be brief, in light of the fact
14 that in October they recently -- the purchase gas
15 adjustment of about 17 percent to residential
16 customers insulated PSE from the commodity price, the
17 increase in the price of what they pass on and
18 distribute to the customers. Essentially, insulates
19 them from having to look at a more efficient
20 operation.

21 My understanding of this, the rationale
22 behind this rate increase is to guarantee or to set
23 aside about, what, 11 and three-quarter percent rate
24 of investment return. You're insulating them from
25 the price of the commodity that they have to

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1 distribute, in the case of natural gas, and you're
2 not setting up the proper incentives for PSE to
3 operate a more efficient operation. And here we see
4 the costs are being passed on to the consumer. I
5 thank you.

6 CHAIRWOMAN SHOWALTER: Thank you. Judy
7 Hedrick, is it, is a maybe, or perhaps --

8 MS. HEDRICK: I'm just going to listen for
9 now.

10 CHAIRWOMAN SHOWALTER: Okay. I'll give
11 everyone a chance later at the end. David Plummer.

12 MR. PLUMMER: I have copies of all the
13 details of my remarks, which I'm not going to read,
14 but I have some -- there's four there. Maybe one for
15 the Public Counsel, if you'd care to have one.

16 COMMISSIONER OSHIE: Okay. Thank you.

17 CHAIRWOMAN SHOWALTER: Okay. Can you state
18 your name and spell your last?

19 MR. PLUMMER: Good evening. Yes, my name is
20 David Plummer, P-l-u-m-m-e-r. I reside in Bellevue.
21 I'm a PSE customer, and I'm testifying on part -- on
22 behalf of myself and my wife.

23 CHAIRWOMAN SHOWALTER: Okay. Go ahead.

24 MR. PLUMMER: Regarding PSE's proposed
25 changes to its electric service rates, PSE has

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1 apparently -- apparently proposes to recover almost
2 70 percent of its proposed new electric revenue
3 requirements from residential customers.

4 Part of the rationale, as I understand it,
5 for this allocation of their proposed increase is
6 because they assert that residential -- average
7 residential use is declining.

8 An analysis of published statistics in their
9 annual reports, which you see reflected in figure one
10 of the material I've given you, shows that indeed
11 this is the case, although the amount of decline is
12 very slight. And as you can see, if you look at
13 figure one of my written remarks, there had been both
14 upward and downward movements in this statistic over
15 the last 10 years.

16 In addition, future changes in the electric
17 intensity of various consumer products, increasing
18 use of residential air conditioning and other changes
19 in the consumer habits is likely to affect this
20 statistic in the future.

21 The average amount of energy, electric
22 energy consumed could go up or down. It's apparent
23 that, to me, at least, that without a very careful
24 and detailed study of this phenomenon, that I don't
25 think anybody can say for sure that, in the future,

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1 average residential electric energy consumption is
2 going to continue to decline.

3 Second, PSE has requested --

4 CHAIRWOMAN SHOWALTER: Excuse me.

5 MR. PLUMMER: -- approximately an 18 percent
6 increase in its customer charge for both residential
7 service, in Schedule Seven, and general service, in
8 Schedule 24. It seems very hard for me to believe
9 that the cost components of the customer charge could
10 possibly have increased by so large a factor, and I
11 urge the Commission to reject this particular feature
12 of their proposed schedules.

13 Third, PSE proposes to increase the block
14 point for Schedule Seven from 600 to 800 kilowatt
15 hours per month. I'm opposed to this proposal, and I
16 ask the Commission to direct PSE to revise their
17 residential rate schedule to reflect the fact that
18 their energy dispatch costs do not change over a
19 typical daily or monthly dispatch cycle.

20 There's more material and rationale for this
21 assertion in what I've given you there. But because
22 their load following is done with hydro resources,
23 it's only during the winter months, and especially
24 during so-called arctic event that their dispatch
25 costs would increase.

0085

1 And Puget Sound Energy knows very well that
2 those residential consumers that stay online during
3 the winter months and during arctic events add
4 considerably to their dispatch costs, and I believe
5 they should reflect this fact in their residential
6 rate schedules.

7 So what I ask the Commission to at least
8 consider is the option of asking PSE to establish a
9 separate rate schedule for those consumers that have
10 electric space heating installed in their dwellings
11 and an alternate or second residential rate schedule
12 for those consumers who do not.

13 In the past, they have known specifically
14 what the consumption statistics of three classes of
15 residential customers are. They used to publish this
16 information, but they no longer do.

17 Fourth, PSE has requested increases in both
18 the rate of return on its common equity and on its
19 overall rate of return. I believe that a great
20 amount of the capital structure of PSE has a very low
21 risk component to it. All the installed generation
22 and distribution and delivery materials certainly
23 have a very low risk component and risk certainly has
24 to be captured in their rates of return.

25 So I think -- I hope that the Commission and

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1 their Staff -- and your Staff will take recognition
2 of this, and I do not believe that they should be
3 granted the rates of return increases that they've
4 asked for.

5 Regarding their proposed changes to natural
6 gas service rates, they've -- PSE's proposed to
7 drastically increase the fixed component of the
8 residential rate schedule, and I just -- I don't know
9 what the Commission's ground rules are for what sort
10 of factors ought to be allocated to the fixed or
11 traditional customer charge in a rate schedule, but I
12 can't see that a very large increase, of the sort
13 that they've proposed, could possibly be justified.

14 In the same rate schedule, I think it's 23,
15 they've also proposed to decrease the incremental
16 cost, the energy component of natural gas service,
17 and although this offsets to some degree the very
18 large increase in the fixed component, I believe it
19 sends the wrong kind of price signals to consumers in
20 general and I urge the Commission to oppose it.

21 Thank you.

22 CHAIRWOMAN SHOWALTER: Thank you. Is it
23 Michael Revow or Revon? Mr. Revon, I think you may
24 have come in after we swore in the witnesses. Was
25 that correct? Were you sworn in?

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1 MR. REVOW: No, I was not.

2 CHAIRWOMAN SHOWALTER: You were not sworn
3 in?

4 MR. REVOW: I was not sworn in.

5 CHAIRWOMAN SHOWALTER: All right. Raise
6 your right hand.

7 Whereupon,

8 MICHAEL REVOW,

9 having been first duly sworn, was called as a witness
10 herein and testified as follows:

11 CHAIRWOMAN SHOWALTER: Thank you.

12 MR. REVOW: My name is Michael Revow,
13 R-e-v-o-w, and I'm a Bellevue resident, speaking just
14 representing myself and hopefully the rest of my
15 family, as well, and I also just have a very simple
16 point.

17 I haven't done a lot of research yet, but
18 when I read the information that was sent in the
19 mailing, I was a little dismayed at the -- at what
20 was -- what I perceived as what was behind the rate
21 increase. I see energy as a very precious resource
22 that we should encourage and encourage conservation
23 for, and one of the strongest things that a
24 commission or utility has is the rate structure.

25 And so when there is a requirement to

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1 increase the rates for energy, I believe it should be
2 structured to also encourage conservation. And what
3 dismayed me was I saw that this proposed rate
4 increase did not seem to do that.

5 As the previous speaker mentioned, there was
6 a dramatic increase in the fixed costs, which do not
7 promote any conservation, and the second one was in
8 the utility -- electrical tier structure, it looked
9 like, first of all, raising the level of the tier one
10 levels, from 600 to 800 kilowatts -- kilowatt hours,
11 and so that means that people could use more
12 electricity and still fall within the same tier
13 structure. And also, I believe there was a lowering
14 of the rates, of the differential between the lower
15 the tiers.

16 And again, I just feel that this was not
17 conducive to trying to promote conservation of
18 energy, which I think this country and region needs.
19 Thank you.

20 CHAIRWOMAN SHOWALTER: Thank you. Matthew
21 Rorabaugh. Did you also come in --

22 MR. RORABAUGH: I also missed it.

23 CHAIRWOMAN SHOWALTER: All right. You did
24 not?

25 MR. RORABAUGH: Correct.

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1 CHAIRWOMAN SHOWALTER: This time I'll try to
2 get it right.

3 Whereupon,

4 MATTHEW RORABAUGH,
5 having been first duly sworn, was called as a witness
6 herein and testified as follows:

7 CHAIRWOMAN SHOWALTER: Thank you.

8 MR. RORABAUGH: I'm Matt Rorabaugh, last
9 name R-o-r-a-b-a-u-g-h, here regarding Docket 040640,
10 the gas increase proposal. I would like to state my
11 disapproval or disappointment with what I saw with
12 that increase.

13 What I saw is that it did appear to lay a
14 lot of the burden or too much of the burden, a
15 disproportionate amount of the burden on customers
16 who are most energy-efficient and the customers who
17 potentially are the least able to pay.

18 With the increase in the fixed fees that we
19 saw, including a brand new facilities charge, we're
20 looking at near a \$100 increase per year just for
21 having the service, for the customers who use the
22 least amount of energy, for those who may use, say,
23 double the energy of a typical household, there may
24 be no increase whatsoever, it appears.

25 And so I know when I looked at my bills and

0090

1 tried to figure out how much it would impact me, I
2 saw there was about a 50 percent increase in my
3 charges to Puget Sound Energy if this passes.

4 I consider myself very thrifty, trying to do
5 the best. I live in a condo complex and am
6 efficient, but to see how much that would effect me,
7 knowing that now, without proposed increase, 60
8 percent of my costs would be fixed, I can do nothing
9 about them, no matter how little energy I decide to
10 use, was very disconcerting.

11 And secondly, I wanted to express my concern
12 over the several phone calls I made to Puget Sound
13 Energy, trying to understand the facilities charge.
14 In three calls, speaking with at least three
15 individuals, none provided me with an explanation of
16 what the facilities charge would do, specifically
17 anything that would differentiate it from the current
18 customer charge as it stands.

19 So I don't know if they know what they're
20 asking for at Puget Sound Energy, but based on my
21 calls to customer service, it did not appear that
22 they had a plan that they could relate to their
23 customers and explain why the fixed costs would need
24 to rise the way they are proposing.

25 CHAIRWOMAN SHOWALTER: Thank you. Tony

0091

1 Orange. You came in late, I take it?

2 MR. ORANGE: Yes.

3 CHAIRWOMAN SHOWALTER: Would you raise your
4 right hand?

5 Whereupon,

6 TONY ORANGE,

7 having been first duly sworn, was called as a witness
8 herein and testified as follows:

9 CHAIRWOMAN SHOWALTER: State your name and
10 spell your last.

11 MR. ORANGE: Good evening. My name is Tony
12 Orange, as in Sunkist, O-r-a-n-g-e.

13 CHAIRWOMAN SHOWALTER: And do you represent
14 an organization?

15 MR. ORANGE: Yes, I do.

16 CHAIRWOMAN SHOWALTER: And that is?

17 MR. ORANGE: The Central Area Motivation
18 Program, CAMP.

19 CHAIRWOMAN SHOWALTER: Go ahead.

20 MR. ORANGE: Thank you. Good evening. My
21 name is Tony Orange, as I previously indicated, and I
22 am the executive director of the Central Area
23 Motivation Program.

24 For over 39 years, CAMP has worked to reduce
25 the impact of poverty on families and individuals by

0092

1 providing services and promoting institutional and
2 community change. And we've tried to do this through
3 the delivery of social services and advocacy. We
4 consider ourselves necessary, neighborly, and nearby.

5 We're necessary because we help everyday
6 people every day get by and get ahead. We neighborly
7 try to provide fast, friendly, and sensitive service
8 designed to give our clients reason to hope and
9 skills to cope, and we're nearby because we're
10 nestled in nearby Central District of Seattle, and we
11 amply serve clients scattered across our community,
12 city and county.

13 I come before you tonight in the capacity of
14 an advocate for low-income residents in our
15 community. First, I would like to commend Steve
16 Reynolds and Puget Sound Energy for all they have
17 recently done in conservation and energy assistance.
18 The Puget Sound Energy Help program, in particular,
19 has had positive impact on our ability to assist our
20 clients with their energy bills.

21 However, the proposed increases will
22 significantly diminish the impact the established
23 programs can have and will create an even greater
24 need than we can meet.

25 PSE is proposing to assign a larger increase

0093

1 to small-use customers and a lower increase to
2 large-use customers. The small-use customers would
3 see their rates increase about 16 percent under PSE's
4 proposal. Despite the fact that residential
5 customers use only 50 percent of all the gas Puget
6 Sound Energy supplies, the Company is proposing to
7 assign 70 percent of the gas increase to residential
8 customers.

9 Additionally, with the residential class,
10 the proposal assigns 100 percent of the proposed
11 increases to small-use residential customers and
12 actually decreases the bills for high-use residential
13 customers.

14 The Central Area Motivation Program, a
15 member organization of the Northwest Energy
16 Coalition, opposes the rate hike as currently
17 proposed. Thank you.

18 CHAIRWOMAN SHOWALTER: Thank you. I believe
19 I have called everyone who indicated affirmatively
20 they want to testify, but would anyone else who
21 didn't sign up that would like to testify?

22 I think, then, that is -- that that
23 concludes -- it's rather early, so what I would say
24 is why don't we take a five-minute pause, for -- do
25 you have any indication that anyone else will come?

0094

1 Does anyone here have a sense that someone else is
2 going to come?

3 MR. FFITCH: We do not, for Public Counsel,
4 not aware of other witnesses.

5 MR. ROSEMAN: We aren't, either.

6 CHAIRWOMAN SHOWALTER: All right. Well, in
7 that case, then I think we should conclude the
8 hearing. I do want to emphasize, however, that there
9 are people from the company here. If you're from
10 Puget Sound Energy, could you raise your hand? So if
11 you have a question that you think they might be able
12 to answer, that's why they're here, and you've
13 already been introduced to members of Staff and
14 Public Counsel and the Energy Project.

15 So if you have a question, ask any of these
16 people, and I think they can also direct you to one
17 of the others if one or the other seems more
18 suitable. I'm sorry. Oh, is that Danielle Dixon?
19 Oh, there's another person?

20 UNIDENTIFIED SPEAKER: There's a person
21 outside.

22 MS. RUSSELL: Thank you. I don't want you
23 to raise the natural gas thing by \$7.50. That's all
24 -- my comment. That's all I have to say.

25 CHAIRWOMAN SHOWALTER: Why don't you come

0095

1 and tell us your name.

2 MS. RUSSELL: I've never done this before.

3 My name is --

4 CHAIRWOMAN SHOWALTER: You need to come
5 over here. Let me explain, since you just came in,
6 this is a quasi-judicial proceeding, which means that
7 there's a court reporter taking down all of your
8 words. And we begin by swearing you in, and so if
9 you would raise your right hand.

10 Whereupon,

11 MARGUERITE RUSSELL,
12 having been first duly sworn, was called as a witness
13 herein and was examined and testified as follows:

14 CHAIRWOMAN SHOWALTER: Now, tell us your
15 name and spell your last.

16 MS. RUSSELL: My name is Marguerite Russell,
17 R-u-s-s-e-l-l.

18 CHAIRWOMAN SHOWALTER: And are you speaking
19 on behalf of an organization or as an individual?

20 MS. RUSSELL: As an individual.

21 CHAIRWOMAN SHOWALTER: Okay. And are you a
22 Puget Sound ratepayer?

23 MS. RUSSELL: I am.

24 CHAIRWOMAN SHOWALTER: And go ahead and give
25 us your comments.

0096

1 MS. RUSSELL: Thank you. I mostly came to
2 find out what was going on about this and how the
3 process worked and so on and so forth.

4 When I got the notice in my bill, I really
5 had a problem with it. It brings up the base rate of
6 a natural gas bill, before you even use any natural
7 gas, to nearly \$15 a month, by the time you pay all
8 the taxes that are loaded onto it, and as someone who
9 tries to be frugal with it, I just have a problem
10 paying \$15 in the middle of the summer when I don't
11 use any gas.

12 I'm okay with a base rate to pay for the
13 bill mailing and the meter and so on and so forth,
14 but I think that -- I think the people who use the
15 gas should pay for the -- should pay for it. So I'd
16 like to see that \$7.50 be loaded into the cost of the
17 gas and the people who use it pay for it.

18 CHAIRWOMAN SHOWALTER: Thank you.

19 MS. RUSSELL: Thank you.

20 CHAIRWOMAN SHOWALTER: Well, now I believe
21 we're ready to conclude the hearing and have a
22 discussion among the people here, which I will say
23 excludes us, since we are not here to engage in that
24 kind of conversation.

25 We will be holding hearings in this case in

0097

1 December. There is also another opportunity for
2 public comment in December. After the hearings are
3 over, there is a period of lawyers' briefs and
4 deliberation and we would be looking to get a
5 decision out sometime early in 2005.

6 With that, the hearing is concluded. Thank
7 you very much for coming out tonight.

8 (Proceedings adjourned at 6:50 p.m.)

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