

**BEFORE THE WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

Docket No. UG-101644

**PETITION FOR LEAVE TO  
INTERVENE BY COST  
MANAGEMENT SERVICES, INC.**

**PETITION TO INTERVENE**

1. Pursuant to WAC 480-07-355(a), Cost Management Services, Inc. ("CMS") hereby petitions the Commission for leave to intervene in the Puget Sound Energy, Inc. ("PSE") natural-gas rate proceedings captioned above. As grounds for intervention, CMS states the following:

2. **Name and addresses of petitioner:**

P. Douglas Betzold  
Chief Executive Officer  
Cost Management Services, Inc.  
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3. **Name and address of attorney:**

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4. **Identity of petitioner:**

CMS acts as agent for a number of industrial and commercial end-users of natural gas, some of which are located within the service territory of PSE. CMS focuses its marketing efforts on a

market segment consisting of businesses with significant gas consumption, but not sufficiently large to warrant in-house, energy-management expertise. CMS works as agent for such end-users, arranging transportation services, from local distribution companies such as PSE, and natural-gas purchases from the most competitive supply options. CMS' work as agent for these end-users helps them contain their total cost of doing business, thereby helping them maintain their viability as Washington State employers.

5. **Reason for intervention:**

CMS has participated as a party in prior PSE rate proceedings on competitive supply and transportation issues relating both to its own interests and to those of PSE's smaller commercial and industrial gas customers. CMS' customers comprise a discrete segment of the market for competitive gas supplies. They tend to have gas-consumption levels lower than the entities comprising the Northwest Industrial Gas Users group. This significant subset of PSE customers will go unrepresented in this proceeding if this intervention petition is not granted.

6. CMS desires to raise issues concerning the ratemaking aspects of PSE's conservation-grant program, which, as presently administered, creates barriers to competition and is otherwise unlawful. This program originated in 2001 as a negotiated component of a general rate case settlement (UG-011571). PSE's program is funded with exclusively ratepayer dollars, with no funds contributed by shareholders. The charge originally imposed on ratepayers in 2001 was \$.00038 per therm. Over the years, and without policy review by the Commission, that charge has grown to \$.02097 per therm. PSE now draws in about \$18,000,000 per year from customers for the program. Customers for which CMS acts as agent, pay a significant part of this total.

7. Although supportive of conservation, CMS believes that PSE's program, which is implemented through its rates, has the following legal infirmities:

- Program Implementation is Unjust and Unreasonable. All PSE conservation grant agreements appear to have at least one standard provision: If a grant-recipient

ceases to purchase its natural gas from PSE, the unamortized portion of the grant is automatically converted into a loan, repayable to PSE immediately. This loan-conversion clause is triggered despite the fact that the recipient remains a transportation customer of PSE. The loan-conversion clause triggers despite the fact that the grant recipient has been paying annual conservation charges to PSE since as early as 2001 – essentially funding its own conservation grant in advance.

- Program Implementation is Unduly Discriminatory. Some grant recipients are end-users of natural gas, other grant recipients may be building developers and construction contractors. Because developers and contractors never purchase natural gas for the facility at which grant funds are to be employed, they never face the loan-conversion penalty. A grant to a contractor remains a grant. The end result of this discrimination is an inhibition to competition in the supply of natural gas to end users in PSE’s service territory that would otherwise purchase transportation service from PSE and natural-gas commodity competitively.
- Although PSE’s conservation-grant agreements implement Rate Schedule 183, the form of that agreement, as part of the tariff, has never been filed with the Commission for review and approval.
- It may be an oversimplification to refer to any standardized “form of conservation-grant agreement.” PSE has dispensed ratepayer funds through some 200 grant agreements with many non-standard terms individually tailored to the recipient. None of these agreements has been reviewed or approved by the Commission under the WAC 480-80-143(1), applicable to special contracts.

8. CMS believes that each of these issues is subject to practical resolution, consistent with applicable law and supportive of conservation efforts. Hopefully, such resolution can be reached as part of a comprehensive settlement of issues arising in this docket.

9. **Testimony of witnesses:**

CMS may submit written direct testimony or exhibits prepared by company employees. Testimony from outside experts may also be considered. CMS also intends to cross examine the witnesses called by the other parties to this proceeding and to submit written briefs as appropriate.

10. **Request:**

CMS respectfully requests that its intervention in this proceeding be officially granted pursuant to WAC 480-07-340. Its interests, and those of the PSE customers for which it acts as agent, cannot adequately be represented by any other likely participant in the case. CMS' knowledge of competitive gas-supply issues and its experience in prior PSE rate cases evidences that its participation in the case will serve the public interest. Participation by CMS will not unreasonably broaden the issues, burden the record, or unreasonably delay this proceeding. CMS will abide by the procedural schedule adopted for this case.

11. WHEREFORE, CMS requests leave to intervene in this proceeding.

RESPECTFULLY SUBMITTED this 16th day of November, 2010.

By: \_\_\_\_\_

  
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Of Attorneys for  
Cost Management Services, Inc.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have this day served this document upon all parties of record (listed below) in this proceeding by electronic mail and mailing a copy properly addressed with first class postage prepaid.

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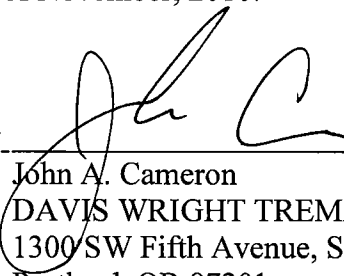
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Dated in Portland, Oregon this 16th day of November, 2010.

By \_\_\_\_\_

  
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