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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 WASHINGTON UTILITIES AND )  
TRANSPORTATION COMMISSION, )

4 )  
Complainant, )

5 )

6 vs. ) DOCKET NO. UG-000073

7 ) Volume II

8 NORTHWEST NATURAL GAS COMPANY, ) Pages 36 - 47

9 )

10 Respondent. )

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13 A prehearing conference in the above matter  
14 was held on September 19, 2000, at 1:19 p.m., at 1300  
15 South Evergreen Park Drive Southwest, Olympia,  
16 Washington, before Administrative Law Judge KAREN M.  
17 CAILLE.

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20 The parties were present as follows:

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22 WASHINGTON UTILITIES AND TRANSPORTATION  
23 COMMISSION, by ROBERT D. CEDARBAUM, Assistant Attorney  
24 General, 1400 South Evergreen Park Drive Southwest,  
25 Post Office Box 40128, Olympia, Washington 98504.

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27 NORTHWEST NATURAL GAS COMPANY, by SUSAN K.  
28 ACKERMAN, Manager of Regulatory Affairs and Associate  
29 Counsel, 220 Northwest Second Avenue, Portland, Oregon  
30 97209.

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32 PUBLIC COUNSEL, by ROBERT W. CROMWELL, JR.,  
33 Assistant Attorney General, 900 Fourth Avenue, Suite  
34 2000, Seattle, Washington 98164.

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36 NORTHWEST INDUSTRIAL GAS USERS, by EDWARD A.  
37 FINKLEA, Attorney at Law, Energy Advocates, 526  
38 Northwest 18th Avenue, Portland, Oregon 97209-2220.

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1 SEH AMERICA, INC., by BRIAN H. WOLFE and  
2 ROBERT M. SCHAEFER, Attorneys at Law, Blair, Schaefer,  
3 Hutchison and Wolfe, 105 West Evergreen Boulevard, Post  
4 Office Box 1148, Vancouver, Washington 98666-1148.

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Kathryn T. Wilson, CCR

Court Reporter

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

2 JUDGE CAILLE: Good afternoon. We are here  
3 this afternoon for a prehearing conference in the  
4 proceeding captioned WUTC versus Northwest Natural Gas  
5 Company, Docket UG-000073. This is a general rate  
6 filing by Northwest Natural Gas Company requesting an  
7 annual increase in revenues.

8 Today is September the 19th, 2000, and we are  
9 convened in the hearing room at the Commission's  
10 offices in Olympia, Washington. My name is Karen  
11 Caille, and I'm the presiding administrative law judge  
12 in this proceeding. With me on the Bench, at least a  
13 minute ago, is Jennifer Watsek, who is helping me  
14 organize the materials for next week's hearing.

15 The hearings are scheduled to begin on  
16 Tuesday next week at 9:30. I would like everyone to be  
17 here at 9:00, and maybe we might make it a little bit  
18 earlier if we need to do argument on objections to the  
19 admission of testimony. But at this point, I would  
20 like everyone here at nine o'clock. The commissioners  
21 will come on the Bench at 9:30. There seems to be some  
22 question about whether we will have hearings on  
23 Wednesday afternoon, and I'm hoping that by looking at  
24 the schedule, we can figure out whether that is  
25 necessary. The Commission would like to have that

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1 afternoon back for an open meeting item, but I think  
2 maybe we have priority if we need it.

3 I'd like to start this afternoon by taking  
4 the appearances of the parties, and if we could begin  
5 with you, Ms. Ackerman.

6 MS. ACKERMAN: Susan Ackerman, attorney for  
7 Northwest Natural.

8 MR. CEDARBAUM: Robert Cedarbaum representing  
9 Commission staff.

10 MR. CROMWELL: Robert Cromwell on behalf of  
11 Public Counsel.

12 MR. FINKLEA: Edward Finklea on behalf of the  
13 Northwest Industrial Gas Users.

14 MR. SCHAEFER: Robert Schaefer on behalf of  
15 SEH America.

16 MR. WOLFE: Brian Wolfe on behalf of SEH  
17 America.

18 JUDGE CAILLE: Let the record reflect there  
19 are no other appearances. This prehearing conference  
20 was scheduled by letter on September the 8th, 2000. As  
21 set out in the notice, the purpose of the conference is  
22 to number for identification all exhibits and to attend  
23 to other procedural matters that might require  
24 attention.

25 According to the notice, topics for the

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1 conference will include the order of witnesses and of  
2 cross-examination, the existence of objections to  
3 evidence and argument on such motions, and actually, we  
4 have deferred both -- Commission staff has filed some  
5 objections to the rebuttal testimony of Mr. DeBolt, and  
6 I have been asked by counsel for Commission staff and  
7 counsel for Northwest Natural to hold off on hearing  
8 argument on those objections in the event that they are  
9 able to work out whatever those objections are. My  
10 understanding is the parties will be having some  
11 discussions after this prehearing conference, so I  
12 would ask you if you are not able to come to some  
13 agreement, let me know so that we can schedule a time  
14 for those.

15 MR. CEDARBAUM: If you would like, Your  
16 Honor, I could take on that responsibility and let you  
17 know. Whatever your preference, is but I was going to  
18 suggest next Monday morning as to whether or not we  
19 would need time before the hearings on Tuesday to argue  
20 those objections.

21 JUDGE CAILLE: That would be fine. Thank  
22 you, Mr. Cedarbaum.

23 MS. ACKERMAN: Ms. Caille, it occurred to me  
24 that we were going to be trying to be talking a little  
25 bit about a settlement later after this prehearing

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1 conference. My understanding is you were scheduled  
2 after three o'clock so you could not come back and take  
3 notice of our status, I guess.

4 JUDGE CAILLE: I'm sure the commissioners  
5 would love to know what your status is, and I am  
6 meeting with them, so perhaps if somebody could get a  
7 message to me. I believe we will either be in Room 216  
8 or in the chairwoman's office.

9 MR. CEDARBAUM: That's fine, but I think as I  
10 indicated before going on the record today that after  
11 the hearing is adjourned this afternoon, we are going  
12 to be meeting as a group for the first time to talk  
13 about this case in terms of a possible settlement. I'd  
14 like to be optimistic about that, but it's hard to  
15 envision this afternoon coming to a final agreement  
16 that we could tell you about, so I wouldn't be waiting  
17 for that kind of word today.

18 JUDGE CAILLE: We do have Monday open, and  
19 maybe I can be informed of whatever the status is of  
20 that as well on Monday.

21 MR. CEDARBAUM: Obviously, if we do reach a  
22 settlement, that will be embodied in that document that  
23 we file with the Commission, and the best of all worlds  
24 would be to have that done before the hearings commence  
25 next week so we can focus on presentation of that

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1 settlement as opposed to adversarial -- but again, we  
2 are putting the cart before the horse here.

3 JUDGE CAILLE: Before taking up any of these  
4 items, I would like to address a matter concerning a  
5 document I received from the record center on Friday.  
6 I had thought that this document was in response to the  
7 Commission's request for statement of position, which  
8 was due at noon on Friday. I have subsequently learned  
9 that that document was meant to be shared among the  
10 parties only, so what has happened is all the copies of  
11 the document that had been distributed have been  
12 returned to the records center and shredded. I did  
13 look at the document, but I feel I'm perfectly capable  
14 of ignoring what I saw, and I don't really remember  
15 that much of it at this point, but I want to assure you  
16 that the document will not be considered in any way.  
17 Does anyone wish to be heard on this matter?

18 MR. CEDARBAUM: I just wanted to clarify one  
19 thing. On September 15th, I submitted as a joint  
20 Staff/Company issues list a spreadsheet, which was  
21 responsive to the request that the Commission did make,  
22 so I just want to that make sure that you got that.

23 JUDGE CAILLE: I did get that, thank you. I  
24 will say that there was just an error made by someone  
25 who thought that it should be distributed, and

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1 unfortunately, it was, but I believe we have rectified  
2 any prejudice.

3 I've already passed out a list of the  
4 witnesses, and I've gotten estimates of  
5 cross-examination time. We are going to be looking at  
6 this and trying to figure out how much time we are  
7 going to need. I think what I'm going to do is start  
8 marking exhibits because I'm anxious about getting that  
9 started, and I'll be able to take a look at this  
10 hopefully during a break and figure out how much time  
11 we are going to need. Do the gentlemen from SEH have  
12 any cross exhibits?

13 MR. WOLFE: No.

14 JUDGE CAILLE: So you will just be doing  
15 cross-examination?

16 MR. WOLFE: Yes.

17 JUDGE CAILLE: The only cross-examination  
18 exhibits I have received are from Commission staff, and  
19 am I correct that no one else has cross exhibits at  
20 this point? Go ahead, Mr. Cromwell.

21 MR. CROMWELL: That is entirely correct, Your  
22 Honor.

23 JUDGE CAILLE: I suggest we go off the record  
24 and mark the exhibits, and then I will go back on the  
25 record and identify them.



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1 (Discussion off the record.)

2 JUDGE CAILLE: We have finished marking  
3 exhibits, and the following exhibits have been  
4 identified. For Mr. Charles A. Beyer, Exhibit T-1 is  
5 CAB-T1, his direct testimony. Exhibit 2 is Mr. Beyer's  
6 CAB-2: CIS exhibits. For Mr. Stephen Feltz, Exhibit  
7 T-11 is his direct testimony, SPF-T1, and Exhibit 12 is  
8 his SPF-2: CIS accounting exhibits.

9 For Mr. Bruce DeBolt, his direct testimony  
10 BRD-T1 is Exhibit T-21. BRD-2 is Exhibit 22, BRD-T3 is  
11 Exhibit T-23, BRD-4 is Exhibit 24, and BRD-T5 is  
12 Exhibit T-25. The exhibits for identification for  
13 Mr. Charles Stinson are direct testimony, CES-T1 is  
14 Exhibit T-31. CES-2 is Exhibit 32. The exhibits for  
15 identification for Randolph S. Friedman are Exhibit  
16 T-41 is his direct testimony, RSF-T1, and Exhibit 42 is  
17 his RSF-2.

18 The exhibits for identification for Dr. John  
19 A. Hansen are Exhibit T-51 is his JAH-T1, direct  
20 testimony. Exhibit 52 is his JAH-2. Exhibit T-53 is  
21 his JAH-T3. Exhibit 54 is his JAH-4, and Exhibit 55 is  
22 a Staff cross exhibit, Response to WUTC Staff Data  
23 Request No. 130.

24 The exhibits for identification for Kevin S.  
25 McVay are Exhibit T-61 is his KSM-T1, direct testimony.

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1 Exhibit 62 is his KSM-2. Exhibit T-63, his KSM-T3.  
2 Exhibit 64, his KSM-4. Exhibit T-65 is his KSM-T5,  
3 rebuttal testimony. Exhibit 66 is his KSM-6. Exhibit  
4 67 is a Staff cross exhibit, the April 26, 2000,  
5 Bulletin to Shareholders. Exhibit 68 is a Staff cross  
6 exhibit. It's response to WUTC Data Request No. 133.  
7 Exhibit No. 69 is a Staff cross exhibit, which is a  
8 Response to WUTC Data Request No. 135.

9         The exhibits identified for Dr. Francis  
10 Ferguson are T-81, which is his FPF-T1, direct  
11 testimony. Exhibit 82 is his FPF-2. Exhibit T-83 is  
12 his FPF-T3. Exhibit 84 is his FPF-4. Exhibit 85 is  
13 his supplemental testimony for June the 14th. Exhibit  
14 86 is his supplemental exhibits of June 14th. Exhibit  
15 T-87 is marked as FPF-T5, and Exhibit 88 is his FPF-6.  
16 Exhibit 89, which is a Staff cross-examination exhibit,  
17 E-mail with attachment dated August 3, 2000; and  
18 Exhibit 90, Staff cross exhibit summary pages from cost  
19 of service study.

20         The exhibits to be identified for Dr. Thomas  
21 M. Zepp are Exhibit T-101, which is his TMZ-T1, direct  
22 testimony, and Exhibit 102, which is his TMZ-2. The  
23 exhibits to be identified for Mr. Merton R. Lott are  
24 Exhibit T-111, his MRL-T1, direct testimony; Exhibit  
25 112, his MRL-2; Exhibit 113, his MRL-3; Exhibit 114;

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1 his MRL-4, and Exhibit 115, his MRL-5. The exhibits  
2 for identification for Ken Hua, T-121 is his KH-T1,  
3 direct testimony. 122 is his KH-2. 123 is his KH-3.  
4 124 is his KH-4. 125 is KH-5. 126, his KH-6. 127 is  
5 his KH-7. 128, his KH-8.

6 For Dr. Yohannes K.G. Mariam for  
7 identification his Exhibit T-141 is YKGM-T1. 142 is  
8 YKGM-2. T-143 is his YKGM-T3. 144 is his YKGM-4, and  
9 T-145 is his YKGM-T5. The exhibits for identification  
10 for James M. Russell are T-151, and that is his JMR-T1.  
11 152 is JMR-2. 153 is JMR-3. T-154 is JMR-T4. 155 is  
12 JMR-5, and T-156 is JMR-T6.

13 The exhibits for identification for Donald W.  
14 Schoenbeck are T-171 is his DWS-T1. 172 is his DWS-2.  
15 T-173 is his DWS-T3. 174 is his DWS-4. T-175 is his  
16 DWS-T5. 176 is his DWS-6. The exhibits for  
17 identification for Jim Lazar are T-191 is his JL-T1.  
18 192 is his JL-2. 193 is his JL-3. 194 is his JL-4.  
19 T-195, his JL-T5. 196, his JL-6, and T-197, his JLT-7.  
20 That concludes the exhibits for identification.

21 Let me just summarize for the record that  
22 we've had an off-record discussion about times for  
23 cross-examination, and it appears that there are about  
24 14 hours of cross-examination, and I think it would be  
25 prudent to just go ahead and schedule the full time,

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1 the three full days and Wednesday afternoon, and  
2 generally, we begin those afternoons at 1:30. Perhaps  
3 what I should do is, I'm going to be meeting with the  
4 commissioners after this, and I can hopefully solidify  
5 the times for starting, and I can send out a notice on  
6 those times.

7 Is there anything else from the parties?

8 Ms. Ackerman, I need to probably look at those  
9 supplemental exhibits. I'll check and see if the  
10 records center has them.

11 MS. ACKERMAN: We can send duplicate copies.

12 JUDGE CAILLE: Would you do that, please?  
13 Anything further from the parties? Thank you. Then  
14 this meeting is adjourned, and thank you for coming.

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16 (Prehearing conference adjourned at 2:30 p.m.)

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