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1 BEFORE THE WASHINGTON STATE
2 UTILITIES AND TRANSPORTATION COMMISSION
3 WASHINGTON UTILITIES AND)
4 TRANSPORTATION COMMISSION,) DOCKET NO. UG-060256
5) Volume V
6) Pages 138 to 151
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10 CASCADE NATURAL GAS)
11 CORPORATION,) Docket No. UG-061256
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17 COST MANAGEMENT SERVICES,)
18 INC.,)
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16 A prehearing conference in the above matter
17 was held on October 9, 2006, from 8:30 a.m. to 8:45
18 a.m., at 1300 South Evergreen Park Drive Southwest, Room
19 206, Olympia, Washington, before Administrative Law
20 Judge ANN RENDAHL.

21 The parties were present as follows:

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1 PROCEEDINGS

2 JUDGE RENDAHL: We're here for a prehearing
3 conference in Docket UG-060256, which is a request for
4 increased rates by Cascade Natural Gas Corporation.
5 We're here before the Washington Utilities and
6 Transportation Commission on Monday, October the 9th, it
7 is 8:30, and we're here for a prehearing to determine
8 the status of the case before hearings begin this
9 morning or are scheduled to begin this morning.

10 So let's take appearances from the parties
11 before we go any farther.

12 MR. VAN NOSTRAND: Good morning, Judge
13 Rendahl, on behalf of Cascade, James Van Nostrand.

14 JUDGE RENDAHL: Thank you.

15 And for Staff.

16 MR. TRAUTMAN: Gregory J. Trautman, Assistant
17 Attorney General, for Commission Staff.

18 JUDGE RENDAHL: And for Public Counsel.

19 MS. KREBS: Judith Krebs, Assistant Attorney
20 General, Public Counsel.

21 JUDGE RENDAHL: Thank you.

22 And for the Energy Project.

23 MR. PURDY: Brad Purdy.

24 JUDGE RENDAHL: And for CMS.

25 MR. CAMERON: John Cameron, Your Honor.

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1 JUDGE RENDAHL: And for the Northwest Energy
2 Coalition.

3 MS. GLASER: Nancy Glaser.

4 JUDGE RENDAHL: And is there anyone here for
5 the Northwest Industrial Gas Users?

6 MR. FINKLEA: Ed Finklea, Cable Huston, for
7 the Northwest Industrial Gas Users, good morning, Your
8 Honor.

9 JUDGE RENDAHL: Good morning, Mr. Finklea, I
10 haven't met you before so I didn't recognize you, so
11 pleased to meet you.

12 All right, well, let's take a report from the
13 parties, Mr. Van Nostrand.

14 MR. VAN CLEVE: Thank you, Your Honor. We
15 had discussions throughout Friday which concluded after
16 5:00. Mr. Trautman and I tried to call you together, I
17 called you and left a message later. The Company and
18 Staff have reached an agreement that would settle all
19 issues as between them, between the Company and Staff.
20 As you know, we also had previously had the stipulation
21 on revenue requirement issues between the Company and
22 Staff and the stipulation on rate spread and rate design
23 among Company and Staff and Northwest Industrial Gas
24 Users.

25 Following the agreement between the Company

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1 and the Staff on issues, we had additional discussions
2 with the Energy Project, Northwest Energy Coalition,
3 CMS, and Public Counsel to see if we could resolve the
4 remaining issues among all the parties or at least
5 broaden the settlement as much as possible and limit the
6 issues to be litigated. And I don't want to betray how
7 far we got and how far we didn't get, but we sort of ran
8 out of time. Public Counsel became unavailable because
9 it got to be -- Ms. Krebs had another commitment, so I
10 -- so the hope was if we reconvene and had some more
11 discussions this morning, we may be able to achieve a
12 broader settlement that would resolve many more issues
13 that I suspect -- I know there are at least a couple
14 issues that won't be settled that will still need to be
15 litigated, at best a couple of issues, but I will let
16 Ms. Krebs address the issues, probably though the
17 sticking point for Public Counsel.

18 But I guess our thinking was, we haven't had
19 much discussion, Ms. Krebs and I had an E-mail exchange
20 over the weekend and I think I discussed it with
21 Mr. Trautman, so the schedule for the week is given the
22 scope of the settlement I think we definitely don't need
23 five days of hearing, so possibly allow today to have
24 additional settlement discussions this morning,
25 hopefully file stipulations by the end of the day, and

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1 then have hearings starting on Wednesday afternoon and
2 then going into Thursday. But I mean this is still, you
3 know, there's still some moving parts, but the idea is
4 at least not have hearings today or tomorrow to allow
5 the stipulation to be finalized and then allow time for
6 whatever needs to be done with the non-settling parties
7 with respect to analysis of the settlement.

8 JUDGE RENDAHL: Okay, before we go into more
9 detail on the schedule alternative, Ms. Krebs or anyone
10 else who wishes to weigh in on what Mr. Van Nostrand
11 just said?

12 MS. KREBS: Yes, that's acceptable to us.
13 The issue in terms of timing is that at least the Friday
14 stipulation between Staff and the Company has not been
15 drawn up yet as far as I know, and so our ability to
16 develop cross-examination is obviously impacted by what
17 exactly the language of that agreement is. In addition,
18 there has been discussion about whether or not to roll
19 the prior stipulations into a global document in which
20 parties would sign substatements, and so until that's
21 resolved we agree that it probably doesn't make sense to
22 begin hearings until Wednesday. My understanding is
23 there is an open meeting on Wednesday.

24 JUDGE RENDAHL: There is an open meeting on
25 Wednesday, so we would have Wednesday afternoon and all

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1 day Friday available for hearing if you all didn't want
2 to be in hearing on Friday.

3 MS. KREBS: Is Thursday available?

4 JUDGE RENDAHL: Did I say Thursday?

5 MS. KREBS: You said Friday.

6 JUDGE RENDAHL: Half the day Wednesday and
7 all day Thursday are available for hearing.

8 MS. KREBS: The only outstanding issues for
9 hearing at this point from our perspective are rate
10 spread and the possibility of opening up or resettling
11 parts of the rate design piece including fees and
12 decoupling. We intend to not cross examine on rate
13 spread at this time, so that would take that issue off
14 the table. And depending on how negotiations go today,
15 we may in fact be left with decoupling alone, which
16 means that I can't imagine more than a day hearing.

17 JUDGE RENDAHL: All right, if that's the
18 case, if there won't be any cross-examination on rate
19 spread or the rate design fees issue --

20 MS. KREBS: Well, I think that's a question
21 for whether or not we can settle the rate design issue.

22 JUDGE RENDAHL: Okay, so if you are not able
23 to reach agreement on rate spread and rate design
24 issues, which witnesses would you be intending to cross?

25 MS. KREBS: I'm sorry, I can do it off the

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1 top of my head, I wrote it down yesterday but it's not
2 in front of me, that would be Mr. Stevens, Mr. Stoltz,
3 Ms. Barnard, it would be Mr. Parvinen, and I believe
4 that is it.

5 JUDGE RENDAHL: Okay. And so would your
6 estimated cross remain the same as you initially
7 proposed at this time?

8 MS. KREBS: I don't know, it won't be much
9 more. If it's any additional, it would be very slight.

10 JUDGE RENDAHL: Okay. Well, I think it's
11 best to wait to figure out the details until you all
12 have had time to work more. And in terms of decoupling,
13 again that would be Mr. Stoltz and --

14 MS. KREBS: Mr. Stevens, Ms. Barnard,
15 Mr. Weiss, and Ms. Steward.

16 JUDGE RENDAHL: And Mr. Brosch, would
17 Mr. Brosch be crossed at all?

18 MS. KREBS: The Company has waived cross or
19 they have decided not to cross Mr. Brosch, but he is
20 available for the Commission by phone if needed.

21 JUDGE RENDAHL: On Thursday, is that --

22 MS. KREBS: Yes, Thursday morning.

23 JUDGE RENDAHL: And is that correct, the
24 Company has no --

25 MR. VAN CLEVE: Yes, Your Honor.

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1 JUDGE RENDAHL: Okay, so no cross for
2 Mr. Brosch.

3 Are there any other witnesses besides
4 Mr. Stoltz, Mr. Stevens, Ms. Barnard, Mr. Weiss,
5 Ms. Steward, and Mr. Parvinen who we would be looking at
6 for the hearings?

7 MS. KREBS: I think that's correct, thank
8 you, Your Honor.

9 MR. VAN CLEVE: Mr. Lazar, right?

10 MS. KREBS: Oh, my understanding is -- I was
11 unclear on whether or not anyone --

12 MR. VAN CLEVE: We don't have cross for
13 Lazar, I just thought you might be using him as a
14 witness.

15 MS. KREBS: Sure, I was not aware that you
16 still intended to cross Mr. Lazar.

17 MR. VAN CLEVE: No.

18 MS. KREBS: You don't?

19 MR. VAN CLEVE: No.

20 MS. KREBS: Okay.

21 JUDGE RENDAHL: All right, so Mr. Lazar would
22 not be here either?

23 MS. KREBS: He would be available for
24 Commission questions as well.

25 JUDGE RENDAHL: All right, is there anyone

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1 else who wishes to weigh in this morning on the status?

2 Mr. Trautman?

3 MR. TRAUTMAN: No.

4 JUDGE RENDAHL: Oh, okay.

5 In that case, I think it does make sense to
6 allow you all the day here. You can have the hearing
7 room or whatever room you all can find to use. We will
8 turn off the bridge line, and you can use this space for
9 negotiations. I would appreciate a heads up about 4:00
10 this afternoon on where you are so I can alert the
11 Commissioners and let them know if we're scheduled to go
12 tomorrow, or should we just plan on not having hearings
13 the next two days?

14 MR. VAN CLEVE: I think even without
15 achieving a broader settlement, we don't need hearings
16 until Wednesday afternoon.

17 JUDGE RENDAHL: All right, then that --

18 MR. VAN CLEVE: That's my take on it.

19 MS. KREBS: Your Honor, I'm sorry, I forgot
20 one witness, if we don't settle rate design we will also
21 need to cross-examine Mr. Dickey.

22 JUDGE RENDAHL: Okay. And I haven't gone
23 through the estimates as they stand, but you believe
24 that even if there's no settlement on all of these
25 issues, we would still be done in a day and a half with

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1 the cross-examination you have estimated for these
2 witnesses?

3 MS. KREBS: I do.

4 JUDGE RENDAHL: Okay.

5 MR. CAMERON: I would just add that, well,
6 depending on settlement negotiations, we would have
7 cross-examination of Mr. Stoltz and would also call
8 Mr. Lehmann for CMS. The estimated cross on our cross
9 of Stoltz and the Company's cross of Lehmann was not
10 anticipated to exceed 40 minutes.

11 JUDGE RENDAHL: Now that brings up a question
12 I had, is this settlement intended to include matters in
13 the complaint in UG-061256?

14 MR. CAMERON: No, ma'am.

15 JUDGE RENDAHL: And given that we had some
16 synchronicity between those two dockets, had you all
17 given any thoughts to how that would proceed? I know
18 there was some concern about making sure those issues
19 were resolved and briefed before or at the same time as
20 the rate case issues were resolved, is that no longer a
21 necessary aspect of this?

22 MR. CAMERON: We're prepared to address that
23 this morning.

24 JUDGE RENDAHL: With the parties?

25 MR. CAMERON: In discussion with the parties,

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1 yes, ma'am.

2 JUDGE RENDAHL: All right. Well, then we
3 will not have hearings today or tomorrow, and I would
4 like a report from all of you this afternoon at 4:00 as
5 to where you are and if we're still on board and an
6 updated estimate from any party that intends to conduct
7 cross-examination of their estimated cross time for the
8 witnesses so we can revise the schedule.

9 MS. KREBS: Your Honor, just in terms of
10 being able to prepare and be as efficient as possible,
11 if at 4:00 we can revisit the issue of when in fact the
12 stipulations will be ready if it's one or more so that
13 we will have them available to prepare cross tomorrow.

14 JUDGE RENDAHL: I'm not intending to have a
15 prehearing conference at 4:00. What I was intending was
16 a report back from all of you. I think it is in the
17 best interest of allowing Public Counsel to best prepare
18 to have something written so that Public Counsel can
19 best do that. Is it your understanding that you would
20 get the stipulation, whatever that stipulation would be,
21 prepared by this afternoon so that Public Counsel can
22 use tomorrow and Wednesday morning to prepare?

23 MR. VAN CLEVE: That's the plan, Your Honor.
24 I believe the hope would be we would conclude settlement
25 discussions this morning and I would be able to go to

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1 the office here in Olympia and work on the document,
2 circulate it around, and hopefully get it finalized by
3 the parties and hopefully filed by the end of the day.
4 But if not, we will at least share something with Public
5 Counsel, assuming Public Counsel is not on it, which we
6 haven't given up on yet.

7 MS. KREBS: Thank you, that's acceptable.

8 JUDGE RENDAHL: So that solves your concerns?

9 MS. KREBS: Yes.

10 JUDGE RENDAHL: All right, well, if we can
11 have someone report back to me by 4:00 this afternoon
12 either by e-mail or phone as to the status of the
13 negotiations and the plan. And then, Ms. Krebs, if you
14 can by noon tomorrow give me an estimate of your cross
15 time, I understand you need some time to figure that out
16 based on what happens today, then I will revise the
17 chart and circulate it to all the parties. Again, if
18 there are any changes to the exhibit list that you are
19 aware of, please let me know. And also with the various
20 stipulations, if you could please identify which witness
21 I should include the stipulations under and also which
22 panels, which witnesses will be on panels if you intend
23 to do panels or if we're simply going to be presenting
24 the witnesses individually, that would be useful to know
25 as well.

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1 MR. VAN CLEVE: Do you have a preference on
2 that, Ms. Krebs?

3 MS. KREBS: Yes, I would prefer the witnesses
4 be presented individually.

5 JUDGE RENDAHL: And if you wish to discuss
6 that further today, just let me know what the final plan
7 is by this afternoon.

8 All right, is there anything else we need to
9 discuss this morning before I let you all continue your
10 discussions?

11 All right, hearing nothing else, this
12 prehearing conference is adjourned, and we will begin
13 evidentiary hearings at 1:30 on Wednesday afternoon,
14 October the 11th, let's be off the record.

15 (Prehearing conference adjourned at 8:45
16 a.m.)

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