

1 COMMISSION STAFF, by Mr. Gregory J. Trautman,
2 Assistant Attorney General, P.O. Box 40128, Olympia, WA
3 98504-0128;

4 PUBLIC COUNSEL, by Mr. Robert W. Cromwell, Jr.,
5 (via teleconference bridge), Assistant Attorney General,
6 900 Fourth Avenue, Suite 2000, Seattle, WA 98164-1012;

7 NORTHWEST INDUSTRIAL GAS USERS, by
8 Mr. Edward A. Finklea (via teleconference bridge), Attorney at
9 Law, Energy Advocates, LLP, 526 NW 18th Avenue, Portland, OR
10 97209-0220;

11 CITIZENS UTILITY ALLIANCE OF WASHINGTON, by
12 Mr. John O'Rourke (via teleconference bridge), 212 West Second
13 Avenue, Suite 100, Spokane, WA 99201.

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P R O C E E D I N G S

JUDGE CAILLE: We are here today for the first prehearing conference in the proceeding in docket number UG-031885, encaptioned Washington Utilities and Transportation Commission versus Northwest Natural Gas Company. This is a general rate filing by Northwest Natural requesting an annual increase in revenues of approximately \$7.9 million or approximately 15 percent.

My name is Karen Caille, and I am the presiding administrative law judge for this proceeding. I will be presiding with the commissioners during the evidentiary hearings. Today is January 7th, 2004, and we are convened in the hearing room at the commission's offices in Olympia, Washington.

I would like to start out this afternoon by taking appearances from all of the parties. And again, I will ask you to please speak slowly and distinctly. When you give your appearance, please spell your last name, state who you represent, give me your street address and mailing address, telephone number, fax number, and e-mail address. And let's begin with Northwest Natural.

MR. VAN NOSTRAND: Thank you, Judge Caille. This is James M. Van Nostrand, V as in Victor, A-N, space, capital

1 N-O-S-T-R-A-N-D, with the law firm of Stoel, S-T-O-E-L,
2 Rives, R-I-V-E-S, LLP, representing applicant
3 Northwest Natural. Address 600 University Street, Suite
4 3600, Seattle, Washington 98101. Telephone 206/386-7665;
5 fax 206/386-7500; e-mail address jmvannostrand,
6 V-A-N-N-O-S-T-R-A-N-D, at stoel, S-T-O-E-L, dot com.

7 MS. BRICKER: Your Honor, this is Jennie Bricker,
8 also at Stoel Rives. My first name is spelled J-E-N-N-I-E,
9 last name B-R-I-C-K-E-R, representing Northwest Natural. I'm
10 in Stoel Rives' Portland office. The office is 900 Southwest
11 Fifth Avenue, Portland, Oregon 97204. My phone number is
12 503/294-9631; fax 503/220-2480. My e-mail address is
13 jlbricker@stoel, S-T-O-E-L, dot com.

14 JUDGE CAILLE: Ms. Bricker, would you please give
15 me the zip code for the Portland address?

16 MS. BRICKER: 97204.

17 JUDGE CAILLE: Thank you. 97204. Thank you.

18 Mr. Trautman, do you want to go ahead?

19 MR. TRAUTMAN: Thank you, Your Honor. Gregory J.
20 Trautman, T-R-A-U-T-M-A-N, Assistant Attorney General
21 representing commission staff. My address is 1400 South
22 Evergreen Park Drive Southwest, Post Office Box 40128,
23 Olympia, Washington 98504. My telephone number is, area code
24 360/664-1187; fax number is 360/586-5522; e-mail address is
25 gtrautma@wutc.wa.gov.

1 Also appearing in this case for commission staff is
2 Christopher G. Swanson, S-W-A-N-S-O-N, Assistant Attorney
3 General, for commission staff. His address is also
4 1400 South Evergreen Park Drive Southwest, Post Office
5 Box 40128, Olympia, Washington 98504. Telephone number is
6 360/664-1220; fax number is 360/586-5522; and his e-mail
7 address is chris, C-H-R-I-S, s3@atg.wa.gov.

8 JUDGE CAILLE: Thank you.

9 Mr. Cromwell, why don't you go next.

10 MR. CROMWELL: Thank you, Your Honor. Robert W.
11 Cromwell, Jr., Assistant Attorney General with the Public
12 Counsel section of the Washington State Attorney General's
13 Office. My address is 900 Fourth Avenue, Suite 2000,
14 Seattle, Washington 98164-1012. My direct line is
15 206/464-6595; my fax number is 206/389-2058; and my e-mail
16 address is robertcl@atg.wa.gov.

17 JUDGE CAILLE: Thank you.

18 Mr. Finklea, let's hear from you next.

19 MR. FINKLEA: My name is Ed Finklea of the law firm
20 Energy Advocates, LLP, representing the Northwest Industrial
21 Gas Users. My mailing address is 526 Northwest 18th Avenue,
22 Portland, Oregon 97209. My phone number is 503/721-9118;
23 fax is 503/721-9121; e-mail address is
24 edfinklea@energyadvocates.com.

25 JUDGE CAILLE: Okay. That was

1 edfinklea@energyadvocates.com?

2 MR. FINKLEA: That's correct.

3 JUDGE CAILLE: Okay. Thank you.

4 Mr. Andre?

5 MR. O'ROURKE: Your Honor, this is John O'Rourke.

6 I'm the program coordinator for the Citizens Utility
7 Alliance. We are a statewide program of Spokane Neighborhood
8 Action Programs, so it won't be necessary to do an appearance
9 for Mr. Andre; my appearance will do the trick.

10 JUDGE CAILLE: All right. Then let's go with you,
11 Mr. O'Rourke.

12 MR. O'ROURKE: John O'Rourke. That's O apostrophe
13 capital R-O-U-R-K-E. Address is 212 West Second Avenue,
14 Suite 100, Spokane, Washington 99201. Phone number
15 509/744-3370, extension 247; fax 509/744-3370; e-mail
16 orourke@snap.wa.org.

17 JUDGE CAILLE: Your fax line is the same as your --

18 MR. O'ROURKE: I'm sorry. 3374.

19 JUDGE CAILLE: Okay. Thank you. And
20 Mr. O'Rourke, please state for the record whom you are
21 appearing on behalf of today.

22 MR. O'ROURKE: Citizens Utility Alliance of
23 Washington.

24 JUDGE CAILLE: And you said that the Citizens
25 Utility Alliance of Washington encompasses the Spokane - does

1 that encompass the Spokane --

2 MR. O'ROURKE: It's a statewide program of Spokane
3 Neighborhood Action Programs.

4 JUDGE CAILLE: Okay.

5 MR. FINKLEA: Mr. O'Rourke, this is Ed Finklea for
6 the Industrial Gas Users. Does your organization claim to
7 have members that are customers of Northwest Natural in
8 Vancouver?

9 MR. O'ROURKE: Yes.

10 MR. FINKLEA: Thank you.

11 JUDGE CAILLE: So Mr. Andre, you are just listening
12 in today?

13 MR. ANDRE: That's right, Your Honor.

14 JUDGE CAILLE: And the same is true for Mr. McVay
15 and Mr. Kantor?

16 UNIDENTIFIED MALE SPEAKER: Correct.

17 UNIDENTIFIED MALE SPEAKER: Yes, it is.

18 JUDGE CAILLE: And Mr. Miller?

19 MR. MILLER: Yes, Your Honor.

20 JUDGE CAILLE: Okay. All right. Let the record
21 reflect there are no other appearances.

22 The next matter I'd like to take up this morning are the
23 petitions to intervene. And Northwest Industrial Gas Users
24 filed a petition to intervene on January the 2nd, 2004.
25 Mr. Finklea, do you have anything you wish to add to your

1 written petition at this time?

2 MR. FINKLEA: Nothing to the petition. I should
3 probably add to the appearance that appearing with me
4 throughout the case will be my associate Chad Stokes,
5 S-T-O-K-E-S.

6 JUDGE CAILLE: All right.

7 MR. FINKLEA: Who is also on the pleading and will
8 make appearances during the proceeding.

9 JUDGE CAILLE: Thank you. All right. Is there any
10 objection by any party to the intervention by Northwest
11 Industrial Gas Users?

12 MR. TRAUTMAN: No, Your Honor.

13 UNIDENTIFIED MALE SPEAKER: No, Your Honor.

14 MR. CROMWELL: This is Robert Cromwell. No,
15 Your Honor.

16 JUDGE CAILLE: Is there any objection from
17 Mr. O'Rourke?

18 MR. O'ROURKE: No objection, Your Honor.

19 JUDGE CAILLE: I think I've heard from everyone.
20 Then Northwest Industrial Gas Users' petition to intervene is
21 hereby granted.

22 MR. FINKLEA: Thank you, Your Honor.

23 JUDGE CAILLE: You are welcome, Mr. Finklea.

24 Mr. O'Rourke, were you going to do an oral petition to
25 intervene today?

1 MR. O'ROURKE: Yes, Your Honor.

2 JUDGE CAILLE: All right. Why don't you go ahead
3 with that.

4 MR. O'ROURKE: Your Honor, the Citizens Utility
5 Alliance is Washington's only nonprofit grass roots consumer
6 advocacy organization. Our primary mission is to educate and
7 advocate for Washington's residential gas, electric, water
8 and telecommunications customers. The specific purposes of
9 the alliance are to promote policies that ensure affordable
10 access to power and telecommunications services for all of
11 Washington's citizens, with a special emphasis on low-income
12 and vulnerable citizens. Other purposes are to organize
13 Washington citizens so that they effectively advocate their
14 views on important power, telecommunications and water
15 issues. And finally, one of our goals is to promote energy
16 conservation and renewable energy sources.

17 The alliance has a special interest in this proceeding
18 because we have members who will be directly affected by rate
19 increases and other orders that may result in this
20 proceeding. In addition, there are no other member-based
21 grass roots organizations involved in this proceeding that we
22 know of. We have no intention of unreasonably broadening the
23 issues or burdening the record or delaying the proceedings
24 through our intervention. And for those reasons we ask that
25 the commission grant our petition to intervene.

1 JUDGE CAILLE: Mr. O'Rourke, you said that you have
2 members in the Vancouver area that Northwest Natural serves?

3 MR. O'ROURKE: We have members in Vancouver we
4 haven't been able to verify yet. We just found out today
5 that we would have the resources to pursue this case, and so
6 we haven't been able to verify that they are actually
7 customers of Northwest Natural. But we have members in
8 Clark County, in the Vancouver area.

9 JUDGE CAILLE: All right. Thank you. Is there any
10 objection to the intervention by the Citizens Utility
11 Alliance?

12 MR. VAN NOSTRAND: Your Honor, this is James
13 Van Nostrand. One of the questions that arises, I notice
14 Mr. O'Rourke used the term that they would not seek to
15 unreasonably broaden the issues, which is noticeably
16 different than the standard in the rule. I wonder what the
17 difference between unreasonably broaden is in Mr. O'Rourke's
18 mind versus broaden the issues.

19 JUDGE CAILLE: Mr. O'Rourke?

20 MR. O'ROURKE: Well, I thought I pulled that
21 language right out of the rules. As I say, we are in the
22 process of obtaining legal counsel. I don't feel that we are
23 going to broaden the issues other than the issues that are
24 before the commission at this time, which is all of the
25 issues surrounding the proposed rate increase. That's the

1 best answer I can give you right now.

2 JUDGE CAILLE: All right. Anything further,
3 Mr. Van Nostrand?

4 MR. VAN NOSTRAND: Well, I'm a little bit - it's a
5 little unclear, given that there is not representation, that
6 there are members that are actually customers of
7 Northwest Natural. It would seem that that would be a rather
8 essential feature of the petition to intervene that should be
9 ascertained before we go forward.

10 MR. O'ROURKE: We have over 2200 members from
11 across the state, from 120 different Washington cities. It
12 is a statewide organization.

13 JUDGE CAILLE: I'm sorry, I think I misunderstood
14 Mr. O'Rourke. I thought you meant that you had members in
15 Clark County that were served by Northwest Natural. You've
16 not established that you have members that are being served
17 by Northwest Natural?

18 MR. O'ROURKE: We haven't been able to establish -
19 we've established that we have members in Clark County, in
20 Vancouver, but we haven't been able to contact them to
21 determine whether they are actually customers of
22 Northwest Natural.

23 MR. FINKLEA: This is Ed Finklea for the
24 Industrial Gas Users. I would join in the concern of
25 Northwest Natural that the intervention deal with this issue

1 of whether they have customers or not, because I don't
2 believe the commission generally allows organizations with
3 just general concerns to intervene in utility rate
4 proceedings if there's no customer.

5 JUDGE CAILLE: I think that's correct. Does anyone
6 else want to be heard on this?

7 MR. CROMWELL: This is Robert Cromwell, Your Honor.
8 I might only suggest that perhaps your ruling on - well, I
9 guess technically I've not heard any objection stated on the
10 record to the intervention; but if you were to defer ruling
11 until such time that you wish to allow for Mr. O'Rourke to
12 confirm that his members are members in interest, i.e.
13 receiving service from Northwest Natural, that might be one
14 way to proceed.

15 JUDGE CAILLE: Mr. O'Rourke, when do you think you
16 will be obtaining counsel?

17 MR. O'ROURKE: By the end of this week or early
18 next week.

19 JUDGE CAILLE: And if I were to ask you to file a
20 written petition to intervene after you have found out
21 whether there are customers of Northwest Natural who are
22 members of your organization, would you be able to do that by
23 the end - well, I guess maybe the beginning of next week?

24 MR. O'ROURKE: Yes, we would. We actually had a
25 petition - we have one ready, but we can modify it to make a

1 declaration - once we confirm, make a declaration that we do
2 have members who are certified Northwest Natural, if that
3 turns out to be the case.

4 JUDGE CAILLE: All right. Actually, will early
5 next week be enough time or should I give you until next
6 Wednesday?

7 MR. O'ROURKE: Next Wednesday would probably work.
8 Our proposed legal counsel is out of the office right now. I
9 don't want to give anything more away.

10 JUDGE CAILLE: Okay. Just as an aside, since I've
11 kind of assumed that everyone is aware that the commission
12 has reorganized and updated its procedural rules, so the
13 procedural rules that were found at WAC 480-09 are now found
14 at WAC 480-07. And they have been expanded a little bit to
15 cover the things that we normally do and that we normally
16 require when communicating with the commission, and in terms
17 of service and filings with the commission. So I would ask
18 all of the parties to please familiarize yourself with those
19 rules. They are not dramatically different but there are a
20 few differences.

21 Mr. O'Rourke, my ruling - well, let me officially hear
22 it: Does anyone have an objection to CUA's intervention?

23 MR. VAN NOSTRAND: On behalf of Northwest Natural,
24 I think we do have an objection pending, pending providing
25 that information. I think the procedure, Mr. Cromwell

1 described it and it's acceptable to us, and if that
2 information can be provided in the petition to substantiate,
3 I don't think we have any objection; but I think until that
4 information is provided we do object.

5 MR. TRAUTMAN: This is Greg Trautman for commission
6 staff. Staff does not object at this time, but staff agrees
7 that the procedure suggested would be appropriate.

8 JUDGE CAILLE: And Mr. Finklea, anything further
9 from you?

10 MR. FINKLEA: We would join with Northwest
11 Natural's tentative objection, not really objection, assuming
12 they have customers.

13 MR. CROMWELL: This is Robert Cromwell. I have no
14 objection to the intervention.

15 JUDGE CAILLE: All right. Then I rule that I'm
16 going to defer a ruling on this. And I will give the
17 Citizens Utility Alliance by next Wednesday, January the
18 14th, to file a written petition to intervene, which should
19 be supported by membership from the area served by
20 Northwest Natural.

21 MR. O'ROURKE: Your Honor, to clarify that, one of
22 the things that we do for our members is we protect their
23 privacy, which means we don't disclose their names. Will it
24 be sufficient enough to declare in our petition that we do
25 have one or more members certified Northwest Natural Gas

1 without exposing their names?

2 MR. VAN NOSTRAND: Your Honor, this is James
3 Van Nostrand. That would be sufficient for the company.

4 MR. FINKLEA: That's sufficient for the
5 Industrial Gas Users. We understand the confidentiality
6 concern.

7 MR. TRAUTMAN: That would be sufficient for staff.

8 JUDGE CAILLE: All right. And that would be
9 sufficient for the commission as well. So, with that, I
10 think we can next proceed to - oh, are there any preliminary
11 or substantive motions that anyone has?

12 Okay, I'm hearing silence, so I assume there's none.
13 Let's move on to discovery. Will anyone be asking that the
14 discovery rule be invoked? And that is the new discovery
15 rule at 480-07-400 through 425.

16 MR. VAN NOSTRAND: Your Honor, this is James
17 Van Nostrand. On behalf of the company, I think the parties
18 fully anticipate that the discovery rule is necessary, should
19 be invoked.

20 JUDGE CAILLE: All right, then. I rule that the
21 commission's discovery rule should be made available in this
22 proceeding. And the discovery process as outlined in
23 WAC 480-07-400 through 425 will be available to you. If you
24 have any discovery problems in this proceeding, I'll be
25 available to consider those on an expedited basis by

1 telephone.

2 And do we need a date for discovery cutoff?

3 MR. TRAUTMAN: This is Greg Trautman for commission
4 staff. I don't know if we need any discovery cutoff date,
5 Your Honor. I am aware that the usual turnaround is 10 days,
6 10 business days. I have been having discussions with
7 Mr. Van Nostrand, and in connection with suggested
8 scheduling, I believe we have tentatively agreed that in the
9 later part of the proceeding we may have a five-day discovery
10 cutoff, but I think that would be addressed in connection
11 with the scheduling.

12 JUDGE CAILLE: Okay. Does anyone wish to add or
13 comment on what Mr. Trautman has just said? (No response.)

14 All right. Before we get to scheduling, let's move on
15 to the need for a protective order. Is there any party that
16 wishes to request a protective order in this proceeding?

17 MR. VAN NOSTRAND: Your Honor, this is James
18 Van Nostrand. The company anticipates that some of the
19 discovery sought by the parties likely will be confidential
20 information that falls within the scope of the commission's
21 rule regarding protective orders, and it seems appropriate to
22 enter a protective order in this case to cover that
23 likelihood.

24 JUDGE CAILLE: Is there any party that objects to
25 that?

1 to an off-record discussion concerning scheduling, the
2 parties have come up with an agreed schedule, and
3 Mr. Trautman is going to read this into the record for us.
4 And parties may comment afterwards if there are any
5 questions. Go ahead.

6 MR. TRAUTMAN: Thank you, Your Honor. The parties
7 have agreed to the following schedule: First, on April 15th
8 through 16th there will be an optional settlement conference.
9 On Friday, May 7th, the pre-filing of staff, public counsel,
10 and intervenor testimony. On Friday, June 11th, the
11 pre-filing of company rebuttal testimony. After June 11th
12 there would be a seven-working-day discovery turnaround.
13 Hearings would be scheduled for July 22nd through July 30th.
14 Simultaneous briefs would be filed August 27th; simultaneous
15 reply briefs September 10th. A public hearing to be held in
16 Vancouver sometime in August. And the end of the suspension
17 period would be October 23rd.

18 JUDGE CAILLE: All right. Thank you.

19 Are there any comments from any of the other parties?

20 (No response.)

21 All right. I had intended to stop by the record center
22 to find out exactly how many copies we will be needing in
23 this proceeding. I did not do that, but I will put it into
24 the prehearing conference order so that we are not making
25 extra copies. But it's likely to be a little bit on the

1 higher side since it is a rate case and the commissioners are
2 presiding.

3 Let's see. The parties are reminded that the commission
4 encourages stipulations both as to facts and to the issues
5 that can be resolved through the settlement process and/or
6 other means of alternative dispute resolution. I would focus
7 your attention to those new rules, which are found at
8 WAC 480-07-480, 480-07-730 and 480-07-700. And they are not
9 actually new rules, they are just new sections.

10 And I'll remind you to please give the commission
11 information on any progress that you are making toward
12 settlement.

13 Is there any other business to come before the
14 commission today? (No response.)

15 All right, then, this meeting is adjourned. Thank you
16 very much.

17 (Concluded at 2:25 p.m.)

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C E R T I F I C A T E

STATE OF WASHINGTON)

(ss.

COUNTY OF THURSTON)

I, PAMELA J. KLESSIG, a Court Reporter and Notary Public of the State of Washington, do hereby certify that the foregoing proceedings were reported by me on January 7, 2004 and thereafter transcribed by me by means of computer-aided transcription.

I further certify that the said transcript of proceedings, as above transcribed, is a full, true and correct transcript of the aforementioned matter.

DATED and SIGNED January 13, 2004.

Notary Public in and for
the State of Washington,
residing at Olympia.
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