

**BEFORE THE WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

In the Matter of Application of

DOCKET NO. UE-991409

PUGET SOUND ENERGY, INC.

for (1) Approval of the Proposed Sale of  
PSE's Share of the Centralia Facilities, and  
(2) Authorization to Amortize Gain Over a  
Five-Year Period.

In the Matter of Application of

DOCKET NO. UE-991255

AVISTA CORPORATION

for Authority to Sell Its Interest In the  
Coal-Fired Centralia Power Plant.

In the Matter of Application of

DOCKET NO. UE-991262

PACIFICORP

**DIRECT TESTIMONY OF GORDON  
HOWINS**

for an Order Approving the Sale of its  
Interest in (1) The Centralia Steam Electric  
Generating Plant, (2) The Ratebased  
Portion of the Centralia Coal Mine, and (3)  
Related Facilities; For a Determination of  
the Amount of and the Proper Ratemaking  
Treatment of the Gain Associated with the  
Sale; and for an EWG Determination.

1 Q: Please provide your name and business address.

2 A: My name is Gordon Howins. My business address is 1555 South Fawcett Avenue,  
3 Tacoma, WA 98402.

4 **Background**

5 Q: For whom do you work and in what capacity?

6 A: I am the elected Business Manager for Local No. 612 of the International Union of  
7 Operating Engineers. I have held this position since February 1992.

8 Q: Please describe your work history prior to serving as Business Manager.

9 A: I worked as a Business Representative for Local 612 for thirteen years before  
10 becoming the Business Manager. Prior to that I worked for 10 years in the heavy  
11 construction industry.

12 Q: Whom does Local 612 represent?

13 A: Among other bargaining units, Local 612 is the certified collective bargaining  
14 representative for approximately 400 employees at the Centralia coal mine. Currently, the  
15 Union has a contract with the Centralia Mining Company, which is a subsidiary of  
16 PacificCorp.

17 Q: Have you filed testimony with the commissions before?

18 A: No.

19 **Summary of Testimony**

20 Q: What is the purpose of your testimony?

21 A: My testimony will discuss TransAlta's record on safety and operational stability as  
22 they pertain to the larger public interest.

1 **Safety**

2 Q. How important is the buyer's record on safety?

3 A. For Local 612 it is extremely important, perhaps the top priority for our members in  
4 assessing the qualifications of any company looking to purchase the Centralia facility. A  
5 company's safety record says a lot about its philosophy, character, and priorities. It provides  
6 a fairly reliable way for us to anticipate what type of operator a company will be. Safety is  
7 important on several levels: First and foremost for the men and women working at the mine  
8 and plant. Second, it is my experience that companies that run safe plants also operate a  
9 well-maintained and efficient plant. This translates into fewer operational interruptions,  
10 more efficiency, and greater output. Third, from a community perspective, a safe facility will  
11 be a crisis free facility. By that I mean free from emergency or catastrophic situations.

12 Q. Are you familiar with exhibit No. 801?

13 A. Yes. It is data on TransAlta's safety record for about the past ten years. It was  
14 prepared by the Canadian Electrical Association (CEA).

15 Q. What is your view of TransAlta's record on safety and workplace injury?

16 A. The data demonstrate that TransAlta takes safety and workplace injuries seriously.  
17 As a result, they are one of the safest electrical utility companies in Canada. In fact  
18 according to their annual report (PPL Application Exhibit No. 5, TransAlta Annual Report  
19 to Shareholders, page 26), for the past three years TransAlta has received the CEA's Award  
20 of Excellence for having one of the best safety records in Canada. TransAlta's literature  
21 reflects a commitment to taking proactive, preventative steps in the area of safety. This  
22 seems to reflect an understanding that employee morale, safety, and productivity are bound  
23 up together.

1 Q. Are you familiar with exhibit No. 803?

2 A. Yes, it is an excerpt from TransAlta's 1998 Sustainable Development Report from  
3 their website. It elaborates on how the injury incident frequency rate and the injury incident  
4 rates are calculated in the CEA data. The incident severity rate indicates the number of  
5 injury incidents or occupational illnesses for every 200,000 hours worked. The severity rate  
6 reflects the number of calendar days lost due to injury incidents for every 200,000 hours  
7 worked.

8 Q. Describe other TransAlta safety highlights?

9 A. According to exhibit No. 803, several of TransAlta's Canadian plants have achieved  
10 safety milestones. The Keephills thermal generation plant has gone eight years without a lost  
11 time incident, while the Alberta hydroelectric facilities achieved a new record for no lost  
12 time or medical aid injuries in 1998.

13 **Operational Stability**

14 Q. Is operational stability in the public's interest?

15 A. Yes. Operational stability is bound up with quality service and customer satisfaction  
16 and is undeniably in the public interest. Along with safety, one of the paramount  
17 considerations the Commission ought to evaluate is whether an incoming buyer can provide  
18 uninterrupted, dependable, quality service to the state's consumers.

19 Q. What factors contribute to operational stability of a power plant and mine?

20 A. One of the key factors that foster a stable operational environment is positive  
21 relations between the company and the men and women whom it employs.

22 Q. How does TransAlta measure up in this area?

23 A. TransAlta's history of stability in the area of operations is noteworthy. According

1 to exhibit No. 802, it has enjoyed strike free relationships with two of its workforces' unions  
2 for fifty years. In my experience, companies that treat workers and their collective  
3 bargaining agents with respect, permit significant union involvement, and engage in open  
4 communication, foster a relationship based on trust. Companies with this approach typically  
5 enjoy productive, stable relationships with their employees. This translates into operational  
6 stability. TransAlta's record in Canada reflects this approach.

7 Q. Please describe TransAlta's approach to environmental concerns.

8 A. TransAlta appears to be a leader among Canadian industry with respect to taking  
9 initiative on reduction of greenhouse gas (GHG) emissions (Annual Report at 25), having  
10 already reduced its emissions of GHG to below its 1990 levels. Also, TransAlta is currently  
11 working proactively to bring its Canadian facilities in compliance with international  
12 environmental standards.

13 Q. Explain why this is significant.

14 A. Given the need to install and operate the scrubbers at the Centralia plant, it is  
15 important that the buyer have a demonstrated commitment to environmental concerns. The  
16 sale of the mine and power plant will enable the facility to continue to operate in compliance  
17 with state environmental requirements. TransAlta has committed to completing the  
18 installation of the scrubbers on the power plant, which will drastically reduce its emissions.  
19 These scrubbers, currently under construction, will make the plant one of the cleanest  
20 facilities in the nation.

21 Q. Do you support the application seeking approval for the sale of the Centralia facility  
22 to TransAlta?

23 A. I do for the reasons mentioned above. Additionally, this facility provides hundreds

1 of family wage jobs, jobs that provide benefits and livable wages, to an area that is  
2 economically troubled. Thurston and Lewis Counties cannot afford to lose quality family  
3 wage jobs like this.

4 Q. Does this conclude your direct testimony?

5 A. Yes.