BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,
Complainant,

vs.

CASCADE NATURAL GAS CORPORATION,
Respondent.

VIRTUAL PREHEARING CONFERENCE, VOLUME I
Pages 1-24
ADMINISTRATIVE LAW JUDGES RAYNE PEARSON AND SAMANTHA DOYLE

October 25, 2021
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JUDGE DOYLE: Good morning. We are here today for a prehearing conference in Docket UG-210755, which is captioned the Washington Utilities and Transportation Commission versus Cascade Natural Gas Corporation.

Today is Monday, October 25th, 2021, and the time is approximately 11:00 a.m.

My name is Samantha Doyle and with me is Rayne Pearson. We are administrative law judges with the Washington Utilities and Transportation Commission, and we will be copresiding in this matter along with the Commissioners.

Let's start by taking appearances and addressing the petitions for intervention. Let's begin with Cascade, please.

MS. BARNETT: Thank you. Donna Barnett appearing for Cascade Natural Gas. And do you want a full appearance? Do you want -- okay. Donna Barnett from Perkins -- Perkins Coie representing Cascade Natural Gas, and with me is Megan Lin.
JUDGE DOYLE: Thank you.

And for Staff?

MR. CALLAGHAN: This is Nash Callaghan, Assistant Attorney General, appearing on behalf of Commission Staff. And Staff has no objection to the motions to intervene.

JUDGE DOYLE: Okay. And for Public Counsel?

MS. PAISNER: Good morning. This is Ann Paisner, Assistant Attorney General with the Public Counsel Unit of the Washington State Attorney General's Office. We also have no objection to the petitions to intervene.

JUDGE DOYLE: Okay. Well, we'll address them all shortly, but thank you.

And Alliance of Western Energy Consumers?

MR. STOKES: Good morning. Chad Stokes from Cable Huston for the Alliance of Western Energy Consumers.

JUDGE DOYLE: Thank you.

And Energy Project?

MR. ZAKAI: Good morning, Your Honors. Yochi Zakai with Shute Mihaly & Weinberger representing The Energy Project this morning.

JUDGE DOYLE: Great.

And as mentioned, we will discuss the
petitions for intervention. Sounds like there's no
objections to the ones that have already been filed.
Are there any other petitions for intervention other
than the ones filed? Anybody else on the line that I
missed?

Okay. And hearing none, sounds like there's
no objections to the two petitions to intervene on
behalf of AWEC and one on the behalf of The Energy
Project. Did I miss anyone else? Is the Company
satisfied as well?

MS. BARNETT: No objections.

JUDGE DOYLE: Okay. And with that, let's
discuss electronic filing and electronic service. I
want to remind the parties that the Commission requires
electronic filing of documents for formal filings and
will waive the paper filing requirements for this case
due to the ongoing COVID-19 pandemic. Also, the
Commission's rules provide for electronic service of
documents. The Commission will serve the parties
electronically and the parties will serve each other
electronically.

And designating a person for service. If
any party has not yet designated a lead representative
for service, please do so via an email to me and Judge
Pearson as soon as possible. My email is
samantha.doyle@utc.wa.gov. That's Doyle, D-o-y-l-e.
And Judge Pearson's email is rayne.pearson@utc.wa.gov.
That's R-a-y-n-e and Pearson, P-e-a-r-s-o-n.

If anyone would like to add names and email addresses of other representatives or support Staff who should receive electronic courtesy copies of all documents filed in this proceeding, please email that to us as well.

And regarding data requests, because parties often request that any document requests and responses are shared with every other party, it would make it easier on the parties to include this requirement in the prehearing conference order. Are there any objections to including that requirement?

MS. BARNETT: No.
JUDGE DOYLE: Okay. Seeing none. And also this morning, Staff circulated some additional proposed language related to data requests that would require that the requesting party, one, include a list in the email serving the data request that identifies each party data request by number in the subject or issue of each data request being issued; and two, group the data requests by subject or issue and a cover letter serving the data request. Does any party object to including this language in the prehearing conference order?
MS. BARNETT: No.

JUDGE DOYLE: Okay. And I want to clarify that the petitions for intervention are granted.

And with that, I'm going to turn it over to Judge Pearson for the procedural schedule.

JUDGE PEARSON: Good morning. So first, have the parties been able to make any progress with respect to the procedural schedule?

MS. BARNETT: I think we -- I haven't heard specifically any -- any specific proposals or objections or -- or changes from the last correspondence you've had. I do know that we're -- at least we can delete one of the alternatives just that calls for a settlement hearing or settlement conference beginning as early as November 10th. So I think that should be off the table. That will take at least a consideration of maybe four, four potential schedules that we have in front of you.

JUDGE PEARSON: Okay. And, Ms. Barnett, would you like to address Cascade's request related to the schedule?

MS. BARNETT: Not specifically. I mean -- okay. We've proposed three of those four that are remaining and trying to accommodate a couple concerns that we've heard that essentially it falls down in between, you know, a shortened schedule and an extended
statutory schedule. And the shortened -- we provide both alternatives. I think Cascade proposed a couple short and then extended as well.

Our main concerns are that these are limited issues. We expect to resolve the case without needing the 11-month, and so I would like the schedule to reflect that.

Main concerns we have is just the op- -- you know, an opportunity for thorough discovery but a couple of settlement opportunities to resolve it for settlement, but not unnecessarily extending it to use the entire 11 months for what should be limited issues.

JUDGE PEARSON: Okay. Thank you.

And, Mr. Callaghan, did you want to respond to that?

MR. CALLAGHAN: Yes, just briefly, Your Honor. So Staff's proposed schedule is based on the statutory timeline, and that is because the -- this filing includes an increase that is greater than 3 percent. And so that, under Commission rules, initiates a general rate proceeding.

So Staff proposed this schedule because it gave a longer period of time for the non-Company parties to begin discovery and to have more time at the beginning of the case to focus on settlement
negotiations. Staff is hopeful that we can come to a settlement in this case, but we need time at the beginning of the proceeding to be able to focus on that.

Our concern with Cascade's proposed schedules are that there's essentially not enough time between the beginning of the case and the due date for response testimony. At a certain point, Staff and the other non-Company parties need to stop working on settlement negotiations and start working on, you know, drafting and filing response testimony.

So that is our concern. That's why we proposed the schedule we did. Staff is open to including a placeholder date for the -- in the event that we are able to reach an early settlement and that early settlement includes an agreement for an earlier rate effective date. So Staff would be open to that possibility and holding that if settlement negotiations are successful.

But in general, we think that the procedural schedule should be set just given the possibility that it could be contested. So our hope with this schedule is that we would give the parties some breathing room at the beginning of the case to have time to seriously consider settlement negotiations. Thank you.

JUDGE PEARSON: Thank you.
Ms. Paisner, did you want to respond?

MS. PAISNER: Yes, thank you. Public Counsel believes that having additional time for discovery is -- enables the parties to more meaningfully participate in any settlement conferences that there may be. And so for that reason, we support what the Staff suggested as -- as being the schedule. And I believe in the document that was provided, I think this is extended alternative 1. So that's the fourth column.

So that's what Public Counsel would prefer to have as the schedule. And as Mr. Callaghan provided, I think that, you know, if -- if things end up being that things -- we -- we could always renegotiate the schedule as -- as we go forward if it becomes reasonable to do so.

JUDGE PEARSON: Great, thank you.

Mr. Stokes?

MR. STOKES: Thank you, Your Honor. We -- we also -- AWEC also believes that having the extended schedule is the appropriate place to start from. We can always -- if we do come to a settlement, we can agree if it's provided for in the settlement to an earlier rate effect date. Rate effective dates affect customers, so that's -- that's usually a negotiated item in an -- in an early settlement. So and I don't think it's proper
to presuppose we're going to settle and have an earlier rate effective date. So we -- we also support Staff's schedule. Thank you.

JUDGE PEARSON: Great, thank you.

Mr. Zakai?

MR. ZAKAI: Thank you, Judge Pearson. The Energy Project also support Staff's schedule, primarily for the reasons described by the other parties. You know, the filing does, according to the Commission's rules, qualify as a general rate case. Like other parties, we are always open to any proposals that the Company wants to put forward in settlement, and those discussions can happen about accelerating the rate effective date.

But at this time, we'd like to make sure that all parties are afforded the opportunity for sufficient discovery in advance of settlement conferences and the need to file testimony.

I would also note that the schedule provided by Staff is slightly different, I believe by two weeks from the extended alternative 1 provided by the Company. And we -- The Energy Project has checked and ensured that the schedule provided by Staff is -- is what we support in the -- in the separate document. We would have to check some of the dates in that extended
alternative 1 if -- if that's what the Commission would like to go with. Thank you.

JUDGE PEARSON: Great, thank you.

So we've had an opportunity to review all of the proposed procedural schedules --

MS. BARNETT: Judge, sorry. I think -- can I interrupt? Just to clarify. I think the extended alternative 1 was the one Staff proposed, not the one Cascade proposed.

But I also have a couple things regarding the -- the data requests and -- and the ability to discovery -- discover if I could respond to the concerns I just heard now.

JUDGE PEARSON: Sure.

MS. BARNETT: Okay. I just want to point out in the -- again, Cascade is fine with an extended statutory schedule. The one that Staff provided doesn't provide for a second settlement conference, which I think is a departure from usual practice. And I think it's important to have both -- have two opportunities for settlement in there, especially in this case that hopefully it's likely to settle.

And I don't know, I would like if we can put in something -- if we use an extended schedule to affirmatively allow an adjustment to the procedural
schedule. If we don't come to a full settlement or a settlement at least in -- at least a settlement as it's impossible to change the schedule without an affirmative order from the Commission, I think we can only change the schedule if it's a settlement. That's the way I read the procedural rules since the procedural schedule is an order. So even if we all agree to it, I don't think we can just say we can change it unless it's a full settlement. So I think my concern with the extended schedule is that it completely cuts off the ability to have a shorter evidentiary hearing timeline.

And I do want to point out that for discovery, we agree that -- you know, that discovery should be started right away and we offer -- we've already started discovery and data requests have already come in. So we offered that back in October 11th to start the discovery process. So to that extent, Cascade is working to get discovery going and quickly.

Also, we've offered to reduce the response time from the statutory ten days to seven days, if we have an expedited schedule in order to get those in and out more quickly. But if we do go with the extended schedule and the -- I think that ten-day is appropriate in that case. There's no need to -- to -- to artificially shorten that for an extended schedule.
Thank you. That's all.

JUDGE PEARSON:  Great, thank you.

So based on the proposed schedules that we have reviewed and not only what will work best for the majority of the parties, the non-Company parties and the Commission, we plan to adopt the procedural schedule proposed by Staff with several modifications.

So the first being that the Commissioners are not available for the proposed hearing dates of June 13th and 14th. So we looked at calendars, we determined that there are hearing dates available for either June 1st and June 2nd or June 2nd and June 3rd. So working back from that date would make cross-examination lists and time estimates due May 29th and the joint issue matrix due May 22nd.

Going forward from the hearing date, the deadline for initial briefs would be June 20th and reply briefs would be due July 5th. So we are also fine with the parties selecting an earlier date for a possible settlement hearing that we can hold on our calendars if the parties want to do that during the break when you all confer. But keep in mind that the soonest rate effective date following a settlement hearing that the Commission could provide would be eight weeks.

So at this point, we can take a brief recess.
to allow the parties time to check their calendars and discuss their preference between the two sets of hearing dates, so either June 1 and 2 or June 2 and 3, discuss the possibility of a settlement hearing date to be held, and also it sounds like the Company would like to commit to a second settlement conference, and of course we encourage that. So please include that in your discussions as well.

So, Mr. Callaghan, could you please alert us when the parties are done with their discussions? We will get off of the call and then we will join back on when you're ready unless anyone has questions for us before we depart.

MR. CALLAGHAN: Yes, Your Honor.

JUDGE PEARSON: Okay. Well, then, we will be in recess. Judge Doyle and I will leave the meeting, and just let us know when we can come back. Thank you.

(A break was taken from 11:20 a.m. to 12:00 p.m.)

JUDGE PEARSON: So let's be back on the record after a brief recess. I realized while we were on the break that the dates that I was giving for May, the due dates, were based on -- I think I was looking at the 2021 calendar because they're both weekend dates. So those are wrong. I will have to fix those.
In any event, Mr. Callaghan, do you want to let us know what the parties were able to decide during the break?

MR. CALLAGHAN: Thank you, Your Honor.

Ms. Barnett has offered to recite, but she's written down all of the dates that we were able to come to an agreement to.

JUDGE PEARSON: Great.

MS. BARNETT: All right. Okay. So starting with today, the prehearing conference, the next date, settlement conference No. 1, January 10th, 2022; then the next date for Staff and Public Counsel and intervenors' response testimony, March 15th, 2022, and that will be the day also we start this seven-day turnaround for data requests.

The next date Cascade circulates joint issues matrix No. 1 and that will be April 1, 2022; then settlement conference No. 1 -- I'm sorry, No. 2 will be April 5th, 2022.

JUDGE PEARSON: Hold on one second. I need to go back. The joint issues -- it's out of order, so I just need a little extra time to move it around. What was the date you said for the first?

MS. BARNETT: April 1st, April Fools Day.

JUDGE PEARSON: Okay. Perfect. And then
the next date was rebuttal and cross-answering?

MS. BARNETT: The next date will be -- yeah, settlement conference No. 2 on April 5th; and then Cascade's rebuttal and parties' cross-answering testimony filed April 22, 2022, and that will be the date I marked for five-day turnaround for data requests.

Discovery cutoff of May 13th, 2022; then Cascade files joint issues matrix, May 20th, 2022; then cross-exam exhibits, witness list, and time estimates due May 27th, 2022, which is the Friday before that date you requested.

JUDGE PEARSON: Which hearing dates did you choose?

MS. BARNETT: June 1 and 2.

JUDGE PEARSON: Okay. June 1 and 2 and we're going to need more time. We're going to need the cross-examination time estimates or the -- yeah, and the witness list by the 25th of May.

MS. BARNETT: That's not a problem with us, yeah.

JUDGE PEARSON: Okay. Go ahead.

MS. BARNETT: Okay. So then evidentiary hearing, June 1st and 2nd; the initial briefs, June 21st; reply briefs, July 5th; and then Staff requested a compliance filing date in there of August 25th.
JUDGE PEARSON: All right. So -- oh, go ahead.

MS. PAISNER: I was just going to ask, if we're moving that cross-estimate -- or I mean cross-exhibits date up by two days, I -- I would request that we also move up the discovery deadline by two days, and that would be to May 11th instead of 13th. That's the Wednesday instead of the Friday of that week if that's okay with the parties.

JUDGE PEARSON: Did the parties indicate a positive response? I was looking away.

MR. CALLAGHAN: No objection.

MS. BARNETT: Yeah, no objection here.

JUDGE PEARSON: Okay. Perfect. Okay. Great. And did you all come up with -- the reason I asked you about a settlement hearing date, I was talking with Judge Doyle on the break, and I think that moving forward when -- in any rate case proceeding, we would be fine with the parties holding a potential different date for settlement hearing. Because as we recently experienced with the PacifiCorp PCORC case, we moved the case out to January, the parties said wait, we settled, we want to move it back to December, the date was already gone from the Commissioners' calendar. Their calendars are insane as you all know, and so I just kind
of wanted to -- since we have a lot of players here, let you all know that we are open to that in the future to preserve that for the parties because otherwise it's unlikely to be feasible.

MS. BARNETT: Thanks. We appreciate that. We did discuss that, and hopefully with limited issues an hour for a settlement hearing is no problem, right?

JUDGE PEARSON: You would think.

MS. BARNETT: Appreciate that. We will do our best to -- to settle -- come up with a schedule right away.

JUDGE PEARSON: Okay. That sounds great. So other than that, the only other thing that I wanted to address with respect to the schedule, and I did -- I wrote that all down. That should work for the Commission. It will obviously be finalized in the preconference order, but I don't see why we would have any conflicts with any of those dates.

And with respect to Staff's proposal to include a compliance filing due date, we're not going to include that. The statute gives the Commission until the day prior to the effective date to issue an order, and the rule gives Staff five business days to review the Company's compliance filing, and we won't be waiving either of those provisions in this case just to be
clear.

So with respect to the schedule, again, we will adopt that schedule that was just proposed. And with respect to the public comment hearing -- oh, hold on a second. We have someone trying to get into the meeting.

Okay. So I wanted to let the parties know that we have acquired Zoom, the Commission has, and so we'll be conducting the evidentiary hearing via Zoom instead of Microsoft Teams and then also the public comment hearing.

So, Ms. Paisner, did you want to just put a placeholder in the prehearing conference order and decide that at least 30 days prior to the date of the public comment hearing?

MS. PAISNER: That's been my experience in other cases, to make it to be determined, and that's something that we sort of have negotiated with the Company. So I'm seeing people are nodding. So if anyone had a specific date in mind, I would say we could talk about it, but otherwise if you're -- if -- if the Commission's willing to have it be to be determined, that would be our preference.

JUDGE PEARSON: Yes, and we are. We just -- like I said, we just need to be able to give customers
at least 30 days' notice. So just please keep us apprised.

MS. PAISNER: Okay.

JUDGE PEARSON: And then with respect to errata sheets, WAC 480-07-461(b) provides us a deadline for filing errata sheets to exhibits may be established in the prehearing conference order. So does anyone have an objection to setting a deadline a week prior to the evidentiary hearing?

MS. BARNETT: No objection.

MR. CALLAGHAN: No objection, Your Honor.

JUDGE PEARSON: Okay. Great. Then we will incorporate that into the prehearing conference order. Is there anything else that we need to address while we're here today?

MS. BARNETT: Just a question. I heard the evidentiary hearing, let's see, Zoom, is that -- is that confirmed regardless of the status of pandemic or is it open to -- okay. I'm hearing yes, it's going to be Zoom, period, no matter what. Got it.

JUDGE PEARSON: We are going to be virtual indefinitely going forward.

MS. BARNETT: All right.

JUDGE PEARSON: All right. Anything else?

Okay. Thank you all so much for being here today, and
we will issue an order either later this afternoon or
tomorrow reflecting everything that was discussed and
decided today. So thanks again. Everyone have a great
day, and we are adjourned.

(Adjourned at 12:08 p.m.)
CERTIFICATE

STATE OF WASHINGTON
COUNTY OF THURSTON

I, Tayler Garlinghouse, a Certified Shorthand Reporter in and for the State of Washington, do hereby certify that the foregoing transcript is true and accurate to the best of my knowledge, skill and ability.

_______________________________
Tayler Garlinghouse, CCR 3358