

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

COST MANAGEMENT SERVICES, INC.,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-061256

COMMISSION STAFF'S
RESPONSE TO PETITION FOR
ADMINISTRATIVE REVIEW OF
INITIAL ORDER (ORDER O5)

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-070332

COMMISSION STAFF'S
RESPONSE TO PETITION FOR
ADMINISTRATIVE REVIEW OF
INTERLOCUTORY ORDER
DENYING INTERVENTION
(ORDER O2)

1 Commission Staff has reviewed Cost Management Services' (CMS) petition for review of the orders entered by the Administrative Law Judge in the above-referenced dockets. CMS primarily contends that the ALJ erred in holding that as an unregulated competitor, CMS does not have standing to intervene in Docket No. UG-070332, pursuant to the State Supreme Court decision in *Cole v. Washington Util. and Transp. Comm'n*, 79 Wn. 2d 302, 485 P.2d 71 (1971); and that CMS' agency relationship with Cascade's customers is not sufficient to establish a substantial interest that would confer standing. CMS also contends that the ALJ erred in closing Docket No. UG-061256, and in not consolidating Docket No. UG-070332 with that docket.

2 Upon review of the legal precedent relied upon in Order Nos. 2 and 5, Staff does not take issue with the decisions made regarding CMS' standing, and regarding the non-

consolidation of the two dockets referenced above. Staff reiterates that like CMS, it also has concerns regarding Cascade's gas supply sales to its non-core customers, and its use of an affiliate to make such sales. Staff believes, however, that it will be able to fully and properly address these concerns within the framework established by Order Nos. 2 and 5.

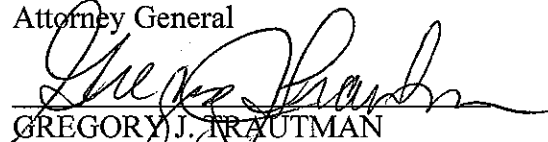
3 Staff intends to carry out a thorough informal investigation of Cascade's gas supply contracts, as directed by paragraphs 55 and 56 of the Order, and take whatever subsequent action is appropriate. The Commission need not be concerned that Staff's investigation will be an "audit nightmare," "most superficial," or an "empty process." (See CMS' Petition for Review at page 9, paragraph 17.)

4 Moreover, Staff notes that the Order contemplates the possible consolidation of Docket No. UG-070639 (re: Cascade's gas supply tariff) and Docket No. UG-070639 (re: Cascade's use of an affiliate to make natural gas sales), and that these issues will thus be able to be fully addressed by Staff, and possibly other intervenors. Staff also notes the Order's statement that "Staff should consider CMS' allegations in conducting its informal investigation." (Order, paragraph 62.) Staff intends to do so. Finally, Staff will consider the "Code of Conduct" proposed by CMS, as well as all other relevant information, in conducting its investigation of Cascade's gas supply activities, and in recommending any subsequent actions to the Commission.

DATED this 13th day of June, 2007.

Respectfully submitted,

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