

1 BEFORE THE
 2 WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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 PUBLIC COMMENT HEARING
 VOLUME III
 Pages 72-98

 Taken at 1805 Continental Place
 Mount Vernon, Washington

DATE TAKEN: JUNE 14, 2016

REPORTED BY: KIM DORE-HACKBARTH, RPR, CCR 2072

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A P P E A R A N C E S

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PUBLIC COMMENT HEARING, VOLUME III

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1 MOUNT VERNON, WASHINGTON; JUNE 14, 2016

2 6:00 P.M.

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4
5 MS. RENDAHL: Good evening. I am Ann
6 Rendahl. I am a commissioner with the Washington
7 Utilities and Transportation Commission and today is
8 June 14, 2016, and this is Docket UG 15-2286, the case
9 before the Washington Utilities and Transportation
10 Commission.

11 This is a public comment hearing for the
12 general rate case filed by Cascade Natural Gas on
13 December 1st, 2015. All parties to the case have agreed
14 to and filed the settlement agreement in this case in
15 May and this morning we had a hearing on that
16 settlement. We now have this hearing, public hearing,
17 to hear from rate payors and others in this matter. And
18 there's another hearing in Kennewick at the end of the
19 week on Friday.

20 The Commission is comprised of three
21 commissioners: Myself, and Chairman Dave Danner, and
22 Commissioner Philip Jones. They can't be here tonight,
23 but you get me, so -- the Commission is the agency of
24 the state that regulates the rates and services of
25 investor-owned utilities in Washington, and because of

1 the natural gas services that Cascade provides are
2 essential services, and because they are not subject to
3 the same kind of competition as other services that you
4 might receive, the Commission regulates them to make
5 sure that the rates they charge to their customers are
6 fair, just, reasonable and sufficient. And what that
7 means is that the rates should be no higher than
8 necessary for the company to be able to provide services
9 that are offered in a safe and reliable way, and that
10 the rates are sufficient for the company to meet its
11 expenses and obligations, and for the investors to earn
12 a reasonable return on their investment.

13 So there's a handout prepared by the Office
14 of the Attorney General, the Office of Public Counsel,
15 that's in the back of the room that is available near
16 where you signed in. That handout has a synopsis of
17 what the company requested in its rate case and the key
18 points addressing the settlement that all the parties in
19 the case have negotiated. I won't repeat those details
20 here.

21 There is a representative, Mr. ffitch, of
22 the Offices of Public Counsel here, if you have
23 questions about the case and settlement you wish to ask
24 him.

25 There's also a representative of the

1 company, Mr. Parvinen, and others in the back if you
2 want to discuss matters with the company.

3 There's also counsel for the Commission
4 staff that serves as party in the case, Mr. O'Connell
5 right here, and our public involvement staff, Andrew
6 Roberts, over here.

7 So the Office of Public Counsel represents
8 the interests of consumers in our proceedings, and also
9 our regulatory staff represented by Mr. O'Connell
10 operates as an independent party. In cases like this
11 they review the company's case, and just like public
12 counsel, they participate in the case as a party and
13 advocate on many of the issues in the case.

14 Other parties to this case include the
15 Northwest Industrial Gas Users, who represent the
16 industrial customers of Cascade Natural Gas, as well as
17 The Energy Project that represents low income customers.

18 The commissioners sit as judges in these
19 proceedings, so we can't discuss the merits of the case
20 with the parties, except in a hearing, in a formal
21 hearing, like the one we are having this morning, or
22 through briefs or other filings.

23 So the information about Cascade's original
24 rate case request and the terms of the settlement are
25 summarized in public counsel's handout. You can find

1 all of the details about the case and the filings and
2 the settlement on the Commission's web site in this
3 docket number, and I believe the docket number, if it's
4 not in the public counsel's handout, it is 15-2286, so
5 you can go on the Commission's web site and find that
6 information.

7 We have a short video that we have that
8 describes the rate case process at the Commission and so
9 we are going to show that video. The purpose of this
10 hearing is to hear directly from customers affected by
11 this rate request. There are several people who wish to
12 speak, so as soon as we watch the video, I will ask you
13 to come forward and I will administer an oath and have
14 you state your name and if you represent a company or
15 organization and then you will make your statement. We
16 have a court reporter here taking down your comments.
17 Any comments you make today, as well as any written
18 comments you may wish to submit to the Commission, will
19 be included in the record of the proceeding as part of
20 the evidence in the case that the Commission will
21 receive. Those written statements can be sent in
22 through next Friday the 24th, and there's details on
23 this handout from public counsel about how to submit any
24 written comments in the proceeding.

25 So Mr. Roberts, why don't we start the

1 video, and I will move out of the way here so you can
2 see it.

3 (Video plays from 6:12 p.m. to 6:24 p.m.)

4 MS. RENDAHL: Okay, I hope that was helpful.
5 We spent some time trying to make sure that the
6 information was most useful.

7 So now is time for those of you that are
8 interested in submitting comments on the case, and I
9 will take you in order. So when I call your name, if
10 you can step up to the microphone and state your name,
11 spell it, and first I will administer an oath.

12 So Mr. Dwyer Dale, please come up.

13 MR. DALE: That's me. I'm Dwyer Dale. I'm
14 from Burlington, Washington. I'm a gas user.

15 MS. RENDAHL: And how do you spell your last
16 name for the court reporter.

17 MR. DALE: D-A-L-E.

18 MS. RENDAHL: Great. Thank you.

19 So please go ahead and make your statement.

20 MR. DALE: My statement is I had some
21 questions I would like to ask people and clarify
22 something.

23 MS. RENDAHL: Oh, I'm sorry.

24 (Commissioner swears in witness.)
25

1 DWYER DALE, witness herein, having been
2 first duly sworn on oath,
3 was examined and testified
4 as follows:

5 MR. DALE: So if I have questions first
6 before I start --

7 MS. RENDAHL: So I am not really in a
8 position to answer questions, but the gentleman who --

9 MR. DALE: Can I ask questions of somebody
10 from Cascade Natural Gas?

11 MS. RENDAHL: You can, and they are
12 available after the hearing, they can answer your
13 questions.

14 MR. DALE: So this is part of what I want to
15 talk about.

16 MS. RENDAHL: Why don't you ask the
17 questions and then they can come up to you later.

18 MR. DALE: My first question, is Cascade
19 Natural Gas a public or private corporation?

20 MS. RENDAHL: I am going to maybe ask
21 Mr. Parvinen.

22 MR. PARVINEN: Do you just want a quick
23 answer?

24 MS. RENDAHL: Yeah.

25 MR. PARVINEN: It's part of a public

1 corporation.

2 MS. RENDAHL: Part of --

3 MR. PARVINEN: So a subsidiary of a
4 public --

5 MS. RENDAHL: Subsidiary of MDU.

6 MR. DALE: I know who they are.

7 So my question is, can the public, can I buy
8 stock in Cascade Natural Gas?

9 MR. PARVINEN: No.

10 MR. DALE: So when I got my brochure I --
11 you know, I looked at this and I said, Okay, I want to
12 look at their financial statement, but, of course, I
13 cannot find it, but I find out you are part of a major
14 corporation out of the Dakotas. You are called Montana
15 Dakota Utilities. And so I took at look at them and saw
16 what you proposed here on your pamphlet you sent out and
17 I said, Oh, my God, this is all interesting. That's why
18 I am here tonight, but apparently there's been some
19 change since then and so the 4.1% increase is going to
20 be changed, correct? I don't know.

21 MS. RENDAHL: There is a settlement that has
22 been filed and the terms of the settlement are described
23 in the document by public counsel and are also online,
24 filed online with the Commission, and you can look at
25 those terms. And you can talk to Mr. ffitch after the

1 hearing and get more -- and the company -- and get more
2 details on the settlement.

3 And that settlement, we had a hearing on
4 that settlement this morning, and once the public
5 comment hearings are over and we receive all the written
6 comments, the commissioners will deliberate on whether
7 to approve the settlement -- as the gentleman on the
8 video said, "approve, reject or modify the settlement,"
9 and that's the decision --

10 MR. DALE: I had no knowledge of that before
11 I came tonight.

12 So anyway, so when I looked at this proposal
13 I went in and looked at the MDU financial section, and
14 apparently they have had some real financial problems.
15 And I don't know if Cascade Natural Gas is going to --
16 you know, the funds that they are requesting are going
17 to help them out, but MDU is basically putting a
18 \$50 million pipeline in and they got to finance that,
19 plus they put in a -- what do you call it? What do you
20 call Tesaro -- a refinery also back there, which is not
21 doing too well either, so if you look at their financial
22 statement, not that great. They are holding up -- I
23 looked at that and I said, How does that affect Cascade
24 Natural Gas in relationship to the increases they
25 wanted, but, of course, I don't know that.

1 Then I went and took a look at what they
2 talked about in their brochure about a 10% return to
3 shareholders' equity, and I am in the stockmarket and I
4 don't find anybody in the utilities area paying any 10%,
5 and MDU right now is paying 3.75% on the dividend, and I
6 don't know what Cascade Natural Gas is doing, and how
7 they pay -- how the funds go back to MDU. It's probably
8 the majority holder of the Cascade, right?

9 MS. RENDAHL: I will suggest that you talk
10 to the --

11 MR. DALE: This is my assumption, though.

12 MS. RENDAHL: Okay.

13 MR. DALE: So apparently -- I don't know how
14 that money changes hands based on these things, and I
15 would wish the Commission would look into that and be
16 able to explain how Cascade Natural Gas represents MDU
17 and how funds are transferred and what kind of money is
18 required there.

19 And then I look at -- I am just going to
20 throw this out -- the CEO of that company only pays
21 himself \$1,700,000 a year. I would sure like to make
22 that piece of money myself, okay?

23 So going along from there, 10%, I go, Wow,
24 this is strange. I don't understand the decoupling at
25 all and I would like an explanation on that. I can read

1 something in a minute.

2 And basically then this new change that's
3 coming about, I don't have much more to say. I like
4 Cascade Natural Gas, actually, and I like the service
5 they gave me, but I just -- after -- next year, you
6 know, the prospective, please put in something that I
7 can look at your financial statement, you know.

8 Thank you.

9 MS. RENDAHL: Thank you very much.
10 Appreciate it.

11 Okay, the next person who has requested to
12 speak is Tom Dodgson. If you could come up.

13
14 TOM DODGSON, witness herein, having been
15 first duly sworn on oath,
16 was examined and testified
17 as follows:

18
19 MS. RENDAHL: Could you state your name and
20 spell your name for the court reporter.

21 MR. DODGSON: Thomas Dodgson, D-O-D-G-S-O-N.

22 MS. RENDAHL: Okay, please go ahead and make
23 your statement.

24 MR. DODGSON: Well, I pretty much had the
25 same questions that you had. In the little pamphlet

1 thing here it said that you need \$10 million for
2 something, and I -- it didn't say in here how many
3 customers you have, so it was like \$10 million divided
4 by how many people would be how much.

5 And then down here it says -- that's that
6 10% shareholder equity -- boy, if I could get 10%, you
7 know, that's unheard of. And I wondered why we can't
8 buy stock in it. Who has the blue chip stock in that,
9 so that we can't buy it? No wonder they want so much,
10 maybe, huh?

11 And then further down here, it says up here.
12 It says "4.17%," and then down here it says, oh, but for
13 residential customers it's 8.93, and "8.93" is code for
14 10%, at least in the car business it used to be.

15 Looking at this (indicating), which you
16 said, the proposed deal, is going to be 1.6% overall, or
17 rate return for Cascade -- settlement includes overall
18 rate return for Cascade at 7.35%, so the bill increase
19 to an average residential customer of 1.39% --

20 MS. RENDAHL: If you are reading you need to
21 slow down so the court reporter can take it.

22 MR. DODGSON: So some of this, it doesn't
23 make any sense to me. They ask for \$10 million.
24 Apparently the deal is for -- that UTC wants \$4 million,
25 1.6% overall. It doesn't say what the residential

1 customers are going to be paying -- yeah -- no, it
2 does -- 2.55%, down here. Now, natural gas is coming
3 down quite a bit over the past year or so. I mean, the
4 Saudis are trying to drive a lot of our American
5 companies out of business, is what that's all about.
6 But we are holding in there because of the fracking that
7 was found in North Dakota. A friend of mine owns some
8 farms over there and they are not doing as well as they
9 were doing previously because of this oil war thing
10 that's going on, and the regulations are provided by our
11 government, but still it just seemed a little wrong,
12 10%, and now I find out I can't buy stock in it, so I am
13 wondering where the stock -- it's like Sound Transit,
14 Sound Transit is a quasi-government private corporation
15 and you can't seem to find out who owns or how to buy
16 stock in it either, and they just keep wanting more and
17 more money as well. So I'm just here to find out what's
18 going on.

19 I would like to make a suggestion, that I
20 have had good service with Cascade Natural Gas. As far
21 as connecting and disconnecting and gas and starting and
22 ending services with my properties, and -- but it would
23 be nice if they were able to provide a service where
24 they actually work on the equipment, because Washington
25 Natural Gas I believe in Seattle does this. You can

1 call them up if you are having a problem with your
2 furnace and they will send somebody down to check out
3 the furnace, and Cascade Natural Gas doesn't do that, so
4 I would appreciate that, you know, if that was -- if
5 that could be made part of their repertoire for
6 servicing customers. But otherwise everything is fine,
7 I suppose. Thank you very much.

8 MS. RENDAHL: Okay. I appreciate your
9 comments, appreciate it.

10 Greg Winter with the Opportunity Council.

11 MR. WINTER: Thank you.

12

13 GREG WINTER, witness herein, having been
14 first duly sworn on oath,
15 was examined and testified
16 as follows:

17

18 MS. RENDAHL: Go ahead.

19 MR. WINTER: Thank you. My name is Greg
20 Winter. I'm the executive director of the Opportunity
21 Council, the community action agency that services
22 Whatcom, Island and San Juan Counties.

23 MS. RENDAHL: If you are reading, if you can
24 slow down.

25 MR. WINTER: The Opportunity Council, so we

1 are the lead agency that hosts The Energy Project on
2 behalf of Washington State Community Action Partnership,
3 and that's the network of community action agencies that
4 help deliver energy assistance and low income household
5 weatherization programs throughout the state in
6 Cascade's territory, so I really appreciate this
7 opportunity to provide comments on the rate case.

8 For the past ten years we have been
9 operating the Washington Energy Assistance Fund,
10 otherwise known as "WEAF," in Cascade's territory, and
11 our staff, in cooperation with The Energy Project, has
12 been working diligently over the past nine months to
13 ensure that a number of important changes are
14 incorporated into this rate case that pertain to both
15 energy assistance programs and weatherization programs.

16 This is the first time since the initiation
17 of these programs that any substantial changes have been
18 made to their structure, and we are confident these
19 changes will provide more meaningful benefits to more
20 eligible Cascade customers.

21 The last full year of the WEAF program, the
22 Opportunity Council served 735 households with a total
23 benefit amount of a little over \$233,000, which is an
24 average benefit per household of \$318 of assistance. So
25 far in this current year we have served 490 households

1 in Whatcom and Island Counties.

2 This is an important program, and it's one
3 that ensures that those that utilize Cascade service
4 stay connected to critical utility services.

5 I want to highlight the issues that are
6 important to us in this rate case. With the
7 implementation of these changes we will be able to
8 provide more effective services to people in need. So
9 first under the energy -- Low Income Energy Assistance
10 Program we support the adoption of the following goals
11 that Cascade will adopt to guide decisions in all
12 aspects of the program design. First, keep customers
13 connected to energy service; second, provide assistance
14 to more customers than are currently served; third,
15 lower the energy burden program participants; and
16 fourth, collect data that's necessary to assess program
17 effectiveness and inform ongoing policy discussions.

18 I would like to highlight some key
19 components we feel are needed additions for a successful
20 program moving forward.

21 One, establishment of a low income energy
22 assistance advisory group. Under this recommendation
23 Cascade would establish an advisory group involving key
24 stakeholders, and Cascade would consult the low energy
25 advisory group on the evaluation of performance,

1 addressing ongoing concerns, determining program budget
2 and exploring alternative program designs.

3 Next a needs assessment. The purpose of a
4 needs assessment study is to identify the number of
5 households in poverty in Cascade service areas in
6 Washington. The company and community action
7 partnership agencies can use the results of that study
8 to better direct resources with the greatest need.

9 Next, program evaluation. Cascade will
10 conduct a program evaluation if customer participation
11 remains low. Evaluation will at a minimum identify the
12 key areas for improvement and align the program design
13 with program goals.

14 Next, annual reporting. Cascade would file
15 an annual report on its low income program and make that
16 report available to stakeholders by January 15th of each
17 year. The report would include the actual program
18 costs, including support provided to customers,
19 reimbursement for the community action agency program
20 delivery cost, and Cascade's administration costs for
21 the WEAFF program.

22 Next, the maximum grant amount per
23 household. Currently the WEAFF maximum annual grant
24 award cap is \$500 per household. The previously
25 mentioned low income advisory group would evaluate the

1 per household cap going forward.

2 Next, removing the monthly spending cap for
3 community action agencies and allow access to the full
4 annual allocation. Under this recommendation Cascade
5 would remove the monthly spending cap for each community
6 action agency and no individual agency would be denied
7 payment of qualified grants, unless the combined total
8 annual disbursement for all caps reaches the annual
9 program cap.

10 I am on my last page, just so you know, of
11 three, so two thirds of the way through.

12 Next, reimbursement of community action
13 agency's program delivery costs. The reimbursement of
14 the agency's program delivery cost will change from 20%
15 of the disbursed WEAFF amount of \$75 per household
16 processed by the community action agency.

17 Next, customer outreach and education. The
18 company will consult with the low income advisory group
19 mentioned earlier to develop and implement a plan to
20 strengthen outreach to potentially qualified customers.

21 Next, program design stakeholders should
22 explore a rate discount program or a percentage of
23 household income program to complement the current WEAFF
24 grant program. The company may require certification of
25 a person's income for two years instead of only one

1 year.

2 And then the last recommendation under the
3 low income energy assistance comment is a five-year plan
4 for funding. Under this recommendation the funding
5 level for the WEAFF program would increase by 5.1%, which
6 is twice the percentage of the proposed bill increase
7 for an average residential customer in this rate case
8 and that would happen each year for the next five years.

9 And finally one comment about the low income
10 weatherization assistance program. Under this
11 recommendation, Cascade would in concert with the --
12 with the advisory group mentioned before, and
13 representatives from community action agencies,
14 investigate the barriers to low income weatherization
15 within Cascade's Washington territory and develop a
16 proposal for overcoming those barriers.

17 The company and stakeholders may consider
18 approaches that Cascade has employed in other states,
19 such as the low income weatherization pilot tariff
20 that's currently operating in the State of Oregon.

21 Thank you.

22 MS. RENDAHL: I just have a couple
23 questions.

24 So what -- these recommendations are what's
25 included in the settlement, is my understanding, that we

1 heard this morning.

2 MR. WINTER: That's right, and I just wanted
3 to, on behalf of our community action agency, make sure
4 that you know that we, along with other community action
5 agencies around the state, fully support those
6 provisions.

7 MS. RENDAHL: Okay.

8 And the annual report that you mentioned
9 that would go to the stakeholders, that is also to be
10 filed with the Commission; is that correct?

11 MR. WINTER: Correct.

12 MS. RENDAHL: And so when it's filed with
13 the Commission, then that would be available to the
14 public.

15 MR. WINTER: Correct.

16 MS. RENDAHL: Thank you very much for your
17 comments.

18 MR. WINTER: Thank you.

19 MS. RENDAHL: The next person is Misty
20 Fayette.

21
22 MISTY FAYETTE, witness herein, having been
23 first duly sworn on oath,
24 was examined and testified
25 as follows:

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MS. RENDAHL: Please state your name and spell it for the court reporter.

MS. FAYETTE: My name is Misty Fayette, F-A-Y-E-T-T-E.

MS. RENDAHL: And you are with?

MS. FAYETTE: Community Action of Skagit County.

MS. RENDAHL: Please, go ahead.

MS. FAYETTE: I am the energy program specialist. I work one on one with our clients who have Cascade Natural Gas. I am in agreeance with Greg and everything that he has proposed here.

I just wanted to give you a little bit of numbers from Skagit County. Last year we served 379 households with the WEAF program. That came to a benefit amount -- total benefit amount of \$150,072 with the average benefit for each customer being around \$396. So far this year we have served 280 households in Skagit County, and we are going to continue serving households this year up until September 30th, which is the cutoff for that program.

I think our clients that we see, since they are very low income, are impacted by the rate increase, and they -- these things that have been proposed by Greg

1 will benefit them by allowing us to serve them with more
2 money, get the word out more. That's one of our
3 downfalls is trying to get the -- trying to get the word
4 out to our clients that we are here with this money
5 available to them.

6 MS. RENDAHL: Okay, thank you very much.

7 MS. FAYETTE: You are welcome.

8 MS. RENDAHL: And those are all the folks
9 that have signed up to comment.

10 Is there anyone else who wishes to make a
11 comment before we close the hearing today?

12 MR. DODGSON: I have a question.

13 MS. RENDAHL: Okay, well, questions, since I
14 am going to be making a decision in this case with my
15 colleagues, the other two commissioners, if you have
16 questions about the details of the case itself at the
17 end of this hearing you can talk to Mr. ffitich with
18 Public Counsel, with Mr. Parvinen from the company and
19 Mr. O'Connell from commission staff.

20 If you have questions about the details of
21 the settlement or how things work, it's probably best
22 for them to answer your questions than for me to answer
23 them.

24 MR. DODGSON: It wasn't really for you.

25 MS. RENDAHL: Oh, okay.

1 So why don't you come up again and state
2 your name.

3 MR. DODGSON: My name is Thomas Dodgson.

4 MS. RENDAHL: You are already sworn in.

5 MS. DODGSON: I was kind of wondering about
6 this WEAFF program, is this administered to illegal
7 aliens?

8 MS. RENDAHL: Okay, that, I am going
9 to allow them -- I don't know the details and I am going
10 to allow the members of the community action agency to
11 answer your questions after I close the official portion
12 of the hearing, so they will be available to hear --

13 MR. DALE: I have a recommendation that
14 before you start your portion of the meeting that you
15 have the representatives of Cascade Natural Gas, we can
16 question them before we get up so we are knowledgeable,
17 and that would have made it a lot easier on my delivery
18 if I knew some of these things. Now I have to go
19 backwards instead of forwards.

20 MS. RENDAHL: That's a very good suggestion.

21 So at this point, I appreciate all of the
22 comments that we have heard, and, again, if you have
23 written comments you want to submit, you have -- you can
24 submit them to the Commission by next Friday, the 24th,
25 and the instructions on how to submit them are on the

1 sheet prepared by Public Counsel that's at the back of
2 the room.

3 If there's no one else wishing to comment,
4 then this hearing will be adjourned and the Commission
5 will reconvene this hearing Friday, June 17th at
6 6:00 p.m. in Kennewick at the Kennewick branch of the
7 Mid-Columbia Library.

8 So we are adjourned tonight and will be off
9 the record, and you are welcome to go and talk to other
10 folks. They will be here to answer your questions.

11 (Hearing concluded at 6:48 p.m.)

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