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1                   BEFORE THE WASHINGTON UTILITIES AND  
2                   TRANSPORTATION COMMISSION

3	In the Matter of the Joint	)	Docket No. UE-001878
	Application of	)	Volume I
4		)	Pages 1 through 19
	PACIFICORP and PACIFICORP,	)	
5	WASHINGTON, INC.	)	
		)	
6	for an Order Approving (1)	)	
	the Transfer of Distribution	)	
7	Property from PacifiCorp to	)	
	an Affiliate, PacifiCorp,	)	
8	Washington, Inc., (2) the	)	
	Transfer of PacifiCorp of	)	
9	Certain Utility Property to	)	
	an Affiliate, the Service	)	
10	Company, and (3) the Proposed	)	
	Accounting Treatment for	)	
11	Regulatory Assets and	)	
	Liabilities, and an Order	)	
12	Granting an Exemption under	)	
	RCW 80.08.047 for the	)	
13	Issuance or Assumption of	)	
	Securities and Encumbrance of	)	
14	Assets by PacifiCorp,	)	
	Washington, Inc. and/or	)	
15	PacifiCorp.	)	
	_____	)	

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18                   A prehearing conference in the above matter

19 was held on July 26, 2001, at 10:00 a.m., at 1300 South

20 Evergreen Park Drive Southwest, Room 206, Olympia,

21 Washington, before Administrative Law Judge KAREN M.

22 CAILLE.

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Joan E. Kinn, CCR, RPR  
25 Court Reporter

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1                   The parties were present as follows:

2                   THE COMMISSION, by ROBERT D. CEDARBAUM,  
3                   Assistant Attorney General, 1400 South Evergreen Park  
4                   Drive Southwest, Olympia, Washington 98504-0128.

5                   PUBLIC COUNSEL, via bridge line by ROBERT W.  
6                   CROMWELL, JR., Assistant Attorney General, 900 Fourth  
7                   Avenue, Suite 2000, Seattle, Washington 98164.

8                   PACIFICORP AND PACIFICORP, WASHINGTON, INC.,  
9                   by JAMES M. VAN NOSTRAND, Attorney at Law, Stoel Rives,  
10                   LLP, 600 University Street, Suite 3600, Seattle,  
11                   Washington 98101.

12                   THE ENERGY PROJECT, via bridge line by  
13                   CHARLES EBERDT, Attorney at Law, 314 East Holly,  
14                   Bellingham, Washington 98225.

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JUDGE CAILLE: We are here today for a prehearing conference in Docket Number UT-001878, which is captioned in the Matter of the Joint Application of PacifiCorp and PacifiCorp, Washington, Incorporated. This proceeding concerns the restructuring of PacifiCorp into six separate state electric companies, a generation company, and a service company.

This prehearing conference was originally noticed in February, and it has been continued in order to allow the parties to participate in state specific workshops and to allow applicants to file testimony supplementing the application.

My name is Karen Caille, and I am the presiding Administrative Law Judge in this proceeding. The Commissioners will also be sitting, but they will not be joining us today.

Today is July 26, 2001, and we are convened in a hearing room at the Commission's offices in Olympia, Washington. Applicants and Commission Staff have requested that this conference be for the limited purpose of receiving petitions to intervene, triggering discovery, issuance of a protective order, and any other related procedural matters. Detailed scheduling and formulation of substantive issues will be the subject of

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1 a second prehearing conference which we will schedule  
2 later today.

3           Those are the items that I have that we will  
4 be addressing today. Is there anything else that you  
5 would like to add to the agenda?

6           All right, then let's begin with appearances,  
7 and if you will please state your name, spell your last  
8 name for the court reporter, whom you represent, your  
9 business address, telephone, fax, and E-mail address.

10           MR. VAN NOSTRAND: Thank you, Your Honor.  
11 Appearing on behalf of Applicants PacifiCorp and  
12 PacifiCorp, Washington, Inc., James M. Van Nostrand,  
13 V-A-N, N-O-S-T-R-A-N-D, with Stoel Rives, S-T-O-E-L,  
14 R-I-V-E-S, LLP, 600 University Street, Suite 3600,  
15 Seattle, 98101-3197, telephone (206) 387-7665, fax (206)  
16 386-7500, and E-mail address jmvannostrand@stoel.com.

17           JUDGE CAILLE: Thank you. And just as a  
18 check here, Mr. Cromwell, were you able to hear all  
19 right?

20           MR. CROMWELL: Yes, I could hear Mr. Van  
21 Nostrand softly.

22           JUDGE CAILLE: All right, thank you.  
23 Staff.

24           MR. CEDARBAUM: Thank you. My name is Robert  
25 Cedarbaum. I am an Assistant Attorney General

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1 representing Commission Staff. My business address is  
2 the Heritage Plaza Building, 1400 South Evergreen Park  
3 Drive Southwest, Olympia, Washington 98504. Telephone  
4 number is area code (360) 664-1188, my fax number is  
5 area code (360) 586-5522, and my E-mail is  
6 bcedarba@wutc.wa.gov.

7 JUDGE CAILLE: Thank you.

8 Mr. Cromwell.

9 MR. CROMWELL: Robert Cromwell on behalf of  
10 Public Counsel. My mailing address is 900 Fourth  
11 Avenue, Suite 2000, Seattle, Washington 98164-1012. My  
12 telephone number is (206) 464-6595. My fax number is  
13 (206) 389-2058. My E-mail address is  
14 robertcl@atg.wa.gov.

15 JUDGE CAILLE: Mr. Cromwell, did you say 400  
16 Fourth Avenue or 900?

17 MR. CROMWELL: I'm sorry, it's 900.

18 JUDGE CAILLE: It is 900, okay.

19 MR. CROMWELL: Fourth Avenue.

20 JUDGE CAILLE: Thank you.

21 MR. CROMWELL: Are you hearing an echo on  
22 your end?

23 JUDGE CAILLE: You know, a little bit.

24 MR. CROMWELL: Okay, I'm going to change the  
25 volume and see if that -- is that better?

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1 JUDGE CAILLE: Yeah, it seems to be better,  
2 yes.  
3 MR. CROMWELL: Okay, I turned the volume  
4 down.  
5 I think we have someone else on the bridge.  
6 MR. EBERDT: Hi, this is Chuck Eberdt from  
7 The Energy Project.  
8 JUDGE CAILLE: Welcome, Mr. Eberdt. We are  
9 just taking appearances now.  
10 MR. EBERDT: Thank you.  
11 JUDGE CAILLE: And why don't you go ahead and  
12 enter your appearance. Will you please spell your last  
13 name for the court reporter, and then give us whom you  
14 represent, your business address, your telephone, fax,  
15 and E-mail address.  
16 MR. EBERDT: Be glad to. Now I'm getting the  
17 echo. My name is Chuck or Charles Eberdt, E-B-E-R-D-T,  
18 I'm with The Energy Project. The address is 314 East  
19 Holly, H-O-L-L-Y, Street, Bellingham, Washington 98225.  
20 My phone number is (360) 734-5121 extension 332. My fax  
21 number is (360) 671-0541. My E-mail address is my name  
22 with the space between my first and last name  
23 underscored, so that would be chuck, underscore,  
24 eberdt@oppco.org. I'm here representing the interests  
25 of the Community Action Agency in Yakima, Yakima OIC,

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1 Opportunities and Industrialization Center.  
2 JUDGE CAILLE: Thank you. Mr. Eberdt, could  
3 you go over your E-mail address one more time for me,  
4 I'm sorry.  
5 MR. EBERDT: That's fine, I understand, it  
6 gets screwed up all the time. Okay, it's basically my  
7 name.  
8 JUDGE CAILLE: So it's Charles?  
9 MR. EBERDT: No, I use Chuck.  
10 JUDGE CAILLE: Okay, Chuck.  
11 MR. EBERDT: And instead of a space between  
12 my first and last name it's just an underline, so it's  
13 C-H-U-C-K, underscore --  
14 JUDGE CAILLE: Underline.  
15 MR. EBERDT: E-B-E-R-D-T @ O-P-P-C-O .org.  
16 JUDGE CAILLE: Thank you very much.  
17 MR. EBERDT: My pleasure.  
18 JUDGE CAILLE: Is there anyone else who has  
19 joined us on the bridge line?  
20 All right, then let the record reflect there  
21 are no other appearances.  
22 MR. CEDARBAUM: Your Honor.  
23 JUDGE CAILLE: Yes.  
24 MR. CEDARBAUM: I guess I was a little bit  
25 concerned that Melinda Davison who normally appears in

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1 these types of matters for ICNU is not here today, but I  
2 think she filed a written motion to intervene.

3 JUDGE CAILLE: She did, yes.

4 MR. CEDARBAUM: And so if she's not here to  
5 present it, I guess I don't know how you want to handle  
6 that. I just didn't want it to be on oversight.

7 JUDGE CAILLE: I was just going to go ahead  
8 and address it. I think it's -- I mean if someone has  
9 objections, I guess I --

10 MR. CEDARBAUM: No, Staff was not going to  
11 object. I just thought we ought to have a ruling on it.

12 JUDGE CAILLE: Okay.

13 MR. CEDARBAUM: Even though she's not here.

14 JUDGE CAILLE: That's what I think, that's  
15 what I intended to do.

16 Mr. Eberdt, are you going to be presenting an  
17 oral motion to intervene, or are you just --

18 MR. EBERDT: Well, I must say I'm not exactly  
19 prepared to present any motion to intervene, but I --  
20 because of my lack of familiarity with doing this sort  
21 of thing. I guess that's what I need to do.

22 JUDGE CAILLE: Normally what we do is we  
23 either have you file a written petition to intervene  
24 prior to the first prehearing conference, or else we  
25 take oral petitions at that hearing.



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1 MR. EBERDT: Right.

2 JUDGE CAILLE: At this point, I will ask the  
3 parties if they mind if Mr. Eberdt would file a written  
4 motion, or would you prefer he do --

5 Are you prepared to do an oral motion today?

6 MR. EBERDT: I don't know how the -- I'm  
7 prepared to speak extemporaneously on the issue. I  
8 don't know the format or that sort of thing that's  
9 required.

10 MR. VAN NOSTRAND: If it's easier, Your  
11 Honor, the company does not object to Mr. Eberdt  
12 intervening on behalf of those organizations.

13 JUDGE CAILLE: All right.

14 MR. CEDARBAUM: Neither does Staff.

15 JUDGE CAILLE: All right.

16 MR. CROMWELL: Neither does Public Counsel.

17 JUDGE CAILLE: All right, then in that case,  
18 Mr. Eberdt, why don't you just move to intervene and  
19 state what the interest is that the organizations you're  
20 representing have in this proceeding.

21 MR. EBERDT: Okay.

22 JUDGE CAILLE: And then I will rule on the  
23 motion.

24 MR. EBERDT: Okay. I move to intervene on  
25 behalf of the Yakima OIC to intervene in the proceeding,

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1 PacifiCorp's Docket U -- no, that's the wrong one, I'm  
2 sorry, all right, UE-001878.

3 JUDGE CAILLE: That's right.

4 MR. EBERDT: Our reasons for being interested  
5 in intervening is the separation of generation,  
6 transmission, and distribution is a concern to us  
7 because the company currently funds programs to benefit  
8 low income people, both energy assistance and  
9 weatherization or energy efficiency programs. And we're  
10 concerned about where that responsibility would lie and  
11 whether it would continue under a restructure  
12 organization.

13 JUDGE CAILLE: All right, thank you.

14 Is there any objection --

15 MR. CEDARBAUM: No.

16 JUDGE CAILLE: -- to my granting this  
17 petition?

18 MR. VAN NOSTRAND: No.

19 JUDGE CAILLE: Mr. Cromwell?

20 MR. CROMWELL: No, Your Honor, we would  
21 support The Energy Project intervention.

22 JUDGE CAILLE: All right, then the petition  
23 to intervene by The Energy Project is granted.

24 I also have a petition to intervene from  
25 Industrial Customers of Northwest Utilities, and as

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1 Mr. Cedarbaum expressed, they are not represented today,  
2 but I will go ahead and rule on that motion.

3 Has everyone had an opportunity to read that  
4 petition?

5 MR. EBERDT: I have not. This is Mr. Eberdt.  
6 I don't have a problem with it, but.

7 JUDGE CAILLE: And, Mr. Eberdt, you will be  
8 able to get filings from the Commission now that you're  
9 on the service list.

10 MR. EBERDT: Right.

11 JUDGE CAILLE: I can just let you -- I will  
12 read what they state as their substantial interest.

13 ICNU has a substantial interest in the  
14 impacts of PacifiCorp's application for  
15 the regulatory approvals necessary to  
16 restructure the company into six  
17 separate state electric companies, a  
18 generation company, and a service  
19 company. A number of ICNU members are  
20 customers of PacifiCorp, and ICNU is  
21 concerned that the impacts of such a  
22 large scale restructuring -- and ICNU is  
23 concerned with the impacts of such a  
24 large scale restructuring on its  
25 members. In particular, ICNU is

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1                   concerned with the risks and  
2                   uncertainties associated with the  
3                   proposed restructure, and ICNU requests  
4                   and moves to intervene in order to  
5                   represent its members' interests in the  
6                   Commission's review of the proposed  
7                   restructuring.  
8                   Probably most folks know this, but ICNU is a  
9 non-profit association of large industrial customers in  
10 the Pacific Northwest.  
11                   Is there any objection to my granting this  
12 petition to intervene?  
13                   MR. VAN NOSTRAND: No, Your Honor.  
14                   MR. CEDARBAUM: No.  
15                   MR. CROMWELL: No.  
16                   JUDGE CAILLE: All right, then the petition  
17 to intervene on behalf of Industrial Customers of  
18 Northwest Utilities is granted.  
19                   I think next we should probably look at  
20 discovery. Is this a proceeding where the discovery  
21 rule should be invoked?  
22                   MR. CEDARBAUM: I think it can be.  
23                   JUDGE CAILLE: Okay.  
24                   MR. CEDARBAUM: And I think if for the part  
25 of the Staff were to move that it be invoked, I don't

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1 think there's any objection by anyone else.

2 JUDGE CAILLE: All right, then I rule that  
3 the Commission's discovery rule should be made available  
4 in this proceeding and that the discovery process as  
5 outlined in WAC 480-09-480 will be available to you.

6 Is there any reason to adjust what is in  
7 480-09-480, or shall we just follow the procedure laid  
8 out there?

9 MR. CEDARBAUM: I think at this time, I don't  
10 -- I see no reason to change the time frames for  
11 responses and the other procedural requirements of the  
12 rule. So it may be later in the case we need to adjust  
13 that, but currently I don't see a reason to change it.

14 JUDGE CAILLE: Right, do we need to address  
15 our discovery cut off right now?

16 MR. CEDARBAUM: I would propose that we not,  
17 because we have not yet scheduled the rest of the case  
18 and won't do that until the next prehearing conference.  
19 So again, I think we can take that up later if it  
20 becomes necessary, but not today.

21 JUDGE CAILLE: Does anyone else want to be  
22 heard on this?

23 MR. VAN NOSTRAND: I agree with what  
24 Mr. Cedarbaum said.

25 JUDGE CAILLE: Okay, then if there are any

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1 discovery problems, please do let me know, and any  
2 changes, and I will be glad to try to accommodate them.  
3 And if anything comes up on an expedited, we can deal  
4 with it on an expedited basis by telephone.

5 MR. CEDARBAUM: There is one issue that I  
6 have discussed through E-mail with Mr. Van Nostrand and  
7 copied to other parties that relates to a discovery  
8 matter. We will be scheduling and letting you know what  
9 the schedule is for three workshops to occur between now  
10 and the next prehearing conference. The issue came out  
11 as to how do we treat materials that might be  
12 distributed at those workshops for evidentiary purposes,  
13 because those workshops are in the nature of informal  
14 discovery amongst the parties.

15 My proposal was that those documents be given  
16 a designation by number, date, and potential witness who  
17 would answer questions about it and that we do that  
18 during the workshops. Then if a party wishes to offer  
19 that material as an exhibit either through  
20 cross-examination or redirect, we would just identify it  
21 by that designation and offer it that way subject to any  
22 objections the parties may have about relevance or  
23 whatever and also subject to the protective order that I  
24 assume will be issued in this case.

25 So that's something that I would propose we

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1 agree that the parties agree to and want to place that  
2 on the record, and that's not specifically contained in  
3 the discovery rule, so it's a tweak I guess in the  
4 process that I would propose we use.

5 JUDGE CAILLE: Mr. Van Nostrand.

6 MR. VAN NOSTRAND: Yeah, the company agrees  
7 to that. That's a good approach.

8 JUDGE CAILLE: Okay, anyone on the bridge  
9 line wish to be heard on this?

10 Okay, and, Mr. Cedarbaum, you wanted me to  
11 rule on or just --

12 MR. CEDARBAUM: No, I just wanted to put it  
13 on the record and get the parties' agreement that we  
14 would handle it that way, so I don't think you need to  
15 rule on it.

16 JUDGE CAILLE: Okay.

17 MR. CEDARBAUM: It's just a matter of record  
18 though.

19 JUDGE CAILLE: Are you going to need somebody  
20 -- am I going to be a part of the workshops?

21 MR. CEDARBAUM: No, the workshops really are  
22 -- were something that we have set up as discovery  
23 amongst of the parties, and so that they would be  
24 limited just to the parties and not to either yourself,  
25 the commissioners, or the policy advisors to the

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1 Commission.

2 JUDGE CAILLE: Fine. Then with that tweak to  
3 the discovery rule, the discovery process in 480-09-480  
4 will be followed at this point.

5 The next matter is whether or not there is a  
6 need for a protective order in this proceeding. Do  
7 either of the parties or any -- does anyone want to move  
8 for a protective order, or is there a need for one?

9 MR. VAN NOSTRAND: The company believes there  
10 will be a need for a protective order, and we would  
11 hereby move for one.

12 JUDGE CAILLE: All right, then a protective  
13 order will be issued in this proceeding, and I will  
14 prepare one for the Commissioners' signature.

15 And I think at this point, shall we go off  
16 the record to discuss scheduling of the next prehearing  
17 conference?

18 MR. CEDARBAUM: We might as well stay on the  
19 record.

20 JUDGE CAILLE: Okay.

21 MR. CEDARBAUM: We have had discussions  
22 before today and some this morning, I think, about a  
23 proposed prehearing conference date of September 13th.

24 JUDGE CAILLE: Okay.

25 MR. CEDARBAUM: So that's convenient for



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1 Staff and I think for the company. I'm not sure I have  
2 heard specifically from Mr. Cromwell or the other  
3 parties, but that September 13th date was fine with  
4 Staff, and it also contemplated workshops, those  
5 informal discovery workshops, prior to the prehearing  
6 conference, and the workshops we have discussed would be  
7 convened on August 7th, August 21st, and September 5th  
8 with specific times to be arranged I think informally  
9 off the record.

10 MR. CROMWELL: Robert, would you give me  
11 those August dates again?

12 MR. CEDARBAUM: August 7th, August 21st, and  
13 September 5th.

14 MR. CROMWELL: I will just note that  
15 according to my calendar, the UTC is holding their  
16 Winter Supply Outlook discussions on the 13th of  
17 September.

18 JUDGE CAILLE: Is it in the morning, or is it  
19 in the afternoon or --

20 MR. CROMWELL: I don't know, I just have that  
21 date blocked out.

22 JUDGE CAILLE: Okay.

23 MR. CEDARBAUM: If you would like -- that was  
24 our proposal. If you wanted to go off the record and  
25 check with their calendars, that's fine.

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1 JUDGE CAILLE: I think why don't we do that.  
2 Is there a problem with September 13th for Mr. Cromwell,  
3 or is that all right for you?

4 MR. CROMWELL: Your Honor, I have tentatively  
5 blocked out August 7th, 21th, and September 5th and 13th  
6 for this case. I'm standing by to find out what works  
7 for you.

8 JUDGE CAILLE: Okay. We will go off the  
9 record for just a few minutes. I do need to get my  
10 calendar, and I will stop by and see what is on the  
11 Commission's calendar.

12 Okay, let's go off the record.

13 (Discussion off the record.)

14 JUDGE CAILLE: The parties have suggested  
15 that the next prehearing conference which will be for  
16 scheduling and any potential issues discussions will be  
17 held on September the 13th from 9:00 to 11:00. That  
18 time might -- we might be able to adjust that time if  
19 the Commissioners are not going to be on the Bench.

20 Okay, are there any other procedural matters  
21 for today?

22 MR. CEDARBAUM: No.

23 MR. VAN NOSTRAND: No.

24 JUDGE CAILLE: Okay, I don't know if there's  
25 going to be anything filed, but the number of copies

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1 that we will need for this docket for distribution are  
2 16, 16 copies plus the original.

3           And I will do a prehearing conference order  
4 setting forth the matters we have discussed today, and  
5 then I will do another one after the next prehearing  
6 conference which sets forth a schedule.

7           Thank you for coming today, and this meeting  
8 is adjourned.

9           (Hearing adjourned at 10:35 a.m.)

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