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1 INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES,
2 by S. BRADLEY VAN CLEVE, Attorney at Law, Davison Van
3 Cleve, 333 Southwest Taylor, Suite 400, Portland,
4 Oregon 97204; telephone, (503) 241-7242.

5 PUBLIC COUNSEL, by ROBERT W. CROMWELL (For
6 Simon ffitch), Assistant Attorney General, 900 Fourth
7 Avenue, Suite 2000, Seattle, Washington 98164;
8 telephone, (206) 389-2055.

9 THE ENERGY PROJECT, by RONALD L. ROSEMAN,
10 Attorney at Law, 2011 14th Avenue East, Seattle,
11 Washington 98112; telephone, (206) 324-8792.

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1 PROCEEDINGS

2 JUDGE MOSS: My name is Dennis Moss. I'm an
3 administrative law judge with the Washington Utilities
4 and Transportation Commission. Joining me at the Bench
5 today is Karen Caille, also an administrative law judge
6 with the Commission. We will be co-presiding officers
7 in this proceeding and assisting the commissioners, who
8 will take the Bench for purposes of the hearing.

9 We are convened today for purposes of our
10 first prehearing conference which will allow us to
11 establish our process and procedure for going forward.
12 The first order of business will be to take
13 appearances, and since this is the first prehearing
14 conference, we will ask that you give the full
15 information today and use the abbreviated method
16 following today. So let us start with the Company.

17 MR. MEYER: Thank you, Your Honor. David J.
18 Meyer, attorney for Avista Corporation. The address is
19 East 1411 Mission Avenue, Spokane, Washington, 99220;
20 phone number, (509) 495-4316; fax number, (509)
21 495-8058. E-mail address is
22 david.meyer@avistacorp.com.

23 JUDGE MOSS: Mr. Stokes?

24 MR. STOKES: Good afternoon. My name is Chad
25 Stokes, and I represent the Northwest Industrial Gas

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1 Users. I'm with the law firm Cable Huston. My address
2 is 1001 Southwest Fifth Avenue, Suite 2000. That's in
3 Portland, Oregon, 97204. My telephone is (503)
4 224-3092. My fax number is (503) 224-3176. My e-mail
5 is cstokes@chbh.com.

6 JUDGE MOSS: Will Mr. Finklea be on the
7 record with you?

8 MR. STOKES: Yes, Your Honor.

9 JUDGE MOSS: Same firm and address. Now, has
10 the firm name been shortened, or is that just shorthand
11 you used?

12 MR. STOKES: I'm sorry. The firm name has
13 not been shortened. It's --

14 JUDGE MOSS: I have it. I just wanted to be
15 sure. Go ahead, Mr. Van Cleve.

16 MR. VAN CLEVE: Thank you, Your Honor. Brad
17 Van Cleve on behalf of the Industrial Customers of
18 Northwest Utilities, and I'm with the law firm Davison
19 and Van Cleve, PC. My address is 333 Southwest Taylor
20 Street, Suite 400, Portland, Oregon, 97204. My
21 telephone number is (503) 241-7242. My fax number is
22 (503) 241-8160, and the e-mail address is
23 mail@dvclaw.com.

24 JUDGE MOSS: And Mr. Perkins is on your
25 petition. Do you wish to enter his appearance?

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1 MR. VAN CLEVE: Yes. Matthew Perkins will
2 also be appearing.

3 JUDGE MOSS: Mr. Roseman?

4 MR. ROSEMAN: I apologize for not getting a
5 written petition to intervene. I've been in transit
6 between Texas and Washington and just got back into
7 town recently. My name is Ronald L. Roseman. I'm an
8 attorney. My address is 2011 14th Avenue East,
9 Seattle, Washington, 98112. My telephone number is
10 (206) 324-8792. My fax is (206) 568-0138. My e-mail
11 address is ronaldroseman@comcast.net.

12 JUDGE MOSS: Go ahead, Mr. Cromwell.

13 MR. CROMWELL: Good afternoon. My name is
14 Robert Cromwell. I'm an assistant attorney general
15 appearing on behalf of the Public Counsel section of
16 the Washington State Attorney General's office. I'm
17 appearing today for purposes of this hearing only. The
18 attorney representing Public Counsel in this proceeding
19 will be Simon ffitich. Our address is 900 Fourth
20 Avenue, Suite 2000, State Mail Stop TB-14, Seattle,
21 Washington, 98164-1012.

22 Mr. ffitich's direct line is area code
23 (206) 389-2055. Our fax number is (206) 389-2058, and
24 I will confess I believe his e-mail address is
25 simonf@atg.wa.gov.

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1 JUDGE MOSS: We have it. Mr. Trautman?

2 MR. TRAUTMAN: Thank you. Gregory J.

3 Trautman, assistant attorney general, representing
4 Commission staff. With me is Chris Swanson, assistant
5 attorney general, also representing Commission staff.

6 My address is 1400 South Evergreen Park Drive
7 Southwest, Post Office Box 40128, Olympia, Washington,
8 98504. My telephone number is area code (360)
9 664-1187. My fax number is (360) 586-5522. My e-mail
10 address is gtrautma@wutc.wa.gov.

11 Mr. Swanson has the same address and fax.
12 His telephone number is (360) 664-1220, and his e-mail
13 is cswanson@wutc.wa.gov.

14 JUDGE MOSS: Mr. Roseman, who do you
15 represent?

16 MR. ROSEMAN: I represent The Energy Project.

17 JUDGE MOSS: You are bringing forward a
18 petition to intervene orally then?

19 MR. ROSEMAN: That is correct.

20 JUDGE MOSS: We have the written petitions
21 from ICNU and Northwest Industrial Gas Users. Is there
22 anyone who is on the conference bridge line who wishes
23 to enter an appearance today? Apparently there is not.

24 Our next order of business will be the
25 petitions to intervene. We have two written petitions.

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1 We can hear from Mr. Roseman if we need to, but if
2 there are no objections from any party, we can take up
3 all three now. If there are any objections to the
4 written petitions, we have those that speak for
5 themselves. Mr. Meyer?

6 MR. MEYER: I think it's probably worthwhile
7 for the record to clarify who The Energy Project is
8 representing as customers within Avista's service
9 territory. We had an off-the-record conversation, but
10 I think it would be helpful on the record.

11 JUDGE MOSS: Mr. Roseman, go ahead.

12 MR. ROSEMAN: The Energy Project advocates
13 for statewide community action agencies and programs
14 that will provide affordable access to essential home
15 energy services for low-income households. There are
16 four such agencies located to serve the Company's
17 service territory.

18 One is the Spokane Neighborhood Action
19 Program. The second one is the North Columbia
20 Community Action Counsel, which is, I believe, Moses
21 Lake and Grant County. There is the Rural Resources
22 Organization. That is in Colville, and there is the
23 Community Action Center of Whitman County. That, I
24 think, is located in Pullman.

25 These agencies have a special interest in

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1 this proceeding because the proposed rate increases and
2 the other matters that may result from this proceeding
3 could have significant impact on the households they
4 serve. The parties are particularly interested in
5 maintaining effective energy assistance and energy
6 efficiency programs to mitigate the impact of the
7 proposed rate increases to low-income households.

8 We do not believe that we would broaden the
9 scope of the hearing and the proceeding. We request
10 the Commission to grant the petition to intervene.

11 JUDGE MOSS: Thank you.

12 MR. MEYER: Thank you. That was my
13 understanding of who was represented here. Will there
14 be a written petition though? I'm not suggesting we
15 delay the decision. Will there be a written
16 intervention to follow?

17 MR. ROSEMAN: I was not planning on it. The
18 rules allow an oral petition to intervene and I think
19 --

20 MR. MEYER: That's fine.

21 JUDGE MOSS: We have the information on the
22 record, and the rules do permit oral interventions.

23 MR. MEYER: I have no objection.

24 JUDGE MOSS: Any objections from any party?
25 Hearing no objections, the petitions to intervene,

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1 including the two written petitions, one from Northwest
2 Industrial Gas Users and the one from Industrial
3 Customers of Northwest Utilities, and the oral petition
4 to intervene by The Energy Project will be granted.

5 With that, I'm going to turn to Judge Caille
6 to carry us forward with our discussion of other
7 process issues, and to the extent I can be of help in
8 any way, I will remain on the Bench.

9 JUDGE CAILLE: I believe our next order of
10 business concerns the discovery rule. Do the parties
11 propose to conduct discovery under the Commission
12 procedural rules at WAC 480-07-400 through 425?

13 MR. TRAUTMAN: Yes.

14 JUDGE CAILLE: Are there any special requests
15 with respect to discovery?

16 MR. CROMWELL: I would have one, Your Honor.
17 It's my understanding that our office has, in fact,
18 been exchanging informal discovery with the Company and
19 that that process has been productive, and I think my
20 only request would be that to the extent necessary that
21 that exchange of information be formalized and
22 recognized in the scope of the discovery of this
23 proceeding.

24 JUDGE CAILLE: That sounds reasonable.

25 MR. MEYER: As I think we've indicated on

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1 other occasions we welcome this early discovery and
2 appreciate the participation early on of the parties
3 and will accommodate in whatever manner we can.

4 JUDGE MOSS: We appreciate the cooperation
5 and will acknowledge in the Order that this informal
6 discovery has proceeded.

7 JUDGE CAILLE: The next matter, I believe,
8 would then be the need for a protective order.
9 Mr. Meyer?

10 MR. MEYER: We would ask that you issue the
11 standard form of protective order, and just so the
12 record is clear, we have been proceeding by
13 understanding of counsel, with respect to Public
14 Counsel, that in responding to several of their items,
15 we have been proceeding as if we have a protective
16 order in place so we could expedite that early
17 discovery, but we would like a formal discovery.

18 JUDGE CAILLE: We will prepare a protective
19 order for the commissioners' signature. I believe the
20 next order of business would be to talk about the
21 number of witnesses that each of the parties are
22 intending to present. I know that the Company has 11
23 witnesses. Staff?

24 MR. TRAUTMAN: I'm not sure we know exactly
25 how many. I would have to think for a second.

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1 JUDGE CAILLE: Mr. Cromwell?

2 MR. CROMWELL: For Public Counsel, I believe
3 we have at least four.

4 JUDGE CAILLE: Mr. Van Cleve?

5 MR. VAN CLEVE: Your Honor, I anticipate that
6 ICNU will have three witnesses.

7 JUDGE CAILLE: Mr. Stokes?

8 MR. STOKES: Your Honor, Northwest Industrial
9 Gas Users have one witness.

10 JUDGE CAILLE: Mr. Roseman?

11 MR. ROSEMAN: I believe The Energy Project
12 will have one witness.

13 JUDGE CAILLE: Mr. Trautman?

14 MR. TRAUTMAN: We will probably have six.

15 JUDGE CAILLE: Is that 24 or 25? 26, okay.

16 With that in mind, how many days of hearing are we
17 going to need for 26 witnesses?

18 MR. TRAUTMAN: I don't know if I thought of
19 it in those terms, but we've discussed a schedule with
20 some of the parties, and we had anticipated
21 approximately eight days.

22 MR. CROMWELL: I suppose out of abundance of
23 caution, I might request that the Commission consider
24 reserving two weeks solid so that we don't end up in
25 the eight p.m. witness-on-the-stand circumstance out of

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1 deference to Mr. ffitch, who will be handling this
2 case.

3 JUDGE CAILLE: I would note that there is
4 another proceeding that is following closely on the
5 tails of this one. It's a PacifiCorp rate case, and
6 there is just a month in between the effective dates
7 for both of these cases, so when we go off the record
8 to discuss scheduling, considering that the
9 commissioners are going to be sitting on both of these
10 cases, there may not be as much flexibility as if this
11 were the only rate case happening in this period of
12 time.

13 Another matter that I would like to bring up
14 at this point is the possibility of settlement
15 discussions, and Judge Moss and I would propose that
16 you discuss this during the time when we go off the
17 record for consideration of the procedural schedule.

18 One of the things that we really want to
19 strongly adhere to with respect to the procedural
20 schedule is that the Commission have one month after
21 the last briefs are filed in order to write the order.
22 So March 1st is the drop-dead date, I believe, on this
23 matter, so we would need the last brief to come in
24 around February 1st, but if we can even back that up
25 further, that would be fine with us.

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1 MR. MEYER: We have some suggestions.

2 JUDGE CAILLE: So perhaps we will go off the
3 record now and hear those suggestions. We are off the
4 record.

5 (Discussion off the record.)

6 JUDGE MOSS: We've had some informal
7 off-the-record discussion concerning the two, actually
8 now three possible procedural schedules in the
9 proceeding. The Bench's sense is that our informal and
10 casual conversation is deteriorating into something a
11 tad more contentious so we have gone back on the
12 record.

13 I think I will simply summarize the situation
14 rather than ask the parties to repeat it. It is simply
15 that the Company is proposing a more aggressive
16 schedule than the Staff and some other parties, at
17 least, find agreeable. The difference has reduced
18 itself to a matter of something less than two weeks.

19 I think the appropriate thing to do at this
20 time, having heard all the argument, is for Judge
21 Caille and myself to take advantage of a brief recess
22 to consider the calendar and to consider the
23 Commission's needs in this regard and see if we can
24 come up with a schedule that will work, taking
25 everything into account and probably satisfying none.

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1 With that, we will be in recess for the next ten
2 minutes.

3 (Recess.)

4 JUDGE CAILLE: Under this schedule -- now,
5 let me just preface this by saying that we will need to
6 double-check with the commissioners on the hearing
7 schedule. We are fairly confident they are available
8 these days. So we will memorialize that in the
9 prehearing conference order.

10 So Staff would file its case on August the
11 26th. Company rebuttal with the simultaneous
12 cross-answering of any parties would be due on
13 September 22nd. Hearings will be October 17th through
14 the 28th. We will have initial briefs due on November
15 23rd, and we will have a short answer brief, and we
16 would like to limit that to five to seven pages and
17 have parties just discuss anything that they absolutely
18 must discuss.

19 MR. CROMWELL: Seven or five?

20 JUDGE CAILLE: Five to seven, so you can have
21 seven, Mr. Cromwell. Everyone can have seven.

22 MR. MEYER: When would you like that?

23 JUDGE CAILLE: That would be December the
24 9th. The next order of business is the possibility of
25 a public hearing and, of course, notice to customers of

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1 that public hearing. At this point, I would like to
2 know if there is a need for a public hearing and how
3 many.

4 MR. CROMWELL: Your Honor, I anticipated a
5 public hearing. I think we've typically done them in
6 Spokane. I know that Mr. ffitich has spoken with the
7 gentleman who is the new head of the Consumer Affairs
8 Division, whose name escapes me at this moment, about
9 the topic, but I don't know if they've bandied about
10 any dates.

11 JUDGE CAILLE: I will follow-up with him on
12 that, and I'm not sure if we will put that into the
13 prehearing conference order at this point, or we may do
14 that notice a little bit further out into the schedule.

15 At this point, is there any other business
16 that needs to be discussed today? All right. As a
17 reminder, on all of our paper filings, we need an
18 original plus 16 copies for internal distribution.
19 Remember that all the filings must be made through the
20 Commission's secretary either by mail to the secretary,
21 WUTC, Post Office Box 47250, 1300 South Evergreen Park
22 Drive Southwest, Olympia, Washington, 98504-7250, or by
23 other means of delivery to the Commission's offices at
24 the street address I just mentioned.

25 We want to stress that we require filings of

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1 substance -- that would be testimony, briefs, motions,
2 or answers -- that you include an electronic copy
3 furnished by either e-mail attachment or a 3.5 disk,
4 preferably in PDF format supplemented by MS Word 6.0 or
5 later or Word Perfect 5.0 or later.

6 Service on all the parties must be
7 simultaneous with the filing. The parties may waive
8 paper copy service by filing a letter stating that they
9 will accept electronic service and waive their right to
10 any other form of service. This approach can include
11 informal arrangements among yourselves to follow-up
12 electronic service with paper, if that is needed for
13 some reason.

14 As we indicated before, we will be entering a
15 prehearing conference order and preparing a protective
16 order for the commissioners' signatures, and just as a
17 heads-up, we may have a prehearing conference a few
18 days before the hearing so that we can mark direct and
19 cross-examination exhibits and take up any other
20 business. However, we may waive that and just do that
21 all by mail if it appears that there is nothing
22 substantive that we would need to have a prehearing
23 conference for.

24 So with that, is there anything further that
25 the parties wish to discuss? Thank you very much.

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1 (Prehearing conference adjourned at 2:34 p.m.)

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