

0001

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND) Docket UE-120436 and
TRANSPORTATION COMMISSION,) UG-120437 (Consolidated)
) Pages 1-33
v.)
)
Complainant,)
)
AVISTA CORPORATION d/b/a)
AVISTA UTILITIES,)
)
Respondent.)

PREHEARING CONFERENCE, VOLUME I
Pages 1-33
ADMINISTRATIVE LAW JUDGE MARGUERITE E. FRIEDLANDER

2:00 P.M.

May 9, 2012

Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive Southwest
Olympia, Washington 98504-7250

REPORTED BY: SHELBY KAY K. FUKUSHIMA, CCR #2028

Buell Realtime Reporting, LLC
1411 Fourth Avenue
Suite 820
Seattle, Washington 98101
206.287.9066 | Seattle
360.534.9066 | Olympia
800.846.6989 | National
www.buellrealtime.com

0002

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A P P E A R A N C E S

ADMINISTRATIVE LAW JUDGE:

MARGUERITE E. FRIEDLANDER
Washington Utilities and
Transportation Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504
360.664.1136

FOR WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION:

DONALD T. TROTTER
MICHAEL A. FASSIO
Assistant Attorney General
1400 South Evergreen Park Drive
Southwest
P.O. Box 40128
Olympia, Washington 98504
360.664.1189
360.664.1192
dtrotter@utc.wa.gov
mfassio@utc.wa.gov

FOR PUBLIC COUNSEL:

LISA W. GAFKEN
Assistant Attorney General
800 Fifth Avenue
Suite 2000, TB-14
Seattle, Washington 98104
206.464.6595
lisa.gafken@atg.wa.gov

FOR AVISTA CORPORATION:

DAVID J. MEYER
Avista Corporation
1411 East Mission
P.O. Box 3727
Spokane, Washington 99220
509.495.4316
david.meyer@avistacorp.com

(Continued...)

0003

1 FOR INDUSTRIAL CUSTOMERS OF
NORTHWEST UTILITIES:

2 MELINDA J. DAVISON
3 Davison Van Cleve
4 333 Southwest Taylor Street
5 Suite 400
6 Portland, Oregon 97204
7 503.241.7242
8 mjd@dvclaw.com

9 FOR NORTHWEST INDUSTRIAL GAS
10 USERS:

11 TOMMY A. BROOKS
12 Cable Huston Benedict Haagensen & Lloyd
13 1001 Southwest Fifth Avenue
14 Suite 2000
15 Portland, Oregon 97204
16 503.224.3092
17 tbrooks@cablehuston.com

18 FOR THE ENERGY PROJECT:

19 RONALD L. ROSEMAN
20 Attorney at Law
21 2011 14th Avenue East
22 Seattle, Washington 98112
23 206.324.8792
24 ronaldroseman@comcast.net

25 FOR NORTHWEST ENERGY COALITION:

(Via telephone) TODD D. TRUE
Earthjustice
705 Second Avenue
Suite 203
Seattle, Washington 98104
206.343.7340
ttrue@earthjustice.org

* * * * *

21

22

23

24

25

0004

1

OLYMPIA, WASHINGTON, MAY 9, 2012

2

2:00 P.M.

3

P R O C E E D I N G S

4

5

JUDGE FRIEDLANDER: Good afternoon, everybody. My name is Marguerite Friedlander. I'm the administrative law judge presiding over this matter today.

8

It's May 9, approximately two p.m., on -- this is Wednesday, May 9, and it's the time and place set for a prehearing conference in Dockets UE-120436 and UG-120437, consolidated, captioned as the Washington Utilities Commission -- Washington Utilities and Transportation Commission, Complainant, versus Avista Corporation, doing business as Avista Utilities, Respondent.

10

11

12

13

14

15

16

17

18

19

20

21

Avista requests an overall net electric billed rate increase of 5.9 percent, which includes a billed rate increase of 8.8 percent and a proposed one-year ERM bill decrease of 2.9 percent. The company also is proposing a natural gas billed rate increase of 6.8 percent. The filings were received on April 2, 2012, and suspended by the Commission shortly thereafter on April 26, 2012.

22

23

24

25

At this juncture, I would like to take appearances of the parties. Please provide your name, address, telephone number, and e-mail address. We won't be needing fax numbers.

And we'll begin with you, Mr. Meyer.

0005

1 MR. MEYER: Thank you, Your Honor. David Meyer,
2 M-e-y-e-r, appearing for Avista. The address is Avista
3 Corporation, 1411 East Mission, P.O. Box 3727, Spokane,
4 Washington 99220-3727; telephone number: 509.495.4316; and the
5 e-mail address is david.meyer@avistacorp.com.

6 JUDGE FRIEDLANDER: And did you wish to have any
7 courtesy e-mails sent?

8 MR. MEYER: Yes, I do. Courtesy e-mails would go to
9 myself.

10 And at what point would you like me to add my second
11 representative from the company, Mr. Norwood?

12 JUDGE FRIEDLANDER: You can go ahead and do that
13 right now, if you would like.

14 MR. MEYER: Okay. The other named individual for the
15 company is Kelly Norwood, N-o-r-w-o-o-d.

16 Would you prefer a title?

17 JUDGE FRIEDLANDER: That's fine.

18 MR. MEYER: Okay. The same address. The phone
19 number is 509.495.4267, and his e-mail address is kelly,
20 k-e-l-l-y, dot, norwood@avistacorp.com.

21 JUDGE FRIEDLANDER: Thank you.

22 MR. MEYER: Thank you.

23 JUDGE FRIEDLANDER: And, Mr. Trotter?

24 MR. TROTTER: Thank you, Your Honor. My name is
25 Donald T. Trotter, Assistant Attorney General, to my right is

0006

1 Michael Fassio, also Assistant Attorney General, and we're
2 entering an appearance of behalf of the Commission Staff. Our
3 address is 1400 South Evergreen Park Drive Southwest, P.O. Box
4 40128, Olympia, Washington 98504-0128. My number is
5 360.664.1189, and Mr. Fassio's number is 664.1192, also area
6 code 360. My e-mail address is dtrotter@utc.wa.gov, and
7 Mr. Fassio's is mfassio -- that's f-a, double "s," i-o,
8 @wutc.wa.gov.

9 If you could also include Ms. Kathryn Breda on the
10 courtesy service list, and her e-mail is kbreda, b-r-e-d-a,
11 @wutc.wa.gov. Thank you.

12 JUDGE FRIEDLANDER: Thank you. And between you and
13 Mr. Fassio, which would you like to be the designated recipient
14 of the hard copy?

15 MR. TROTTER: I will.

16 JUDGE FRIEDLANDER: Okay.

17 MR. TROTTER: Thank you.

18 JUDGE FRIEDLANDER: Thank you.

19 And appearing today on behalf of Public Counsel?

20 MS. GAFKEN: I think this is on. Okay.

21 My name is Lisa Gafken. I'm appearing on behalf of
22 Public Counsel. Both Simon ffitich and I will be appearing in
23 this case. So we will be co-counseling this case, so I'll do a
24 dual appearance for the both of us.

25 JUDGE FRIEDLANDER: Okay.

0007

1 MS. GAFKEN: We have a common address of 800 Fifth
2 Avenue, Suite 2000, Mail Stop TB-14, Seattle, Washington 98104.
3 Mr. ffitich's phone number is 206.389.2055. My telephone number
4 is 206.464.6595. Mr. ffitich's e-mail address is simonf,
5 s-i-m-o-n, the letter "f," @atg.wa.gov. My e-mail address is
6 lisa.gafken, l-i-s-a, dot, g-a, "f," as in Frank, k-e-n,
7 @atg.wa.gov.

8 JUDGE FRIEDLANDER: Thank you. And you said that was
9 Mail Stop TB-14?

10 MS. GAFKEN: Yes.

11 JUDGE FRIEDLANDER: Okay. And who did you want
12 designated to receive hard copy service?

13 MS. GAFKEN: Mr. ffitich.

14 JUDGE FRIEDLANDER: Okay. Thank you.

15 MS. GAFKEN: And then do you want me to add the
16 courtesy copy recipients as well at this time?

17 JUDGE FRIEDLANDER: That would be great, if you know
18 them.

19 MS. GAFKEN: Okay. We would like Carol Williams and
20 Lea Daeschel to be on the courtesy list.

21 JUDGE FRIEDLANDER: Okay. And what are their e-mail
22 addresses; do you know?

23 MS. GAFKEN: I don't have them with me.

24 JUDGE FRIEDLANDER: Okay.

25 MS. GAFKEN: But could I send them electronically?

0008

1 JUDGE FRIEDLANDER: That will be fine. If you'd just
2 send them to my e-mail, that would be great. And, actually,
3 send them to --

4 MS. GAFKEN: Everybody?

5 JUDGE FRIEDLANDER: -- all of the parties, yeah.

6 MS. GAFKEN: Will do.

7 JUDGE FRIEDLANDER: Thank you.

8 And we do have several petitions for leave to
9 intervene. I would like to take the appearances of those
10 parties right now.

11 Appearing today on behalf on Industrial Customers of
12 Northwest Utilities?

13 MS. DAVISON: Yes. Thank you, Your Honor. My name
14 is Melinda Davison, and I will be the attorney for this case.
15 Davison Van Cleve, 333 Southwest Taylor, Suite 400, Portland,
16 Oregon 97204. My phone is 503.241.7242. My e-mail is
17 mjd@dvclaw.com.

18 And if it's all right, Your Honor, I would like to
19 just send you an e-mail with the additional parties that should
20 be courtesy and on the service list.

21 JUDGE FRIEDLANDER: That's fine.

22 MS. DAVISON: Thank you.

23 JUDGE FRIEDLANDER: Thank you.

24 And appearing today on behalf of Northwest Industrial
25 Gas Users?

0009

1 MR. BROOKS: Good afternoon. My name is Tommy Brooks
2 from the firm Cable Huston. Both myself and Chad Stokes are
3 going to be representing NWIGU. Our address is 1001 Southwest
4 Fifth Avenue, Suite 2000, Portland, Oregon 97217. Our phone
5 number is 503.224.3092. My e-mail address is
6 tbrooks@cablehuston.com, spelled c-a-b-l-e-h-u-s-t-o-n, dotcom.
7 Mr. Stokes's address is the same except for it's
8 cstokes@cablehuston.com.

9 JUDGE FRIEDLANDER: And which of the two of you did
10 you want to receive hard copy service?

11 MR. BROOKS: That can be me.

12 JUDGE FRIEDLANDER: Okay. Thank you.

13 MR. BROOKS: And then we would like to also have the
14 courtesy copy go to NWIGU's executive director, which is Paula
15 Pyron.

16 JUDGE FRIEDLANDER: Okay. And do we have her e-mail
17 address with your intervention?

18 MR. BROOKS: It should be, yes.

19 JUDGE FRIEDLANDER: Okay. Then there's probably no
20 need to repeat it.

21 MR. BROOKS: Oh, okay. Thank you.

22 JUDGE FRIEDLANDER: Thank you.

23 And appearing today on behalf The Energy Project?

24 MR. ROSEMAN: Thank you, Your Honor. Thank you,
25 Melinda.

0010

1 My name is Ronald L. Roseman. I'm an attorney at
2 law. My address is 2011 14th Avenue East, Seattle, Washington
3 98112. My e-mail address is ronald, r-o-n-a-l-d, roseman,
4 r-o-s-e-m-a-n, @comcast.net. My phone number is 206.324.8792.
5 My fax number is 206.568.0138. And a courtesy copy also to a
6 Charles Eberdt. And his name is listed on our petition to
7 intervene, but if you want, I could give you his e-mail address
8 now, Your Honor.

9 JUDGE FRIEDLANDER: That's okay. If his e-mail
10 address is listed in the petition, that's fine.

11 MR. ROSEMAN: Right, it is.

12 JUDGE FRIEDLANDER: I'll pull it off. Thank you.

13 Is there anyone else who wishes to put in an oral
14 appearance today?

15 MR. TRUE: Yes, Your Honor. This is Todd True,
16 representing the Northwest Energy Coalition on the telephone.
17 The Northwest Energy Coalition has not yet petitioned to
18 intervene in this case.

19 We would like to make an oral motion to intervene,
20 and also, of course, we'll follow up with a petition.

21 JUDGE FRIEDLANDER: Okay. So why don't at this time,
22 since we haven't gotten to the petitions yet, why don't you just
23 put in an appearance with your name, address, e-mail, and
24 telephone number.

25 MR. TRUE: That would be fine. It's Todd, T-o-d-d,

0011

1 True, T-r-u-e, with Earthjustice. And the address is 705 Second
2 Avenue, Suite 203, Seattle, Washington 98104. The phone number
3 is 206.343.7340. And my e-mail address is --

4 (Phone beeps.)

5 MR. TRUE: Let me start that over.

6 JUDGE FRIEDLANDER: Yeah, thank you.

7 MR. TRUE: My e-mail address is ttrue, t-t-r-u-e,
8 @earthjustice.org.

9 And when we file our petition to intervene, if there
10 are additional courtesy copies, I will be sure to include it in
11 that petition.

12 JUDGE FRIEDLANDER: Okay. Thank you. I do intend to
13 get a prehearing conference order out fairly shortly after this
14 meeting, so if you could get those to me by e-mail, then I can
15 include them in the attached appendices table.

16 MR. TRUE: I can do that.

17 JUDGE FRIEDLANDER: Okay. Thank you.

18 So at this time, if there's no one else who wishes to
19 put in an oral appearance?

20 Hearing nothing, we'll move on to the petitions for
21 leave to intervene.

22 MR. MEYER: Excuse me. May I, Your Honor?

23 JUDGE FRIEDLANDER: Yes, please.

24 MR. MEYER: I was going to send you a follow-on
25 e-mail to add three others to the courtesy list.

0012

1 JUDGE FRIEDLANDER: Okay.

2 MR. MEYER: And the reason that's so important for us
3 is if discovery comes in and if it sits on my desk because I'm
4 out, I want to make sure that people get working on those.

5 JUDGE FRIEDLANDER: Sure.

6 MR. MEYER: So those individuals are Patrick Ehrbar,
7 E-h-r-b-a-r. And his address, as with the other two, is the
8 same as mine and Kelly Norwood's. His phone number is
9 509.495.8620.

10 Then the next individual is Paul Kimball, same
11 everything. And the e-mail addresses for all three is simply --
12 the convention is paul.kimball, or in Pat's case,
13 patrick.ehrbar.

14 JUDGE FRIEDLANDER: Oh, okay.

15 MR. MEYER: Now, his phone number, Paul Kimball's
16 phone number, is 509.495.4584.

17 And the third and last is Liz Andrews, A-n-d-r-e-w-s.
18 Phone number: 509.495.8601.

19 JUDGE FRIEDLANDER: Okay. Great.

20 And then just to make sure I have these numbers
21 right, Patrick Ehrbar: 509.495.8620?

22 MR. MEYER: Yes.

23 JUDGE FRIEDLANDER: Paul Kimball: 509.495.4584?

24 MR. MEYER: Yes.

25 JUDGE FRIEDLANDER: And Liz Andrews: 509.495.8601?

0013

1 MR. MEYER: Correct.

2 JUDGE FRIEDLANDER: Okay. Great. Thank you.

3 MR. MEYER: Thank you.

4 JUDGE FRIEDLANDER: Is there anyone else who wishes
5 to put in an oral appearance today?

6 Okay. Hearing nothing, we'll move on to the
7 petitions for leave to intervene.

8 I have four, counting the oral request made by the
9 Northwest Energy Coalition, and they include ICNU, the Northwest
10 Industrial Gas Users, The Energy Project, and the Coalition.

11 Are there any objections to any of these petitions
12 for leave to intervene?

13 MR. MEYER: No objection, Your Honor.

14 JUDGE FRIEDLANDER: Okay. Then I find that they --
15 that each of these petitioners have substantial interests in the
16 outcome of the proceeding, and the petitions are granted.

17 Pursuant to WAC 480-07-400, we don't need to go into
18 the discovery rules too much. They are made available to the
19 parties. We encourage the parties to try to resolve the issues
20 if they have any on their own.

21 We already have issued a protective order, a standard
22 protective order. Again, if an additional highly confidential
23 one is needed, we'd be happy to do so.

24 So let's move on to scheduling. Earlier in the week,
25 I received a few informal procedural schedules, and I know the

0014

1 parties have met or at least talked about an agreed schedule.

2 Has anything been resolved to that effect?

3 MR. MEYER: No, Your Honor.

4 JUDGE FRIEDLANDER: Okay. So I did send out an
5 e-mail to the parties and, hopefully, most of you were included
6 on that, saying that the Commission has a preference for now
7 November 4th -- I'm sorry -- November 5th, 6th, 7th, and if an
8 additional fourth day is needed as requested by Public Counsel,
9 we'd be willing to go into the 8th as well. However, please
10 keep in mind that that is an open meeting day, so it would most
11 likely have to be in the afternoon.

12 Does anyone wish to present any kind of argument as
13 to the procedural schedule?

14 MR. TROTTER: Yes, Your Honor.

15 JUDGE FRIEDLANDER: Mr. Trotter?

16 MR. TROTTER: Thank you. As you know, Staff
17 circulated a schedule, as did Public Counsel, that called for a
18 hearing date on the last week of November for Staff and the
19 first week of December consistent with the Commission's prior
20 notice from Public Counsel.

21 And Public Counsel, of course, can speak for itself,
22 but as the Bench -- and I'm sure the Commissioners are aware --
23 this is another very substantial rate increase filed by Avista
24 with a very aggressive cost to capital case and the full range
25 of pro forma and restating adjustments.

0015

1 And under normal circumstances, we might be able to
2 handle that in the time limit called for by the Company's
3 schedule; however, there are many, many additional items that
4 are incremental, and I would like to identify just a few of
5 them.

6 The first is attrition. The Company has filed for an
7 attrition adjustment, and Staff would be analyzing that and
8 preparing an analysis for the first time in its history.
9 Previously, that had been done by consultants -- actually, I
10 think Mr. Lot (phonetic) performed one once, but it's been many,
11 many years, and so that's new.

12 And the timing of that requires the rest of Staff's
13 case to be put together. Granted, you can work on attrition in
14 the meantime, but, ultimately, to prepare the final analysis,
15 you have to have a synchronization between the rest of Staff
16 case and the attrition. So that's an incremental need on
17 several fronts.

18 But in addition to that, the company didn't just file
19 an attrition study. It's also filed several rate base pro forma
20 adjustments, and an adjustment similar to the EELA from the last
21 case. It's called something else this time, and it is a little
22 different, but we have to look at those, too.

23 The Company could have filed an attrition-only case,
24 but they elected not to, so that has added to the burden
25 incrementally.

0016

1 The Company has also filed fundamental changes in the
2 Energy Recovery Mechanism, the ERM, so that's in addition to all
3 the power supply adjustments that are normally an addition to
4 the case. That's new.

5 The Company did not address the issue of smart grid
6 cost in its case. They're embedded in the numbers. Staff is
7 looking at those. We start from scratch.

8 The Company is apparently embarking on a \$200 million
9 pipe replacement program on the gas side over the next 20 years,
10 which will be a very substantial increase to rate base for gas
11 customers. We have to take a long, hard look at that. That's
12 new.

13 Major maintenance was an issue in the last
14 settlement, but that was just a settlement, and now we're taking
15 a hard look at that in light of recent orders in the Commission.

16 We're also looking at allocation issues, and I
17 haven't yet even mentioned the Commission's heightened interest
18 in executive compensation. I think that is an issue in most
19 cases, but certainly with Commissioners' heightened interest in
20 that issue, that's going to take more of our time.

21 So a hearing schedule based on last year's schedule
22 is not workable, a distribution date two days after Labor Day is
23 not workable, and we just simply need more time.

24 In theory, Staff could file its case tomorrow, but
25 you would be very dissatisfied with that, and it would be

0017

1 completely useless to you. But in theory anything is possible.

2 The issue is: Will the Commission provide the
3 parties a full and fair opportunity to investigate the Company's
4 filing and give you evidence that you can rely on to make a
5 well-informed decision.

6 And we submit that the Company's schedule fails that
7 standard, so we support and propose to you the Staff's schedule.
8 We do think September 19th is still -- for a distribution date
9 is still aggressive, but we can make it, and we'll commit to
10 make it, but the Company's is not.

11 And, frankly, if hearings are to take place in
12 November 6 through 8, and you have a month between that and
13 rebuttal and a month between rebuttal and Staff and Intervenor
14 and Public Counsel testimony, you get to September 5th, and
15 that's why it's not workable. And there's just not enough time
16 allowed by those hearing dates.

17 So we understand the Commission has expressed a
18 preference. And normally we do our best to satisfy those
19 preferences if we can. In this case, we cannot. Thank you.

20 JUDGE FRIEDLANDER: Mr. Meyer, did you have any
21 response?

22 MR. MEYER: I thought I'd wait until anyone weighed
23 in.

24 JUDGE FRIEDLANDER: Oh, okay. Certainly.

25 Does anyone else wish to address the scheduling

0018

1 issue?

2 MS. GAFKEN: Lisa Gafken, on behalf of Public
3 Counsel.

4 I'm not going to reiterate the items that Mr. Trotter
5 outlined. Public Counsel agrees with all of the points that
6 Mr. Trotter made with regard to the compressed schedule.

7 It's unworkable. It becomes prejudicial at that
8 point because parties simply aren't able to work up the cases in
9 a proper manner, and that simply doesn't do anybody any good.
10 The Commission doesn't have the benefit of a full record.
11 Parties aren't able to completely analyze the very complicated
12 case that Avista has filed.

13 So having said that, I'm going to keep these comments
14 brief, because I think Mr. Trotter did a nice job at outlining
15 exactly why this case is very complicated and why we do need
16 more time.

17 But not only is it unworkable, but it is quite
18 prejudicial to squish the schedule with the November dates. The
19 December dates that were initially identified work very well,
20 given the number of issues that need to be addressed, and then
21 also allowing for enough time for the Commission to come out
22 with its ruling by the required date.

23 JUDGE FRIEDLANDER: Okay. Thank you.

24 Ms. Davison?

25 MS. DAVISON: Thank you, Your Honor. This is Melinda

0019

1 Davison, on behalf ICNU.

2 I also support the arguments that have been made by
3 Staff and Public Counsel in terms of the complexity of the case
4 and the time that's needed to fully analyze the case.

5 In addition, we had relied upon the dates that were
6 in the prehearing conference notice of December 3rd and 4th and
7 had that cleared with our experts.

8 I did receive your e-mail yesterday, and I was able
9 to get the dates cleared with two of my three experts, but the
10 third one I was not able to reach and find out whether or not
11 there's a conflict. So, unfortunately, I have an unknown in
12 terms of one person's schedule.

13 In addition to that, as you probably know, we cover
14 both Washington and Oregon, and we do have a major rate case
15 going on in Oregon involving, and there is a fairly significant
16 conflict the first week of November of a preexisting date
17 that -- a commitment that we have in Oregon that would make it
18 very challenging with our limited resources to have a hearing
19 date on the first -- during the first week of November.

20 We --

21 JUDGE FRIEDLANDER: I'm sorry. I don't mean to
22 interrupt, but what is that conflict?

23 MS. DAVISON: We have a brief that's due right in the
24 middle of that week, and it's the opening brief for the Oregon
25 general rate case for PacifiCorp. It's a major case, you know,

0020

1 very much like this case in terms of the complexity and the
2 issues that are involved. And it's not clear that we'll have a
3 reply brief, so it's -- it's a major brief, so it's due right in
4 the middle of that week.

5 Then the other thing that I would add to that in
6 terms of the schedule, we -- just to be clear, we do not support
7 the Company's schedule. We did weigh in in support of Public
8 Counsel's schedule, which we do still support, but I was able
9 earlier in the week to check on the dates that Mr. Trotter
10 proposed, and we can live with those dates as well.

11 So while we have a slight preference for Public
12 Counsel, we are also fine with the schedule proposed by Staff.
13 Thank you.

14 JUDGE FRIEDLANDER: Sure.

15 Mr. Roseman?

16 MR. ROSEMAN: Thank you, Your Honor. This is Ronald
17 Roseman, representing The Energy Project.

18 While we certainly will not be addressing all the
19 issues in this case, there are some regarding low-income
20 customers in the EELA that we will be actively involved in, and
21 limited staff and limited experts in this area will make the
22 accelerated hearing process more difficult for us to provide the
23 information that we think would be helpful to the Commission in
24 making their decision.

25 Therefore, we support the schedule that will provide

0021

1 the greatest amount of time here due to these limited resources,
2 and I believe that is Public Counsel's. We certainly recognize
3 Mr. Trotter's comments and agree with them.

4 But adequate time to prepare seems an important
5 factor to all of us that have spoken so far on this issue.

6 Thank you.

7 JUDGE FRIEDLANDER: Thank you.

8 And Northwest Industrial Gas Users?

9 MR. BROOKS: Tommy Brooks from NWIGU.

10 When initially these dates were proposed, we also had
11 supported Public Counsel's proposed schedule. It -- we're
12 sharing a witness with ICNU as well and had sort of lined that
13 up and it synced nicely with another Oregon case that we have
14 for Northwest Natural that's going on in Oregon, so all of that
15 aligned together.

16 We don't obviously have the breadth of issues to
17 address, but that schedule fits us better, the Public Counsel
18 one does, but we could -- the Staff schedule is probably just as
19 well. But the Company's original proposed schedule, it just
20 seems a little too compressed.

21 JUDGE FRIEDLANDER: Okay. Thank you.

22 And, Mr. True, did you have anything to add?

23 MR. TRUE: No, Your Honor.

24 JUDGE FRIEDLANDER: Okay. Mr. Meyer?

25 MR. MEYER: Yes. Thank you, Your Honor, and I

0022

1 appreciate the comments of the parties.

2 As I indicated in my earlier -- in my earlier e-mail
3 to you, the schedule that Avista proposed was largely patterned
4 after what the Commission adopted last year. It provides a
5 seven-month interval between the date the case was filed and
6 when we actually go to hearing on this.

7 Now, I'm very appreciative of all the parties'
8 efforts in this case to get on with discovery. I encouraged
9 that when the case was first filed, and they have responded.
10 And I think we have pending or have answered approximately 200
11 data requests already, so I can assure you that discovery is
12 well underway.

13 And I sincerely mean it when I say thank you for
14 getting the discovery, of getting on with the case, and working
15 with us to get the information they all need. So we're off to a
16 good start in this case, unlike some prior cases. And I haven't
17 checked, but I'll bet we're even doing better discovery-wise
18 this time around than we were at this time a year ago with our
19 case.

20 The argument -- well, there's always going to be
21 conflicts with anyone's calendar, with any given set of dates.
22 And probably the most specific concern, in terms of conflict,
23 was that raised by ICNU. I understand that two of their three
24 witnesses may be cleared for some or all of this week, perhaps
25 one is or isn't. They don't know.

0023

1 And, certainly, as far as witness availability, we've
2 always been more than willing to accommodate through even use of
3 telephone cross-examination, if need be, if we can't squeeze
4 them into one of the hearing dates. So that seems to me to be
5 pretty manageable.

6 As far as having an opening brief that is due at that
7 time or in the middle of that week, I think all of us have other
8 matters pending as well. And I know that ICNU is ably
9 represented by at least three different lawyers in the firm, and
10 I would hope that they could find a way to work on this jointly.

11 And if we start moving dates because of conflicts,
12 we're always going to collide up against someone's schedule in
13 another docket in another state and with witness availability.
14 And I haven't heard really yet any show stoppers in terms of
15 conflicts, at least not my perception of that.

16 So the schedule I proposed is sensible. It provides
17 seven full months. The intervals throughout the schedule are
18 largely what was provided before. And, frankly, the intervals
19 themselves between various dates don't differ a lot among the
20 three proposed schedules, so it's just a question of the hearing
21 dates. And I think those early November dates are or should be
22 solid dates and its doable. Thank you.

23 JUDGE FRIEDLANDER: Mr. Trotter?

24 MR. TROTTER: Just two points. First of all,
25 Mr. Meyer is correct. You know, we have engaged in discovery.

0024

1 We have an agreement for formalities. At the same time, the
2 Company is already asking for additional time to respond outside
3 the 10-business day limit.

4 The Company's defense of their schedule is based
5 solely on what happened last year, and I think what happened
6 last year was a schedule appropriate for that case.

7 As my remarks indicated, this is a substantially
8 different case, so that's why we're asking for the additional
9 time. Thank you.

10 JUDGE FRIEDLANDER: Thank you.

11 Anyone else?

12 Ms. Gafken?

13 MS. GAFKEN: I want to make sure the little light is
14 on.

15 With regard to scheduling conflicts and those items,
16 I didn't address those in my initial comments.

17 Should we have a distribution date on September 5th,
18 that would pose quite a big problem for Public Counsel.
19 Mr. ffitch is scheduled to be out of the country from August 3rd
20 through the 20th. That's going to have a significant impact on
21 August. And, of course, we can certainly do as much as we can,
22 but really realistically, a lot of the work happens in August if
23 you have an early September filing date, and that poses a very
24 big problem.

25 A smaller problem, although still a problem. The

0025

1 week prior to the proposed early November hearing dates, I am
2 scheduled to go to state school in Florida. So that happens
3 October 29 through November 2nd, so I will be out of town the
4 week immediately prior to the hearing or the proposed hearing.

5 And then we do have a witness who has a number of
6 what I'm going to call "blackout dates" throughout the schedule,
7 and so the later dates better accommodate that witness's ability
8 to do his work.

9 So there are some real scheduling conflicts that do
10 pose a big problem over the earlier dates.

11 JUDGE FRIEDLANDER: Okay. So, I guess when I heard
12 you before, you were saying that the schedule as proposed by the
13 Company was prejudicial.

14 MS. GAFKEN: Correct.

15 JUDGE FRIEDLANDER: Now it sounds like, though, a lot
16 of that is related to your availability, Mr. ffitich's
17 availability, and your witness's availability, so that --

18 MS. GAFKEN: No. I think the bigger argument --
19 which is why I didn't go into a lot of the specifics of the
20 unavailability, but then that was addressed by the Company in
21 his comments.

22 JUDGE FRIEDLANDER: Right.

23 MS. GAFKEN: The bigger argument is that it's purely
24 prejudicial. The parties simply don't have enough time to fully
25 evaluate the case and fully work up a response case and that

0026

1 sort of thing.

2 So I think really the primary argument is prejudice,
3 but if we look at also the technical -- how would it happen if
4 we were under the compressed schedule, it becomes technically
5 difficult to do as well. We wouldn't be able to do the job that
6 we should be able to do, but then we also do have scheduling
7 issues as well.

8 JUDGE FRIEDLANDER: What is Public Counsel's position
9 on Staff's schedule?

10 MS. GAFKEN: Obviously, we prefer the schedule that
11 we proposed, but Staff's schedule would be workable. We could
12 work with Staff's schedule.

13 JUDGE FRIEDLANDER: Okay. Is there any other
14 response from any other parties?

15 Okay. What I'm going to do is hold this in abeyance,
16 and I will rule on the procedural schedule and come up with a
17 procedural schedule and let you all know in the prehearing
18 conference order.

19 I have limited authority over when the Commissioners
20 can appear in a hearing. My influence in that area is very
21 minimal, so we're going to be locked down to whatever dates we
22 can get.

23 But I recognize the concerns of both Public Counsel
24 and Staff, as well as ICNU and NWIGU, and I will attempt to make
25 the best decision I can with the dates that I've been given.

0027

1 With that, I believe, other than letting you know
2 that we will need an original and 18 copies for filings -- and
3 electronic filings will be allowed by three p.m. on the deadline
4 with the hard copies due by noon the next day in accordance with
5 our rules -- is there anything else?

6 Yes?

7 MS. GAFKEN: Public Counsel has two other items that
8 I wanted to bring up.

9 JUDGE FRIEDLANDER: Okay.

10 MS. GAFKEN: One is the public hearing for this case.

11 JUDGE FRIEDLANDER: Sure.

12 MS. GAFKEN: Public Counsel recommends that two
13 public hearings be conducted, and we would propose that they
14 take place in Spokane and Spokane Valley. I believe in prior
15 cases, the Spokane venue was done in the evening, so
16 six p.m.ish. No earlier than six p.m., just so people can get
17 to there after their workday ends. And then I believe the
18 Spokane Valley location has been successfully done midday, so I
19 would generally make those proposals.

20 Also in terms of timing, Public Counsel would propose
21 not August, but perhaps July might be a good time frame for that
22 to happen.

23 The other item is a request for instruction, and this
24 could either happen in the prehearing conference order, or
25 perhaps as a separate bench request to all parties. But we

0028

1 would like instructions to all parties regarding the correct
2 presentation of the revenue requirement adjustments. That would
3 be very helpful.

4 JUDGE FRIEDLANDER: And when you say "correct
5 presentation of the revenue requirement adjustments," I'm not
6 understanding what you mean exactly.

7 MS. GAFKEN: The form that the Commission would like
8 to see those adjustments come in or be presented.

9 JUDGE FRIEDLANDER: Okay.

10 MS. GAFKEN: My understanding is that's been an issue
11 in prior cases, and so in order to prevent some of those issues
12 from happening again, it would be nice to know ahead of time
13 what form would the Commission like to see those adjustments
14 instead of having to go back and redo them.

15 JUDGE FRIEDLANDER: Sure. Okay.

16 MR. TROTTER: Your Honor, there has been some
17 instruction from the past. I'm not sure in an order, or
18 anything, but the Commission has required that if a party makes
19 an adjustment, that they do it based off of the -- what is
20 sometimes called the "per books" column, and not adjust off a
21 company adjustment.

22 Is that the type of thing you're talking, Lisa
23 Gafken?

24 MS. GAFKEN: It may be. I'm talking a little blind.

25 MR. TROTTER: Okay. Well, I'm familiar with that,

0029

1 but beyond that, I'm a little puzzled as to what the request is.
2 But if the Bench or your accounting advisors understand, then
3 that's great.

4 JUDGE FRIEDLANDER: Well, and I guess maybe it might
5 help if Public Counsel made a formal request for this
6 information, because that way you can let me know if I'm
7 understanding your request correctly. My understanding is quite
8 in line with Mr. Trotter's, which is that we have in the past
9 asked for updates of numbers based on adjustments that are the
10 per books column, and it's more of a true-up kind of thing.

11 So if that's what Public Counsel is getting at, then
12 I might understand what you're talking about. Otherwise, I
13 think it probably would be best if you requested that formally.

14 MS. GAFKEN: Okay. We can certainly request that
15 formally. I believe that the understanding is correct, though.

16 JUDGE FRIEDLANDER: Okay.

17 MS. GAFKEN: But we can certainly make a formal
18 request.

19 JUDGE FRIEDLANDER: Okay.

20 MR. TROTTER: Or if Counsel has reference to another
21 order or document from the Commission --

22 MS. GAFKEN: I don't.

23 MR. TROTTER: -- and just want it to be reaffirmed, I
24 think that would certainly be appropriate.

25 JUDGE FRIEDLANDER: Right.

0030

1 MR. TROTTER: Okay. Thank you.

2 JUDGE FRIEDLANDER: Thank you. And I will definitely
3 take note of the public comment hearing request that Public
4 Counsel has made.

5 That leads me to actually something I had thought
6 about when I was looking at all of the proposed procedural
7 schedules, which is discovery response times.

8 Only Staff has provided a modification to the DR
9 response turnaround, and I'm just wondering if we want to go
10 with -- or if there's at least some agreement on the seven-day,
11 five-day typical response limitations that are usually done in
12 these cases.

13 Has that been discussed by the parties at all?

14 MR. MEYER: It has not.

15 JUDGE FRIEDLANDER: Okay. So does anyone have a
16 problem with whenever response case -- whenever the response
17 case is due, DR responses will then be limited to a seven-day
18 turnaround? And after that, when rebuttal case -- when the
19 rebuttal case is filed, it'll be a five-day turnaround?

20 MR. MEYER: We can live with that, assuming that --
21 and the parties have shown good faith in the past. If that
22 squeezes us on a few of them, that they'll work with us on
23 those, and vice versa.

24 JUDGE FRIEDLANDER: Right. Right.

25 MS. GAFKEN: Those discussions were built into the

0031

1 schedules that were sent around, at least on Public Counsel's
2 side, and I believe Staff's schedule also incorporated those
3 assumptions.

4 JUDGE FRIEDLANDER: Okay.

5 MR. TROTTER: Those are acceptable to Staff.

6 JUDGE FRIEDLANDER: Okay. Great.

7 Anyone have any major disagreements with that?

8 Okay. That was all that I have.

9 Does anyone else have anything they wish to discuss
10 at this time?

11 MR. MEYER: No, Your Honor. Thank you.

12 JUDGE FRIEDLANDER: Okay. Great.

13 MS. GAFKEN: I have one additional comment, or
14 perhaps a request.

15 We do have a status conference in the Avista
16 decoupling matter set for Friday.

17 JUDGE FRIEDLANDER: Yes.

18 MS. GAFKEN: And I understand that you intend to get
19 the prehearing conference order out quickly.

20 JUDGE FRIEDLANDER: Right.

21 MS. GAFKEN: I'm not sure exactly what "quickly"
22 means, but perhaps it might make most sense to wait until after
23 the status conference happens on Friday to determine how
24 complicated this case is going to be.

25 JUDGE FRIEDLANDER: Certainly. I think I understand,

0032

1 that, yeah, yeah.

2 Okay. Well, with that, why don't we adjourn. And I
3 will get out that prehearing conference order shortly, and thank
4 you.

5 Thank you. We're adjourned.

6 (Proceeding concluded at 2:40 p.m.)

7 -o0o-

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

I, SHELBY KAY K. FUKUSHIMA, a Certified Shorthand Reporter and Notary Public 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.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 17th day of May, 2012.

SHELBY KAY K. FUKUSHIMA, CCR

My commission expires:
June 29, 2013