1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION -----) 2 WASHINGTON UTILITIES AND) TRANSPORTATION COMMISSION,) 3 DOCKET NO. UG-941408 4 Complainant,) vs. 5 CASCADE NATURAL GAS CORPORATION) VOLUME 1 PAGES 1 - 23 6 Respondent.) -----) 7 8 A hearing in the above matter was held on January 23, 1995, at 9:30 a.m. at 1300 South Evergreen 9 10 Park Drive Southwest before Administrative Law Judge 11 ELMER CANFIELD. The parties were present as follows: 12 13 CASCADE NATURAL GAS CORPORATION, by JOHN L. WEST, Attorney at Law, 4400 Two Union Square, 601 Union Street, Seattle, Washington 98101-2352. 14 WASHINGTON UTILITIES AND TRANSPORTATION 15 COMMISSION STAFF, by ROBERT CEDARBAUM, Assistant 16 Attorney General, 1400 South Evergreen Park Drive Southwest, Olympia, Washington 98504. 17 FOR THE PUBLIC, DONALD TROTTER, Assistant Attorney General, 900 Fourth Avenue, Suite 2000, 18 Seattle, Washington 98164. 19 NORTHWEST INDUSTRIAL GAS USERS, by PAULA PYRON, Attorney at Law, Suite 1100, One Main Place, 20 101 SW Main Street, Portland, Oregon 97204. 21 22 23 24 Cheryl Macdonald, CSR 25 Court Reporter

1 PROCEEDINGS 2 JUDGE CANFIELD: This pre-hearing 3 conference will please come to order. This is docket No. UG-941408, Washington Utilities and Transportation 4 5 Commission, complainant, versus Cascade Natural Gas б Corporation, respondent. This proceeding is being 7 held by Administrative Law Judge Elmer Canfield upon 8 due and timely notice to all interested parties. 9 Today's date is Monday, January 23, 1995. 10 As indicated on the notice, we'll be taking 11 appearances, taking interventions as well as marking and distributing respondent's direct testimony and 12 exhibits. We'll also deal with discovery scheduling 13 14 and other preliminary matters. I would like to start 15 out by taking appearances beginning with the 16 respondent, please. 17 MR. WEST: John West for Cascade Natural 18 Gas Corporation. My address is 4400 Two Union Square, 19 Seattle, Washington. 20 JUDGE CANFIELD: Zip code, Mr. West. 21 MR. WEST: 98101. 22 JUDGE CANFIELD: Thank you. Next please. 23 MR. CEDARBAUM: Robert Cedarbaum, assistant 24 attorney general, appearing for the Commission staff. My business address is the Heritage Plaza Building, 25

1 1400 South Evergreen Park Drive Southwest in Olympia,
 2 98504.

3 JUDGE CANFIELD: Thank you. Next, please. MR. TROTTER: For the public counsel 4 5 section of the attorney general's office I'm Don T. б Trotter, assistant attorney general. Address is 900 Fourth Avenue, Suite 2000, Seattle, Washington 98164. 7 8 JUDGE CANFIELD: I will also note for the 9 record that there's been a request to appear at 10 today's session by telephone by Paula Pyron and we do 11 have the speaker phone hooked up and let me ask you if 12 you're hearing me okay over the speaker phone. MS. PYRON: Yes, thank you, Mr. Canfield. 13 14 Like to enter an appearance for myself and Edward Finklea. My name is Paula E. Pyron, P Y R O N. I'm 15 16 with the firm of Ball, Janik & Novack, 101 Southwest 17 Main Street, Suite 1100, Portland, Oregon 97204. 18 Entering an appearance for counsel for the Northwest 19 Industrial Gas Users. 20 JUDGE CANFIELD: For the record you did 21 file a petition to intervene in this matter; is that 22 correct? 23 MS. PYRON: Yes, Your Honor.

JUDGE CANFIELD: Any other appearancesbeing made at this time?

1 Let the record reflect there are none. And 2 maybe we could take up the intervention matter at the 3 outset then. As indicated, Ms. Pyron, you filed a petition to intervene and did you serve copies on 4 5 other parties of record? б MS. PYRON: Yes, Your Honor, I did. JUDGE CANFIELD: And anything further you 7 have to state on your intervention? 8 9 MS. PYRON: Just seeking status as a party 10 in the proceeding. The interest that we have is 11 limited to consideration of the peaking supply provisions in the special contract that is at issue in 12 the proceeding, and I received no indication of any 13 14 objections from any parties in the proceeding. 15 JUDGE CANFIELD: With that I will ask, are 16 there any objections to the intervention of Northwest 17 Industrial Gas Users? 18 MR. CEDARBAUM: If I could, Your Honor, I would like to ask Mrs. Pyron just a couple of 19 20 questions. 21 JUDGE CANFIELD: Okay, Mr. Cedarbaum. 22 MR. CEDARBAUM: Can you hear me okay? 23 MS. PYRON: Yes, I can. MR. CEDARBAUM: First question was whether 24 or not any of the members of the gas users receive 25

service under the tariffs that are under suspension in
 this case, if you know.

MS. PYRON: I would believe so if you mean do any take sales service? I am not certain, but ordinarily we do have members who take -- even though they may transport they take a limited amount burner, you know, pilot-type situations, and that's not at all unusual for an industrial customer.

9 MR. CEDARBAUM: Do you also know whether --10 in reading your petition to intervene you refer to the 11 Tenaska and the Longview Fiber peaking contracts.

12 Are Tenaska or Longview Fiber a member?

13 MS. PYRON: No, they are not. We are 14 seeking intervention just as the right to address the 15 issues as they may affect an industrial customer 16 because we have other special contracts with other 17 local distribution companies with members who do 18 -- where the concern would be one of the treatment of the peaking supply provisions in special contracts, 19 20 but we don't purport to represent the interests of 21 Longview or Tenaska.

22 MR. CEDARBAUM: Your Honor, I guess with 23 the understanding or if it is true that, as Ms. Pyron 24 said, that some of the members of her client 25 association are served by -- under certain of the

1 contracts that are suspended in the PGA filing, I 2 would have no objection. I guess I would like to get some sort of confirmation from you on that, Ms. Pyron, 3 maybe informally, by letter or whatever, and I guess I 4 5 would reserve the right -- if my understanding is б incorrect I reserve the right to object later on. 7 MS. PYRON: We can take it up at that time as opposed to resolving it today? 8 9 MR. CEDARBAUM: Well, I would just like to 10 see some sort of --11 MS. PYRON: What you're looking for, if I may clarify, is that you want confirmation that we 12 13 have sales service and that otherwise you would 14 object? 15 MR. CEDARBAUM: Well, it's my understanding 16 that the tariffs that are under suspension in this 17 case involve the company's core market sales 18 customers, and if the members of the gas users are only transportation customers and if Tenaska and 19 Longview Fiber are not a member of the association, I 20 21 would object because I don't think you have an 22 interest in this case, but if the first part of my statement just now is wrong, then I would have no 23 objection, and what I heard you say before is that you 24 thought but weren't quite sure. 25

1 MS. PYRON: No, and I would not want to 2 misrepresent because I am not sure. I personally think there's sufficient standing as an intervenor to 3 be generically issued in the Commission's treatment of 4 5 peaking supply provision because this is -- these are б cases of first impression in that regard before the Commission, and that having sufficient standing in 7 that even though we don't represent the end users on 8 9 the contracts, but I would be happy to respond to, 10 after I have the opportunity to collect that 11 information, on whether we have any sales service and 12 then reserve our right to -- your right to object if we don't and deal with it at that time. 13

14 MR. CEDARBAUM: Well, that's fine. It's my position that if your members aren't taking service 15 16 under these tariffs and none of the members are 17 involved with the contracts that are subject to this 18 case that you have not shown a substantial interest in 19 the case. A general interest in how the Commission 20 might treat peaking contracts, you know, in other 21 cases or just generally speaking doesn't rise to the 22 interest I think that allows intervention, but I am willing to at this point see what kind of confirmation 23 you can give as to whether or not your clients are 24 taking service under these contracts, and I think that 25

would present an interest in the case, but otherwise,
 I would object, so I guess I will reserve my objection
 until the next hearing phase, but I would like to see
 that confirmation in the meantime.

5 MS. PYRON: I would agree that if we do end 6 up in a situation where you do object that we would 7 bring it to the attention of the administrative law 8 judge before that hearing.

9 MR. CEDARBAUM: Well, Your Honor, I guess 10 just to play it safe at this point I would like to 11 have your ruling on the intervention held in abeyance 12 until the next hearing phase until we can resolve this issue, but just on the basis of a general interest in 13 14 the issues that are raised by this case doesn't warrant intervention in my opinion, and I would object 15 16 if that's all we're dealing with.

17 MR. WEST: Your Honor, I have just 18 consulted with Mr. Stoltz of the company and he 19 advises me that one of the rate schedules which is 20 suspended, 681, is the optional firm gas supply rate 21 schedule, and there are members of Northwest 22 Industrial Gas Users who take service under that 23 schedule. I don't know if that clarifies. MS. PYRON: I think that would resolve the 24 25 issue.

1 MR. CEDARBAUM: Okay. That's fine. I mean, I'm just looking for some hook to see if the gas 2 3 users are in this case. I will certainly abide by Mr. Stoltz's representation on that. 4 5 MR. WEST: Your Honor. 6 JUDGE CANFIELD: With that then no objection, Mr. Cedarbaum? 7 8 MR. WEST: Excuse me? 9 JUDGE CANFIELD: With that no objection, 10 Mr. Cedarbaum? 11 MR. CEDARBAUM: No. I mean, I think Mr. Stoltz has a good understanding of the company's 12 tariffs so I don't have any problem with that. 13 14 JUDGE CANFIELD: Any other comments or 15 objections? 16 MR. WEST: Your Honor, the company has no 17 objection to the intervention. We do want to note, 18 however, that there may be items that should be 19 subject to a protective order which only the attorneys 20 representing the parties ought to have access to, and 21 I would like to make one other point of clarification. 22 JUDGE CANFIELD: Is the company requesting 23 a protective order then? 24 MR. WEST: Yes, Your Honor, we are. 25 JUDGE CANFIELD: Any comments or objections

1 to the issuance of a protective order then? MR. CEDARBAUM: Just in the standard form? 2 3 JUDGE CANFIELD: Standard form that the Commission uses in these matters, yes. 4 5 MR. CEDARBAUM: I have no objection. б JUDGE CANFIELD: Hearing none other, I will 7 grant the request for a protective order and it will 8 be patterned after the Electric Lightwave order that 9 they've used in the last several years then, so the 10 protective order request is granted and that will be 11 issued shortly by the Commission. Go ahead, Mr. West. 12 MR. WEST: And one other point of clarification is that the contracts to which Ms. Pyron 13 14 was referring, the PGSS and the PGS contracts are not special contracts as that term is understood in 15 16 the Commission practice. 17 JUDGE CANFIELD: And any comments, Mr. 18 Trotter, on the intervention of Northwest Industrial 19 Gas Users? 20 MR. TROTTER: I think the apparent fact 21 that they're customers does suffice. I would ask if 22 Paula Pyron could give us the name and address of the party. I would ask that that be provided to us. 23 MS. PYRON: I'm sorry. May I clarify? 24 What information are you looking for? Who is on what 25

1 schedules?

2	MR. TROTTER: No, I'm sorry. Just the name
3	and address of the Northwest Industrial Gas Users.
4	There are certain provisions of the Administrative
5	Procedure Act that occasionally require service on a
6	party, attorneys.
7	MS. PYRON: I would be glad to provide that
8	for the record.
9	JUDGE CANFIELD: Is that in the petition?
10	MS. PYRON: Yes, it is in the petition.
11	MR. TROTTER: I either didn't get one or
12	it's in my office and I haven't seen it. If it's
13	there that's fine.
14	MS. PYRON: I believe somebody else is in
14 15	MS. PYRON: I believe somebody else is in the service list for this case to start with.
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15 16 17 18 19 20 21 22	<pre>the service list for this case to start with. JUDGE CANFIELD: But in any event that's in the first page of the petition to intervene. MR. TROTTER: That's fine. Thank you. JUDGE CANFIELD: With that the petition to intervene of Northwest Industrial Gas Users is granted. In the interim we had granted a request for a protective order as well, and I will ask whether</pre>

1 Maybe you can address that, Mr. Cedarbaum.

2	MR. CEDARBAUM: Well, looking at the notice
3	of hearing, it does indicate in the second paragraph
4	on page 1 that rules involved include 480-09-480 which
5	is the discovery rule. If that I guess it's
6	arguable whether or not that actually invoked the
7	discovery rule. If it doesn't I would ask that it be
8	invoked now.
9	JUDGE CANFIELD: Any comments on that
10	request?
11	MR. WEST: No objection.
12	JUDGE CANFIELD: With that we'll make it
13	clear then for the record that the discovery rule, WAC
14	480-09-480 is invoked in this proceeding and those
15	methods of obtaining data are available.
16	Are we going to be dealing with the
17	scheduling matter momentarily? I don't know if
18	there's going to be any separate discovery schedule
19	needed in the matter, but maybe that can be addressed
20	as well.
21	MR. CEDARBAUM: Before we move on to that
22	specifically, with regard to the discovery rule, it's
23	my understanding the staff has data requests that are
24	outstanding and so I'm assuming that I'm not going to
25	have to reissue those data requests under the rule.

1 We'll just treat them as under the rule.

2 MR. WEST: Yes, that's correct.

3 JUDGE CANFIELD: That's so noted for the 4 record.

5 MR. CEDARBAUM: With regard to the need for б a schedule, as far as depositions were concerned, I 7 don't have any anticipation of that happening right now, but if it does I think we could just get together 8 9 and figure out a day when we should have deposition 10 for either the company or other parties and work that 11 out informally amongst ourselves. I wasn't planning 12 any other kind of calendar type of days set in stone for a schedule of data requests or anything else. 13

14 JUDGE CANFIELD: Is that approach agreeable 15 to the others then?

16 MR. WEST: Yes, Your Honor.

17 MR. TROTTER: Yes.

18 MS. PYRON: Yes, Your Honor.

JUDGE CANFIELD: With that the parties will endeavor to use those informal procedures as well and we won't set a definite discovery schedule as such at this phase, then. It's my understanding that the company is going to distribute this morning copies of the testimony and exhibits. Is that correct, Mr. West?

MR. WEST: Yes, Your Honor. We have them
 here.

3 JUDGE CANFIELD: I don't know what phase you propose doing that. We can take that up now 4 5 or other matters that anyone has to address. I did б check downstairs and as far as the copies of prefiled evidence, rather than the usual original and 19 they 7 did indicate that they could get by with an original 8 9 plus 16, so they cut it down by three at least on 10 that, so with that you can file three less than you 11 would have otherwise filed, so let's make that 12 announcement for the record.

13 MR. WEST: The company has filed original 14 plus 19 of the original testimony and Mr. Stoltz will 15 be passing out the supplemental testimony as we speak. 16 We will file that today.

17JUDGE CANFIELD: So the original plus 1918has been filed with the records center of the

19 Commission; is that correct?

20 MR. WEST: That's correct.

JUDGE CANFIELD: I don't have copies but I
 guess I can get copies from them down there.

23 MR. WEST: Mr. Stoltz has some extras, some24 for you right now.

25 JUDGE CANFIELD: I would like one set so I

1 can go through and mark it and I will get the extra copy from downstairs then. And what arrangements have 2 3 been made to have a copy of the evidence and testimony supplied to the intervenor in this case? 4 5 MR. WEST: We agreed to mail one out today. б JUDGE CANFIELD: You heard that, Ms. Pyron? 7 MS. PYRON: Yes, and I'm quite comfortable 8 with that. 9 JUDGE CANFIELD: Just wanted to make sure 10 we had all the bases covered here. We could go ahead 11 and assign a number to the evidence. The testimony of 12 John Stoltz, that would be the first numbered exhibit. I will mark that as Exhibit T-1. Is there only one 13 14 testimony being filed, that's of Mr. Stoltz? 15 (Marked Exhibit T-1.) MR. WEST: That's correct, Your Honor. MR. CEDARBAUM: I just wanted to ask a question, maybe I just missed this before. It's referenced as the supplemental testimony. Is there initial testimony? 21 JUDGE CANFIELD: I didn't have the original 22 testimony either. I just got an extra copy of it, but 23 apparently they prefiled that already and then there's supplemental testimony being filed as well. 24 25

16 17 18 19 20

MR. WEST: The original was filed in

1 October.

2 JUDGE CANFIELD: And that original 3 testimony was apparently filed by the cover letter October 31, 1994 and that consists of -- is that 10 4 5 pages? б MR. STOLTZ: Yes. 7 JUDGE CANFIELD: What would be the first 8 exhibit then? 9 MR. WEST: It is marked JTS-1 page 1 of 8 10 and it's attached to the October testimony. 11 MR. TROTTER: Just so I'm straight here, 12 this is kind of confusing, it's the company's intent to present both testimonies as direct testimony? 13 14 MR. WEST: Yes, that's correct. 15 MR. TROTTER: So you just want them marked 16 in sequence then? 17 MR. WEST: Yes. 18 JUDGE CANFIELD: There's some pages after the testimony after page 10 that I don't see a JTS-1 19 20 on it. 21 MR. TROTTER: Your Honor, might we just go 22 off the record for a second. 23 JUDGE CANFIELD: Maybe we could go off the record to make sure we've got the numbering down and 24 25 then we'll come back on the record and announce our

1 numbering, so take a short break.

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2 (Recess.)
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3 JUDGE CANFIELD: We're back on the record now after a short break during which time we did pre-4 5 assign and mark the exhibits. I will just briefly run б through that for the record. The prefiled testimony JTS testimony is marked as Exhibit T-1 for 7 8 identification. JTS-1 is marked as Exhibit 2. That's 9 an eight-page document. Then the JTS supplemental 10 testimony was marked as Exhibit T-3. That's 32 pages. 11 JTS-2 is a two-page exhibit, and that's marked as 12 Exhibit 4. JTS-3 is a two-page document marked as 13 Exhibit 5. JTS-4 is a one-page document marked as 14 Exhibit 6, and JTS-5 is a two-page document marked as 15 Exhibit 7. Then the three pages immediately following 16 the originally filed testimony has been identified as 17 JTS-6 and is marked as Exhibit No. 8 and maybe just for clarification, Mr. West, was JTS-6 identified in 18 19 the prefiled testimony as such?

20 (Marked Exhibits 2, T-3, 4 - 8.)
21 MR. WEST: No, Your Honor. It is -- it
22 does not bear a JTS number. We would have to fill
23 that in.

JUDGE CANFIELD: Okay. I thought that wasthe case. I just wanted to make sure that there was

1 no reference that people might be looking for in that 2 prefiled testimony. We've got those exhibits marked 3 for the record and Mr. West did indicate that he will 4 be mailing a copy of that to Ms. Pyron in today's 5 mail.

6 We've got the schedule to deal with, which 7 we'll be dealing with momentarily, but is there 8 anything else besides the schedule that anyone has to 9 address today?

10 Hearing nothing why don't we proceed. We 11 could take a short break to discuss the schedule. 12 There have been some discussions, preliminary discussions, before as far as schedule goes, and I do 13 14 believe there was an indication that the parties would like to discuss that a bit more fully during a break, 15 16 so is that the proposal that we take a break to 17 discuss the schedule and then come back on the record? 18 MR. WEST: Yes, Your Honor.

JUDGE CANFIELD: With that we'll take a short break and we'll be coming back on momentarily then.

22 (Recess.)

JUDGE CANFIELD: We're back on the record now, and during the off-the-record period there was some discussion of a possible waiver of a proposed

1 order in this matter. We're not at that point at this juncture but the parties are going to be considering 2 that. Some of the parties are agreeable to that and 3 some are certainly agreeable to consider that, so that 4 5 will be a matter that will be dealt with later in the б proceedings, and as far as the schedule goes, we had agreed off the record to a schedule of -- let me just 7 8 briefly run through it for the record -- the cross of 9 company set for March 10, and the prefiling date for 10 staff, public counsel and intervenors set at April 7. 11 Cross of staff, public counsel and intervenors set at 12 April 27 and 28. The prefile date for company rebuttal set at May 18. Cross of company rebuttal set 13 14 at June 8 and 9 and simultaneous briefs due June 30, and with that schedule the company indicated that it 15 16 would be willing to waive the suspension date from October 1 to November 1 of 1995, and let me ask Mr. 17 West if that was a correct representation of the off-18 19 the-record discussion.

20 MR. WEST: Yes, Your Honor.

JUDGE CANFIELD: So the company would agree to that one-month extension in the suspension date and have that go through November 1.

24 MR. WEST: Yes.

25 JUDGE CANFIELD: And the parties also

1 indicated that they would look at the possibility of condensing and combining the hearing schedule if it 2 became appropriate after reviewing the matter so 3 that's something that the parties will also be 4 5 discussing. First, Mr. West, was that schedule that I 6 7 just recited into the record acceptable to the 8 company? 9 MR. WEST: Yes, Your Honor, it is. JUDGE CANFIELD: And Mr. Cedarbaum. 10 11 MR. CEDARBAUM: Yes. 12 JUDGE CANFIELD: And Mr. Trotter. MR. TROTTER: Yes. 13 14 JUDGE CANFIELD: And Ms. Pyron. 15 MS. PYRON: Yes, Your Honor. 16 JUDGE CANFIELD: And we did not take the time to double-check room availability at this 17 18 juncture. We'll be doing that after the fact, so these are apparently Olympia hearings and hopefully a 19 20 room, 250, the Commission's hearing room, is 21 available. If not we will endeavor to get another 22 hearing room in the building, and one thing that wasn't discussed -- let me just briefly throw out --23 is that today's notice of hearing talked about 24 specially designated hearing being set for testimony 25

from members of the public. That isn't necessarily
 singled out in this proposed schedule. Maybe I can
 ask Mr. Trotter about that whether he anticipates a
 specially designated hearing for public testimony.

5 MR. TROTTER: At this point I would say no, б and I will get back to you if sufficient interest is 7 I should also note for the record, Your generated. 8 Honor, I neglected to enter an appearance for Robert 9 F. Manifold also an assistant attorney general for 10 public counsel and if you would put his name first on 11 the mailing list, I would appreciate that. He could 12 not be here today but I believe he will be handling the case, so put his name first and mine second and 13 14 he'll get stuff. If we need to make different arrangements in house we will do so. 15 I would 16 appreciate the parties doing the same.

JUDGE CANFIELD: With that Rob Manifold being the public counsel assigned to the matter and if they make other arrangements for Mr. Trotter to fill in, they will make those arrangements internally then. MR. TROTTER: Yes, thank you.

JUDGE CANFIELD: As it stands now, unless advised otherwise by public counsel, not designate a specific hearing for testimony from members of the public, but should our office be advised otherwise, we

1 will endeavor to do so and either tack on a date or carve out a portion of the agreed to date already read 2 3 into the record as appropriate for that public 4 testimony. 5 So with that, subject to Commission б acceptance of the schedule, I will adopt the schedule for purposes of this proceeding, and anything further 7 8 that the parties have to address that we haven't 9 touched upon at this session? 10 MR. WEST: No, Your Honor. 11 MR. CEDARBAUM: No. 12 JUDGE CANFIELD: My Pyron, anything from 13 you? 14 MS. PYRON: No, Your Honor. Thank you. 15 JUDGE CANFIELD: With that then I will 16 adjourn today's session and a notice of hearing will 17 be issued concerning the upcoming hearings. Is that correct, Mr. Cedarbaum? 18 19 MR. CEDARBAUM: That's right. 20 JUDGE CANFIELD: So with that the specific 21 location will be dealt with in that notice then, and 22 with that I will adjourn the hearing and thank you 23 all. This hearing is adjourned. 24 (Hearing adjourned at 10:15 a.m.) 25