

**Exh. JH-1T
Docket UG-210755/UG-220198
Witness: Joanna Huang**

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**CASCADE NATURAL GAS
CORPORATION,**

Respondent.

**DOCKETS UG-210755 and
UG-220198 (*consolidated*)**

REBUTTAL TESTIMONY OF

Joanna Huang

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

In support of the Multiparty Settlement Stipulation

May 2, 2022

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1 **I. INTRODUCTION**

2 **Q. Please state your name, and business address.**

3 A. My name is Joanna Huang. My business address is 621 Woodland Square Loop SE,
4 Lacey, Washington, 98503. My business mailing address is P.O. Box 47250, Olympia,
5 Washington, 98504-7250. My business email address is: joanna.huang@utc.wa.gov.
6

7 **Q. By whom are you employed and in what capacity?**

8 A. I am a Regulatory Analyst at the Washington Utilities and Transportation Commission
9 (“Commission”). I represent staff of the Washington Utilities and Transportation
10 Commission (“Staff”). My work at the Commission generally includes financial,
11 accounting and other analyses for general rate case proceedings and other tariff filings by
12 the electric and natural gas utilities regulated by the Commission.
13

14 **Q. Please state your qualifications to provide testimony in this proceeding**

15 A. I received a Bachelor of Business Administration degree majoring in Accounting from
16 National Chung-Hsing University, Taiwan, in 1987, and a Masters of Accounting Degree
17 from Washington State University in 1991. Prior to my employment at the Commission, I
18 was employed by the Washington State Department of Revenue as an Excise Tax
19 Examiner. I performed desk audits on Business and Occupation tax returns. I have been
20 employed by the Commission since June 1996.
21

22 **Q. Have you testified previously before the Commission?**

1 A. I testified in Avista Corporation d/b/a Avista Utilities (“Avista” or “Company”) general
2 rate cases in Dockets UE-190334 and UG-190335, Dockets UE-170485 and UG-170486,
3 Dockets UE-160228 and UG-160229, Dockets UE-140188 and UG-140189, Dockets
4 UE-120436 and UG-120437, Dockets UE-090134 and UG-090135, and Dockets
5 UE-991606 and UG-991607; and Puget Sound Energy (PSE) general rate cases in
6 Dockets UE-090704 and UG-090705, and in Dockets UE-072300 and UG-072301; a PSE
7 Power Cost Only Rate Case in Docket UE-130617; Pacific Power general rate cases in
8 Dockets UE-152253, UE-130043 and UE-032065; a Cascade Natural Gas Company Rate
9 Case in Docket UG-200568 and a Northwest Natural Gas Company (NW Natural) filing
10 in Docket UG-111233 regarding cost recovery of the Encana gas reserves through NW
11 Natural’s annual purchased gas adjustment.
12

13 **Q. What is the purpose of your testimony in this proceeding?**

14 A. I am providing responses to the nonsettling parties’ testimony in opposition to the
15 multiparty settlement filed by Cascade and Staff.
16

17 **Q. Have you prepared an exhibit in support of your testimony?**

18 A. No, my rebuttal of the nonsettling parties’ testimony did not require filing any new
19 exhibits.
20

1 **II. RECOMMENDATIONS AND SUMMARY**

2 **Q. Please summarize your recommendations**

3 A. I recommend the Commission reject the revenue requirement and test year proposed by
4 Public Counsel. I also recommend the Commission reject the arguments made by
5 Alliance of Western Energy Consumers (AWEC) concerning the settlement process.
6 Finally, I recommend the Commission adopt The Energy Project's (TEP) proposed
7 changes to the Washington Energy Assistance Fund (WEAF). I therefore recommend that
8 Commission accept the multiparty settlement, but include as a condition TEP's proposals
9 related to the WEAF program.
10

11 **III. RESPONSE TO PUBLIC COUNSEL RECOMMENDATIONS**

12 **Q. Please discuss how Public Counsel calculated its revenue requirement.**

13 A. Public Counsel calculated revenue requirement using the 2021 adjusted results of operations.¹
14 Public Counsel then adjusted the rate base from the test year 2020 EOP balance requested by
15 the Company to the actual 2021 AMA levels. Finally, Public Counsel updated the 2021 AMA
16 results to the EOP level including adjustments for EOP revenue, EOP rate base, EOP
17 depreciation expense, and synchronized interest.²

18 **Q. Did Public Counsel adjust all rate base items from the test year 2020 EOP balance to the**
19 **actual 2021 EOP levels?**

20 A. No, Public Counsel did not adjust all rate base items from the test year 2020 EOP balance to
21 the actual 2021 EOP levels. For example, working capital is not adjusted to EOP balances
22 and uses the 2021 AMA balance.³

¹ Garrett, Exh. MEG-1T at 13:18.

² *Id.* at 14:8-10

³ Garrett, Exh. MEG-1T at 15:6.

1 **Q. Is it appropriate for Public Counsel to adjust some of the 2021 rate base to EOP and keep**
2 **using the AMA basis for other rate base items?**

3 A. No. Public Counsel’s proposal results in inconsistent test year rate base. Curiously, the only
4 adjustments used by Public Counsel are those which support a lower revenue requirement.

5
6 **Q. Is it appropriate for Public Counsel to calculate revenue requirement based on the 2021**
7 **adjusted results of operations?**

8 A. No. Public Counsel essentially replaced Cascade’s requested test year with pieces of a 2021
9 test year. In essence, Public Counsel presented an entirely new general rate case filing as the
10 basis for its adjustments. Staff has not seen this approach before and recommends that the
11 Commission reject Public Counsel’s proposal.

12
13 **IV. RESPONSE TO AWEC CONCERNS ABOUT SETTLEMENT PROCESS**

14 **Q. Please describe AWEC’s concerns with the settlement process.**

15 A. AWEC asserts that the settlement procedures for this case resulted in a “cumbersome”
16 process that only resolved issues “specifically identified in the settlement.”⁴ To support
17 this claim, AWEC points out that the settlement was reached before reply testimony and
18 that a single meeting for settlement negotiations between all parties occurred on February
19 7, 2022.⁵ According to AWEC, “Cascade and Staff negotiated the Multi-Party Settlement
20 without involving the other parties.”⁶

21
22 **Q. Do you agree with AWEC’s concerns?**

⁴ Mullins, Exh. BGM-1T at 5:12-13.
⁵ *Id.* at 4:25-5:1.
⁶ *Id.* at 5:6-7

1 A. No. Staff recommends the Commission reject AWEC’s arguments. While Staff cannot
2 provide a full rebuttal of AWEC’s accusations without violating the Commission’s
3 settlement negotiation guidelines under WAC 480-07-700(6),⁷ Staff categorically denies
4 that it acted improperly or that it failed to negotiate in good faith with any party at any
5 point in this proceeding.

6

7 **Q. Is AWEC’s portrayal of the settlement process accurate?**

8 A. No. Staff was prepared for settlement discussions initially scheduled for January 10,
9 2022. This date was set by the Administrative Law Judge and was three months after the
10 Company made its initial filing.⁸ The parties agreed to this date at the prehearing
11 conference, including AWEC.⁹ At the January 10 meeting, the parties agreed to set a new
12 settlement conference for February 7, 2022. Following that February 7 meeting, Staff
13 negotiated a multiparty settlement with the Company. AWEC’s insinuation that there was
14 something improper about Staff and the Company reaching a multiparty settlement after
15 the February 7 meeting “without involving the other parties” is bewildering. By
16 definition, a multiparty settlement is “...an agreement among some, but not all, parties in
17 an adjudication...”¹⁰

18 Again, while Staff cannot disclose any statements made over the course of

⁷ WAC 480-07-700(6): “Settlement negotiation guidelines. In any settlement negotiation, including collaboratives, settlement conferences, and mediations, the following apply unless all participants agree otherwise:

(a) No statement, admission, or offer of settlement made during negotiations is admissible in evidence in any formal hearing before the commission without the consent of the participants or unless necessary to address the process of the negotiations;

(b) Information exchanged exclusively within the context of settlement negotiations will be treated as confidential and will be privileged against disclosure to the extent permitted by law; ...” Staff does not view AWEC’s criticisms or our response to the same as “necessary to address the process of negotiations” under WAC 480-07-700(6)(a).

⁸ Prehearing Conference Order 03 at 8 (Oct. 26, 2021).

⁹ Prehearing Conference, TR 17:5-11.

¹⁰ WAC 480-07-730(3).

1 negotiations under WAC 480-07-700(6), Staff made its intentions clear to all parties
2 throughout the negotiation process and acted in good faith. Staff listened to the positions
3 put forward by the nonsettling parties and gave them serious consideration. The February
4 7 meeting was over four months after the initial filing in this case. Staff had conducted
5 discovery, formulated its positions on the issues, and was prepared to negotiate on
6 January 10.

7
8 **Q. Do you have any other concerns with AWEC's discussion of the settlement process?**

9 A. Yes. AWEC's claims disparage the multiparty settlement because it was reached before
10 reply testimony.¹¹ This is an odd claim because: 1) AWEC has participated in previous
11 settlements that were reached before response testimony was filed;¹² and 2) settlement
12 negotiations that conclude before response testimony create efficiency by eliminating the
13 substantial amount of time and effort non-company parties devote to creating and
14 submitting those filings.

15
16 **Q. Does Staff agree with the arguments AWEC put forward in opposition to the
17 Multiparty settlement?**

18 A. No. Simply put, AWEC's adjustments have either already been accounted for in the
19 settlement, are related to issues that are largely unchanged since Cascade's last (and fully
20 litigated) rate case, are being addressed in a separate docket, or are miscalculated. At the
21 time of this writing, Staff has had less than a week to review the proposed adjustments
22 from the nonsettling parties, but will be able to provide its reasoning in more detail at the

¹¹ Mullins, Exh. BGM-1T at 5:9-10.

¹² See e.g., Dockets UE-191024 and UE-210532.

1 hearing, in briefing, or in response to a bench request.

2
3 **V. RESPONSE TO THE ENERGY PROJECT RECOMMENDATIONS**

4 **Q. Please summarize The Energy Project's (TEP's) proposed changes to the**
5 **Washington Energy Assistance Fund (WEAF).**

6 A. TEP proposed three improvements to WEAF including: increasing eligibility, creating
7 dedicated outreach programs, and annually reviewing the program funding levels.¹³

8
9 **Q. Does Staff support TEPs proposals?**

10 A. Yes. While not a part of the original case, TEPs proposals improve the WEAF program
11 and may result improved bill assistance for customers of Cascade.

12 **Q. Staff and the Company filed a Multiparty settlement that did not include these**
13 **proposals. Are both parties to the multiparty settlement agreement supportive of**
14 **incorporating TEP's WEAF program proposals?**

15 A. Yes. Staff has communicated with Cascade and the company indicated that it was also in
16 agreement with TEP's WEAF proposals.

17
18 **Q. Does this conclude your testimony?**

19 A. Yes, it does.

¹³ Collins, Exh. SMC-1T at 3:2-10.