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1 P R O C E E D I N G S

2 COMMISSIONER OSHIE: Good evening, everyone,
3 and welcome to the public testimony hearing for the
4 Northwest Natural Gas general rate case that was filed
5 here in 2008. My name is Patrick Oshie, and I'm a
6 Commissioner with the Utilities and Transportation
7 Commission, and I will be chairing the proceedings
8 tonight. Our Chairman, Mark Sidran, was unable to make
9 it, he sends his regrets, he's not feeling well, he has
10 a long trip that he needs to take tomorrow, so he
11 decided that it would be better for him to stay home.
12 He will read the transcripts from this hearing as they
13 are developed by our court reporter who's here tonight
14 as well.

15 And to my left is Commissioner Philip Jones,
16 who is also with the Utilities and Transportation
17 Commission, and to my right is the Director of our
18 Administrative Law Division and our Chief Judge, Ms. Ann
19 Rendahl. I'm going to turn the hearing over to
20 Ms. Rendahl here, and she is going to describe to those
21 of you who are here the process that we're going to be
22 undertaking this evening and to explain how best you
23 will be able to give your public testimony in the
24 general rate case.

25 So, Ann.

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1 JUDGE RENDAHL: Thank you, Commissioner
2 Oshie.

3 Good evening, I'm Judge Ann Rendahl, and
4 we're here this Thursday evening, November the 13th,
5 2008, for a public hearing in Docket UG-080546, which is
6 officially captioned Washington Utilities and
7 Transportation Commission versus Northwest Natural Gas
8 Company for a case involving Northwest Natural's request
9 for a general rate increase. The purpose of this
10 hearing is a part of our formal process where we
11 consider the Company's request for a rate increase.
12 It's a quasijudicial process that looks very much like a
13 hearing you would see in court, maybe not in this room,
14 but in the hearing room we have in Olympia where we take
15 written evidence into the record, and we give parties
16 the opportunity to cross-examine the witnesses when it's
17 appropriate.

18 The comments you will be making here tonight
19 are also considered testimony. They will be taken down
20 by the court reporter, and they will be given under
21 oath. They will be part of the formal record that the
22 Commissioners consider when they make a decision in this
23 case. So after some preliminary information, I will ask
24 those of you who do wish to make comments, I will ask
25 you to stand and take an oath collectively, and then you

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1 can come up and make comments.

2 The Commission's responsibility by law is to
3 determine that rates are reasonable for customers
4 considering the Company's need to recover its expenses
5 and also an opportunity to earn a profit at the level
6 the Commission would approve, and that's in lieu of
7 competition.

8 In this case, the parties after the Company
9 filed its request for a rate increase and filed written
10 testimony by various witnesses, the parties in the case
11 engaged in settlement negotiations and reached a
12 settlement of all the issues, and they now request that
13 the Commission approve the settlement. And just
14 briefly, I will give you a brief overview of the
15 settlement, and if you have additional questions, you
16 can ask the Company's representatives and Staff's
17 representatives that are here after the hearing.

18 In terms of dollars, parties agreed that the
19 Company should have a revenue increase of about \$2.7
20 Million, which is a reduction of what the Company
21 originally requested by \$1.6 Million, so how it would
22 affect the average residential rate payer would be a
23 3.5% increase in your bill, about \$3.20 a month. Also
24 in the settlement the Company agreed to convene two
25 working groups, one that would study new energy

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1 efficiency programs and another that would develop a low
2 income rate assistance program and also review the
3 Company's existing low income weatherization program.
4 So again, if you have more questions about the
5 settlement, please talk to the representatives that are
6 here in the room, and I will have them stand up and
7 introduce themselves in just a minute.

8 Yesterday we had a hearing in Olympia to take
9 evidence about the settlement the Company and the
10 parties entered into, and we're holding this hearing
11 tonight to hear from you. We will continue to accept
12 written comments from the public until next Wednesday,
13 November 19th, and will accept E-mail comments up to
14 5:00 p.m., but comments through traditional mail should
15 be postmarked by the 19th. All of the written comments
16 the Commission has received so far and the ones that we
17 will receive up to the 19th will be compiled in an
18 exhibit that will be accepted into the record and
19 considered.

20 So before we continue, I'm going to ask the
21 attorneys representing the parties to introduce
22 themselves, and that means they're going to state on the
23 record who they are and who they represent, and I'm
24 going to ask them to introduce any representatives who
25 are here with them tonight, so I'm going to start with

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1 the Company.

2 MS. BARNETT: Thank you, Judge Rendahl. Good
3 evening, Commissioners. Good evening, my name is Donna
4 Barnett, I represent Northwest Natural. Thank you for
5 coming out tonight, we look forward to hearing your
6 comments. Tonight we have Inara Scott with the Company,
7 Alex Miller, and Kevin McVay are here tonight, and we'll
8 be happy to answer any questions you have after the
9 break.

10 JUDGE RENDAHL: And for Commission Staff.

11 MR. TRAUTMAN: Good evening, I'm Greg
12 Trautman, Assistant Attorney General, and I represent
13 Commission Staff, which is a separate party from the
14 Commission itself in this rate case. We also have John
15 Cupp from Consumer Affairs, who can also assist you with
16 any questions you might have.

17 JUDGE RENDAHL: And for Public Counsel.

18 MS. SHIFLEY: Thank you, Judge Rendahl, my
19 name is Sarah Shifley, I'm an Assistant Attorney General
20 with the Public Counsel section of the Attorney
21 General's Office. We represent residential and small
22 business customers of Northwest Natural. And I also
23 have with me tonight Lea Daeschel, a regulatory analyst
24 for Public Counsel who can answer questions as well.

25 JUDGE RENDAHL: And in case you are

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1 wondering, while both Mr. Trautman and Ms. Shifley are
2 Assistant Attorneys General, they represent different
3 parties. Mr. Trautman represents the Staff, who as he
4 explained is an advocate, is representing the Staff as
5 an advocate before the Commissioners. And while we all
6 work for the Commission, we don't talk to each other
7 about this case. The Staff are separate from the
8 section where the Commissioners are.

9 There are three other parties in this case
10 who aren't here tonight, the Northwest Industrial Gas
11 Users, the Northwest Energy Coalition, and The Energy
12 Project are also involved as parties in the case and
13 worked on the settlement as well.

14 So the hearing tonight, now we're going to
15 hear from you, and while you may have questions for us,
16 this is really not a time for us to answer your
17 questions, but for you to let us know what you think.
18 If you do have questions, I encourage you to talk to
19 Staff and the Public Counsel and the Company, and also
20 John Cupp who also knows quite a lot about what we do.

21 So thanks for bearing with me through all
22 these introductory remarks, and now I'm going to ask
23 those of you who do wish to make comments -- Mr. Cupp,
24 do you have a list?

25 Thank you.

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1 And it looks like there are three folks who
2 do wish to make comments, could you stand, please, and
3 raise your right hand.

4 (Witnesses CHARLES WILLIAMS, CATHRYN CHUDY,
5 and TERRY PHILLIPS were sworn.)

6 JUDGE RENDAHL: Okay, thank you.

7 So when I call your name, if you would come
8 up to the podium, and we have a microphone up at the
9 podium as well, and I will ask you a few identifying
10 questions, and then you can go ahead with your comments.
11 So the first person who's indicated they wish to speak
12 is Charles Williams.

13 MR. WILLIAMS: Thank you for the opportunity
14 to speak, and I'm glad I picked up the material at the
15 table. Took an awful lot of steam out of me.

16 JUDGE RENDAHL: Well, I'm glad it was
17 helpful.

18 MR. WILLIAMS: Yes.

19

20 Whereupon,

21 CHARLES WILLIAMS,
22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

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1 communications about service, safety, and energy
2 efficiency, part of that I guess is, either part or all
3 of it, has been whittled away. It didn't make sense to
4 me, because when I get these brochures from the Company,
5 it's always suggesting how I can save fuel, and then
6 when I do it, they want to charge me more for following
7 their instructions, which really does not make sense.

8 The last comment is, although I'm very happy
9 with what I have read here since I have arrived tonight,
10 it alarms me that a public company would come up with
11 proposals like these so far off the mark in the first
12 place. If they had come out with what has been
13 negotiated with, maybe none of us would be here tonight
14 because these seem to be reasonable negotiations. If
15 that decoupling and WARM situation features had been
16 passed, you would have needed some extra money for
17 customer communications so that you could constantly
18 help the customer understand what in the world you're
19 doing. That kind of stuff is ridiculous when you're
20 dealing with customers who don't know the ins and outs
21 of what your company does. We don't need that, and I'm
22 glad it has been taken out of the way.

23 It alarms me that it was ever put in the way.
24 I have been in work where I had more income during
25 certain times of the year than others, and during that

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1 time of the year where I made more income, I made enough
2 so that I offset the lower income, and I'm sure this
3 company does the same thing. So I just hope in the
4 future I don't get a little brochure like this. I hope
5 that I get information like what has now been settled so
6 that I can gain confidence and I don't have to take my
7 time to come down here and wonder what's going on.

8 But I do appreciate all the work that's been
9 done. I have lived in Zaire, Africa and all over the
10 Far East, and I really do appreciate what your company
11 does. Having a company that you can depend on and have
12 regular service and people you can call up and talk to
13 in the same language and be treated politely is a very
14 valuable asset. So that's all I have to say.

15 JUDGE RENDAHL: Thank you very much.

16 The next person who chose to speak is Cathryn
17 Chudy, and if I've mispronounced your name, please let
18 me know.

19 MS. CHUDY: It's Chudy.

20 JUDGE RENDAHL: Chudy, okay.

21 MS. CHUDY: Thank you for the opportunity to
22 comment. Actually I'm astonished that there are only
23 three of us here to speak.

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1 Whereupon,

2 CATHRYN CHUDY,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5

6 E X A M I N A T I O N

7 BY JUDGE RENDAHL:

8 Q. Before you go farther, could you spell your
9 name for the court reporter, please.

10 A. C-H-U-D-Y.

11 Q. Okay, thank you.

12 And could you tell us your address?

13 A. 1506 East 29th Street, Vancouver, 98663.

14 Q. Okay. And are you a Northwest Natural Gas
15 customer?

16 A. Yes, I am.

17 Q. Okay, please go ahead, sorry to interrupt.

18 A. That's all right.

19 And I'm going to make a public comment, but I
20 also may submit some written comments.

21 Like the previous gentleman, appreciate the
22 material that's here. What I reacted to when I saw the
23 newspaper today was, and maybe it's a distortion or not
24 accurate, but this time to cover higher business costs
25 and increase in profits, and I was thinking, whoa,

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1 second time rate increase, trying to make sense of the
2 two different rate increases and what those mean. And
3 then I'm also looking at the fact that if business costs
4 and profit involve -- I got not one, but two of these
5 mailers in August that say exactly the same thing, and a
6 substantial part of it is talking about the Energy
7 Pipeline projects, says that those are -- somewhere in
8 here it said that those are private investors, but the
9 communication about it I would think would be some of
10 the business costs, and so I'm pretty skeptical about
11 the rationale for this.

12 The previous gentleman said that looking at
13 this is reassuring because you see that the settlement
14 drops the amount that we're going to have to pay, and so
15 maybe a lot of the people out in the community are
16 going, whoa, it's less, so I guess we can live with
17 that. And I think if -- one of the things I'm skeptical
18 about is that you aim high, and then you adjust it, and
19 people become used to that. Your average everyday
20 customer goes, oh, well, I'm only going to do 3.5%
21 instead of 6.2%, so I'm not going to object or I'm not
22 going to look further.

23 So, you know, I'm going to study this further
24 and submit some written comments, but I want to be on
25 the record in person to say I object to it. And I

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1 certainly don't want this kind of mailing, and if that's
2 part of the business costs, then I think we can do
3 better, I think Northwest Natural can do better for its
4 Southwest Washington customers. Thank you.

5 JUDGE RENDAHL: Okay, thank you, and I
6 encourage you to speak to the Company if you wish to get
7 more information.

8

9 Whereupon,

10 TERRY PHILLIPS,
11 having been first duly sworn, was called as a witness
12 herein and was examined and testified as follows:

13

14 E X A M I N A T I O N

15 BY JUDGE RENDAHL:

16 Q. All right, the next person who signed up to
17 speak is Terry Phillips.

18 A. Good evening, Terry Phillips, 208 Tucson Way,
19 Vancouver.

20 Q. And is that Phillips with two L's?

21 A. Two L's.

22 Q. Thank you. And you are a Northwest Natural
23 customer?

24 A. I sure am.

25 Q. Okay, please go ahead.

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1 A. I feel like I came a little late to the
2 party, and I'm not sure who to ask the questions to, and
3 this is probably not the forum to get into a little bit
4 more information that deals with why the increase is as
5 much as it is even after being negotiated. I think it's
6 a great company. I've been here for 60 some years, and
7 I've been a user of Northwest Gas for probably about 40
8 of those, so I too appreciate the dependable service and
9 the great customer service that we usually get through
10 them, and there's nothing like being able to turn on
11 your heater and get heat.

12 So with that said, thank you for being here,
13 and thank you for taking the time to listen to
14 residents. And I too am a little surprised there aren't
15 more people here, but I just picked this up
16 unfortunately in the newspaper, and while I invited a
17 couple of people, they had other things to do. But with
18 that said, coming late to the party almost seems like
19 it's been a fait accompli, it's been negotiated, it's
20 been approved, and you're taking the time to let people
21 speak their mind, but it really has no effect or
22 difference on the outcome, and I don't know how to get
23 involved a little sooner than that happens.

24 So from that standpoint, I'm not sure that
25 your rate increase is enough. You obviously submitted

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1 what you thought was a reality for you, and then you
2 went down from there. So I guess the question is,
3 should your increased rate have been twice as much? And
4 I understand trying to make a fair profit, I am a small
5 businessman, and I like to make a profit as well. I am
6 not a non-profit, I like to make a profit, and in these
7 days getting an over 10% return is frankly quite a
8 miracle. That is an incredible miracle as a matter of
9 fact, and I applaud you for having negotiated that. I
10 think it's the wise negotiator who starts high and ends
11 up where they really need to be or want to be, and I
12 understand that.

13 So with that said, I don't know what makes up
14 the cost for the increase, even if the increase is only
15 3.5% or whatever it is. I'm curious what goes on, and
16 again I realize this is not the forum to be able to sit
17 out and list the costs of the company. I don't know how
18 many Learjets you have or how many parties you have like
19 AIG, but certainly we as customers and as a nation are
20 cutting back and trying to watch every nickle right now
21 that is possible to watch and cut back, and this kind of
22 an increase just seems to me somewhat of a slap in the
23 face to the average consumer right now.

24 I realize for those people who are making
25 \$200,000 a year and have corporate benefits that this is

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1 a small increase for them and won't be felt at all, but
2 there are a lot of people out there particularly this
3 year and in this particular circumstances that I think
4 this is an unconscionable increase, and if anything I
5 would have expected a decrease, and I would have
6 expected the Commission and those who represent me, the
7 average consumer, to have had a sharper pencil and to
8 have asked for more information and justification for
9 this rate increase and as a public company be able to
10 take a look at where they can save some money. And I
11 don't see any of that, but again I'm late to the party,
12 so maybe this has already been had, and maybe there have
13 been some substantial cuts within Northwest Natural Gas.

14 We all deserve a nice place to go, we all
15 deserve to have benefits, we all deserve to have expense
16 accounts, and unfortunately some of us don't get those
17 perks. As a matter of fact, there are a lot of small
18 business people out there who don't have those perks.
19 There might be 5% of us who are in the upper income
20 echelon, at least according to Clark County, who make
21 more than \$150,000 a year. So in Clark County, 5% are
22 in that class, the rest, the median is under \$39,000 a
23 year, and this is a big impact for those people who have
24 already experienced a rate increase, and not just a rate
25 increase from the last one but the ones over the years

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1 that have been approved as well.

2 So I appreciate the fact that you've given me
3 the opportunity to speak. I would like to have more
4 information, and I don't know, Sarah, are you the person
5 who would be able to give me the rationale behind the
6 increase and why this small increase is acceptable when
7 the larger one really was the one they wanted?

8 Q. I think after this hearing is over, you're
9 welcome to talk with the folks here from the Company.

10 A. Okay.

11 Q. And Staff and Public Counsel are available to
12 answer your questions. They can explain the process and
13 how they reached the settlement that they did and the
14 numbers they did and give you some insight.

15 A. Sure.

16 Q. As to the date for this hearing, I can just
17 say that that was set very early on in the process
18 assuming that there wouldn't be a settlement and that we
19 would be going to hearing sometime in December or
20 January in this case after all the other parties had
21 filed testimony on their positions. But in this case,
22 the company and the parties reached a settlement early
23 on in the process, and so that's why the timing of this
24 hearing is, so just to explain that piece of it.

25 A. Yeah, thank you very much, I appreciate that.

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1 Q. Okay.

2 A. And I appreciate the fact that the
3 Commissioners are here and are willing to listen, but
4 from the average person on the street I can tell you
5 that this hurts. And we're coming into an economic time
6 where it will hurt all people who are in the medium
7 income, because this increase is more than a 3% increase
8 to them in terms of dollars, and it's been hard, and
9 we're looking at a rate increase unfortunately in the
10 electric, so the basic services being provided to us.
11 Some people can afford it, and there are a lot of people
12 who can't afford it, and again I object to this increase
13 with all due respect. Thank you for your time.

14 JUDGE RENDAHL: Thank you very much.

15 And is there anyone else who wishes to speak
16 tonight?

17 Well, with that, thank you very much those
18 few of you who did come down. We try to get out and
19 have a public hearing in the location where the
20 customers are when there are rate increases pending for
21 any company, and so we thank you for being here and
22 encourage you to stay and talk to the folks here who are
23 available.

24 This hearing is now adjourned, thank you.

25