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BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)Docket No. UE-011570
TRANSPORTATION COMMISSION,)Docket No. UG-011571
Complainant,)Volume XII
v.)Pages 1677-1686
)
PUGET SOUND ENERGY, INC.,)
Respondent.)
_____)

A hearing in the above matter was held on May 6, 2002, at 4:04 p.m., at 1300 Evergreen Park Drive Southwest, Olympia, Washington, before Administrative Law Judge DENNIS MOSS, Chairwoman MARILYN SHOWALTER, Commissioner RICHARD HEMSTAD and Commissioner PATRICK OSHIE.

The parties were present as follows:

KING COUNTY, by Thomas Kuffel, Attorney at Law, 516 Third Avenue, Seattle, Washington 98104.

PUGET SOUND ENERGY, by Todd Glass, Attorney at Law, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104.

THE COMMISSION, by Shannon E. Smith, Assistant Attorney General, 1400 Evergreen Park Drive, S.W., P.O. Box 40128, Olympia, Washington 98504-0128.

Barbara L. Nelson, CSR
Court Reporter

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INDEX OF EXHIBITS

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EXHIBIT:

MARKED:

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Number 513

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1 JUDGE MOSS: Let's be on the record. We
2 are back in session in the matter styled Washington
3 Utilities and Transportation Commission against Puget
4 Sound Energy, Docket Numbers UE-011570/UG-011571.
5 We've been in recess since this morning.

6 The parties informed me at about 3:15 this
7 afternoon that they had had an opportunity for some
8 further discussions concerning the stipulation of
9 settlement that previously was filed and as to which
10 we had hearing proceedings this morning and that they
11 wish to and did intend to file a revised stipulation
12 at the Commission this afternoon. Has that been
13 done, Mr. Glass?

14 MR. GLASS: Yes, it has, Your Honor.

15 JUDGE MOSS: Okay. I understand that the
16 essential terms that are different from what was
17 previously before the Commission are that, under the
18 terms of the revised stipulation, King County would
19 -- King County's existing special contract with PSE
20 would terminate and PSE would move to service as a
21 core customer under Schedule 49 on a date coincident
22 with a Commission order, if any, approving the
23 revised stipulation, and that -- so that would take
24 care of both the effective date and the demand
25 ratchet and issues in principal, at least, is that

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1 essentially correct?

2 MR. GLASS: Yes, Your Honor.

3 MR. KUFFEL: That's correct.

4 JUDGE MOSS: Just a few questions. In that
5 sense, then, the separate stipulation between Staff
6 and PSE would remain before the Commission as a piece
7 of the overall picture and would also need to be
8 approved?

9 MR. GLASS: Yes, Your Honor. We consider
10 it part of the total package.

11 JUDGE MOSS: All right, fine. And let me
12 ask you to hand up the revised stipulation and we'll
13 mark it. I came in here straight from another matter
14 and I don't have my notebook with me, so the exhibit
15 number's escaping me. Can somebody help me out?

16 MR. GLASS: Five-thirteen will be the next
17 one.

18 JUDGE MOSS: All right. This revised
19 stipulation will be Exhibit 513. And I think the
20 bench may have some inquiry concerning the
21 particulars.

22 CHAIRWOMAN SHOWALTER: I have two
23 questions. One, on the effective date, if we approve
24 this today, is the effective date tomorrow?

25 MR. GLASS: The way that we have redrafted

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1 it is it would become effective on the date the
2 Commission approves it.

3 CHAIRWOMAN SHOWALTER: I'm just -- since
4 the day is partly over, I'm just wondering what it
5 means in terms of retroactivity. I would think that
6 if we approve it today, it should actually start at
7 12:01. If anybody has another view, let us know, and
8 we could condition our order that way and you could
9 accept it that way.

10 MR. KUFFEL: We wouldn't object to that.

11 MR. GLASS: Nor would we.

12 CHAIRWOMAN SHOWALTER: I mean, our other
13 alternative is we could simply approve it tomorrow,
14 but it seems to me that, for form sake, it's better
15 to have it go into effect after the Commission
16 approves it, rather than before.

17 MR. GLASS: Certainly. Certainly, that's
18 very acceptable to the company.

19 CHAIRWOMAN SHOWALTER: All right. The
20 second question is on the ratchet that would apply to
21 King County as a Schedule 49 customer. Am I correct
22 that the ratchet that applies would be determined by
23 actual use this past November, December, January,
24 February?

25 MR. GLASS: That is correct, Your Honor.

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1 MR. KUFFEL: Agreed.

2 CHAIRWOMAN SHOWALTER: That's all my
3 questions.

4 JUDGE MOSS: Any further questions from the
5 bench?

6 CHAIRWOMAN SHOWALTER: Just give us a
7 couple minutes.

8 JUDGE MOSS: Okay: Are the parties going
9 to have anything further? The Commission wants a
10 minute just to look through the --

11 CHAIRWOMAN SHOWALTER: Oh, well, actually,
12 I see now that you've amended this by hand, so on
13 page two, line 25, where it says, Upon the date the
14 Commission approves, why don't we just say upon the
15 day after, instead of the date?

16 MR. GLASS: That's acceptable.

17 MR. KUFFEL: Agreed.

18 CHAIRWOMAN SHOWALTER: Okay. Oh, and then
19 on page three -- that's okay. That works, I guess.

20 JUDGE MOSS: It works.

21 CHAIRWOMAN SHOWALTER: We would make it
22 clear in our order, anyway.

23 MR. GLASS: That's fine. I would note on
24 page nine, line 12, that that is a May 3rd that has
25 already been vacated, for lack of a better word, by

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1 the parties by their letter of last week, and we
2 would think the Commission's date, whatever that
3 would be, would of course be the date that it would
4 become effective, or the day after, excuse me.

5 JUDGE MOSS: Why don't we just strike that
6 sentence. Would that be agreeable?

7 MR. GLASS: Very, yes.

8 MR. KUFFEL: We actually had stricken it on
9 page six, in 6.1.

10 JUDGE MOSS: Makes sense.

11 CHAIRWOMAN SHOWALTER: All right.

12 JUDGE MOSS: All right. If the parties
13 have nothing further, we'll take 90 seconds or so to
14 deliberate. But I think Commissioner Hemstad has a
15 question.

16 COMMISSIONER HEMSTAD: Just so it's clear,
17 with this arrangement, there will be no impact on
18 other ratepayers of Puget; is that a fair statement?

19 MR. GLASS: That is correct.

20 JUDGE MOSS: Okay. Nothing further from
21 the bench? All right. We'll be in recess for a
22 couple minutes. Everybody stay at their seats,
23 please.

24 (Discussion off the record.)

25 JUDGE MOSS: We'll be back on the record.

1 The Commission has had an opportunity to consider the
2 revised stipulation that's been presented by the
3 parties, and in view of the sensitivity of time as a
4 factor in all of this, the Commission is prepared to
5 rule from the bench, and I will announce the
6 Commission's ruling now.

7 The Commission will approve the stipulation
8 of settlement as revised and will enter a written
9 order in due course. I want to emphasize that, in
10 connection with this decision, it is important to
11 recognize that essentially what this represents, as
12 revised, at least, is an acceleration of an event
13 that was provided for and found to be in the public
14 interest in prior Commission orders in connection
15 with the, shall I say, post-Schedule 48 matters as
16 between King County and PSE.

17 The special contract that is currently in
18 effect, and I suppose will continue to be so until
19 12:00 midnight, does provide at the end of the next
20 general rate case, which we are in here, the special
21 contract would end and King County would move to core
22 service logically under Schedule 49, although, as we
23 understand, there may be a good reason to have
24 another special contract in lieu of that, which of
25 course is a matter that awaits proof and decision

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1 once that is presented for the Commission's
2 consideration, and nothing we do here today
3 represents any prejudgment with respect to any
4 special contract that is presented.

5 The second point that is important to put
6 on the record, as just confirmed with responses to
7 questions from the bench, that there will be no
8 revenue impact on other customers through the
9 pendency of the general rate proceedings, which we
10 expect to terminate later this year.

11 Was there anything else from the bench?
12 Anything further from the parties? And again, if I
13 didn't say it, I think I did, but if I didn't say it,
14 we will enter a written order memorializing this in
15 due course. That could be a week or ten days from
16 now, given other business that simply makes it
17 difficult to get the necessary paperwork done. Any
18 closing remarks from the bench?

19 CHAIRWOMAN SHOWALTER: Well, I just have
20 one question of either Judge Moss or Counsel. Is it
21 necessary that we do some kind of written order today
22 or is an oral ruling from the bench sufficient to be
23 our approval and trigger the new arrangement
24 tomorrow?

25 One thing we could possibly do is a

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1 one-page approval today. If we need more, we could
2 do more. But I see Ms. Johnston in the back.

3 MS. JOHNSTON: I was just going to agree
4 with you, Chairwoman. I think it would be
5 appropriate to issue at least a one-page today and
6 then follow up with a more detailed order when time
7 permits. But I do think it's important to issue one
8 today.

9 CHAIRWOMAN SHOWALTER: I think that, too.

10 MS. SMITH: The Commission has done that in
11 the past.

12 CHAIRWOMAN SHOWALTER: Right. The only
13 other comment I have is we can be fast when the
14 issues have been settled appropriately in front of
15 us.

16 MR. GLASS: Well, thank you very much.

17 MR. KUFFEL: It is much appreciated. Thank
18 you.

19 JUDGE MOSS: I would like to make one
20 further comment. That is to acknowledge Judge Berg's
21 presence in the back of the room and thank him very
22 much for allowing us to disrupt his hearing day in
23 this fashion. Thank you, Judge Berg. All right.
24 We'll stand in recess.

25