

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UE-011570 and
UG-011571 (consolidated)

**KING COUNTY’S COMMENTS IN SUPPORT OF
THE KING COUNTY SETTLEMENT**

1. Pursuant to RCW 80.28 and WAC 480-80, King County (“the County”) submits these comments in support of the Stipulation of Settlement for King County regarding Puget Sound Energy's provision of electric service to King County's Renton wastewater facility. Together, the settling entities (Puget Sound Energy and King County) are referred to as Parties to the Settlement.

2. King County agrees with and fully supports the *Puget Sound Energy’s Comments in Support of Stipulation of Settlement for King County* (“PSE Comments”) of April 23, 2002 submitted by PSE in support of the King County Settlement. These comments are intended to augment the PSE comments.

BACKGROUND

3. The comments filed by Puget Sound Energy (“PSE”) accurately summarize the proceedings and settlement of claims of other Schedule 48 customers in *Air Liquide America Corporation, et al. v. Puget Sound Energy, Inc.*, Commission Docket No. UE-001952. On April 5, 2001, the Commission approved the settlement in that docket and set October 31, 2001 as the termination date for Schedule 48. *Eleventh Supplemental Order Approving and Adopting Settlement Agreement; Dismissing Proceedings; and Granting Other Relief*, WUTC Dockets UE-001952 and UE-001959 (consolidated) (April 5, 2001).

4. King County did not participate in the settlements in dockets UE-001952 or UE-010525 because of the unique characteristics of its demand profile. The Commission and the other Schedule 48 customers recognized that King County did not “neatly fall into either the Small or Large Customer categories because it has a high peak demand, but a low average demand.”¹ For the reasons set out at the time², King County found no satisfactory remedy among the options set out in the settlement agreement in *Air Liquide*. In particular, King County was not able to qualify as a Small Customer under the settlement agreement because of its occasional peak demand loads. Although its average annual load, at 7.2 MW, was well within the 10 MW limit for Small Customers under that settlement, the County’s occasional peak loads meant that it failed to qualify under the small customer definition.

5. Because of this unique dilemma, the Commission granted King County’s request to withdraw from the *Air Liquide* proceeding on condition that “King County is not bound by the Stipulation of Settlement; and ... retains its right to file its own complaint against Schedule 48.”

¹ *Eleventh Supplemental Order Approving and Adopting Settlement Agreement; Dismissing Proceedings; and Granting other Relief*, WUTC Dockets UE-001952 and UE-001959 (consolidated), at ¶¶ 28 and 41.

² *King County’s Response to Proposed Stipulation of Settlement and Request for Order*, WUTC Docket UE-001952 and UE-001959 (consolidated)(March 20, 2001).

KING COUNTY'S LOAD PROFILE

6. King County purchases electricity under its Special Contract with PSE only to power the South Wastewater Treatment Plant in Renton. The South Treatment Plant, which is part of King County's regional system, helps treat wastewater for an estimated 1.2 million people in the Puget Sound region. Millions of gallons of wastewater from the region's homes, businesses, and industries are treated at the South Treatment Plant each day. This is an essential public service, one that cannot be discontinued or even substantially curtailed without posing a serious threat to the public health, safety and welfare.

7. As pointed out by PSE, "King County's load is directly affected by rainfall." During periods of heavy rainfall, the County's South Treatment Plant, along with its other wastewater treatment facilities, is required to process and pump tremendous volumes of water to protect the public health and safety. Fortunately, these high-volume, high-demand events tend to occur at times and during the season when PSE's supply of electricity is also high.

8. King County and PSE have both provided the Commission's Staff with data on the County's load characteristics. These data show that King County's load at the South Treatment Plant is non-coincident with PSE's daily system demand. In addition, King County's normal load does not contribute to PSE system peaks on an annual basis.

9. The month of December, 2000 was charted as an example of a recent period when the PSE's annual system peak energy demand coincided with limited capacity and availability of energy resources on the West Coast. This was also a time of unprecedented price volatility in wholesale West Coast markets. The South Plant load decreased as temperatures dropped, in part because it stops raining when the thermometer drops below 32°F. In general, this is the inverse of system demand, which normally increases with falling temperatures, so the plant load did not contribute to system peaks.

10. Similarly, hourly load data charted for the four-month period from August 2000 through December 2000 show that, on average, South Plant's daily load peaks are non-coincident with PSE daily system peaks. The South Plant load drops to its lowest level during the morning peak hours for the PSE system and remains flat during the system's evening peak.

11. Extreme peaks are experienced at the South Plant during torrential rains, perhaps only once a year, when two 5000 horsepower pumps are required to pump effluent to the West Point Treatment Plant. These events usually occur during the rainy season when, historically, PSE's system has an adequate supply of power.

12. For these reasons, it is not appropriate that King County should be subject to the demand ratchet. Its peak load events are rare, of short duration, and they do not contribute significantly to the PSE daily or annual system peak loads.

THE SETTLEMENT

13. As set out in the PSE comments, the settlement is straightforward. The Settlement terminates the Special Contract between PSE and King County, returns the County's South Treatment Plant to core customer status, provides an opportunity for King County to develop self-generation, and formally and finally resolves King County's claims under Schedule 48.

14. Upon approval by the Commission, the Settlement terminates the current Special Contract and returns King County's South Treatment Plant in Renton to core customer status under Schedule 49. The Parties have agreed that it is no longer appropriate for King County to take service under the Special Contract. To expedite transition to the new schedule, the parties ask the Commission to approve a Service Revision Date, April 19, 2002, the date the King County Settlement was filed with the Commission.

15. King County Settlement provides the opportunity for King County to develop self-generation with the support and accommodation of PSE. The Settlement establishes a transitional period during which a temporary limit is placed on the demand ratchet to accommodate the County's efforts to develop self-generation. As the capacity for self-generation is developed, the Parties commit themselves to negotiate new contractual arrangements to accommodate self-generation.

16. The demand ratchet limitation will allow King County to economically perform its vital public service without artificially high billing demand charges that might otherwise result from its weather-related peaks.

KING COUNTY'S SUPPORT FOR THE SETTLEMENT

17. King County fully supports the King County Settlement because it terminates the Special Contract and returns the County to a core customer status under Schedule 49. Under Schedule 49, King County will pay fair, just, reasonable and sufficient rates but will be relieved from an inflated rate structure that still reflects the volatile energy markets that prevailed during late 2000 and early 2001.

18. The King County Settlement will provide the necessary framework for the County to implement its new King County Energy Policy Initiative. The County has embarked upon a program to take more effective control of its energy management policy. King County intends to extract as much value as possible from the gas by-product of its waste streams. The County intends to make full use of its green energy resources. Both digester gas, a by-product of wastewater treatment, and landfill gas, a by-product of solid waste disposal, hold promise for self-generation. By harnessing these otherwise underutilized gas resources, King County can help insulate itself from external energy market forces while improving the environment for the citizens of the Puget Sound region. To accomplish these goals, we need a more stable,

cooperative, and flexible relationship with PSE. We believe the King County Settlement fosters that kind of relationship and so it has our full support.

19. If requested by the Commission, King County will provide witnesses for the Commission's questions at an open meeting or hearing.

CONCLUSION

20. WHEREFORE, for the reasons discussed herein, the King County Settlement, in its entirety is fair, just, reasonable, and in the public interest. Accordingly, King County respectfully requests that the Commission consider and approve the King County Settlement no later than May 3, 2002 and allow it to go into effect on the proposed Service Revision Date of April 19, 2002.

Dated: April 26, 2002.

Respectfully Submitted,

NORM MALENG,
King County Prosecuting Attorney

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