

Docket No. UG-210755 - Vol. V

WUTC v. Cascade Natural Gas Corporation

June 1, 2022



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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	
)	
Plaintiffs,)	No. UG-210755
)	
vs.)	
)	
CASCADE NATURAL GAS)	
CORPORATION,)	
)	
Defendants.)	

VIDEOCONFERENCE EVIDENTIARY HEARING - VOLUME IV
BEFORE ADMINISTRATIVE LAW JUDGE SAMANTHA DOYLE

(All participants appearing via videoconference.)

DATE TAKEN: JUNE 1, 2022

REPORTED BY: LAURA L. OHMAN, RPR, CCR 3186

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1 LACEY, WASHINGTON; JUNE 1, 2022

2 9:30 A.M.

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5 JUDGE DOYLE: Good morning. Today is
6 Wednesday, June 1st, 2022. It's approximately 9:30
7 a.m.

8 We're here today for an evidentiary hearing in
9 Docket UG-210 -- or 210755, which is captioned
10 Washington Utilities and Transportation Commission
11 versus Cascade Natural Gas Corporation.

12 My name is Samantha Doyle. I'm the
13 administrative law judge with the Commission. I use
14 she/her and they/them pronouns. I'm joined by Judge
15 Rayne Pearson, Chair Dave Danner, and Commissioner
16 Rendahl.

17 Let's begin by taking short form appearances
18 from the parties. We'll begin with Cascade.

19 Please state your name, and feel free to provide
20 your pronouns as well.

21 MS. BARNETT: Good morning. Thank you, Your
22 Honor.

23 Donna Barnett, I use pronouns she/her, and I'm
24 with Perkins Coie, representing Cascade. And with me is
25 Megan Lin, also she/her pronouns, they/them from Perkins

1 Coie.

2 JUDGE DOYLE: Thank you.

3 And for Staff, please.

4 MR. CALLAGHAN: Good morning, Your Honor.
5 This is Nash Callaghan, Assistant Attorney General on
6 behalf of commissioned staff. My pronouns are he/him.
7 And joining me today is staff member Joanna Huang.

8 JUDGE DOYLE: All right.

9 And Public Counsel?

10 MS. PAISNER: Good morning. This is Ann
11 Paisner. My pronouns are she/her. I'm the assistant
12 attorney general on behalf of the Public Counsel Unit of
13 the Washington Attorney General's office.

14 JUDGE DOYLE: Thanks. Great. Thank you so
15 much.

16 And for the Alliance of Western Energy Consumers
17 or AWEC?

18 MR. STOKES: Good morning. This is Chad
19 Stokes from Cable Huston on behalf of the Alliance of
20 Western Energy Consumers. And my pronouns are he/him.
21 Thank you.

22 JUDGE DOYLE: Thank you.

23 And for The Energy Project?

24 MR. ZAKAI: Good morning, Your Honor. My
25 name is Yochanan or Yochi Zakai. I'm with the firm of

1 Shute, Mihaly & Weinberger here today representing The
2 Energy Project. I use he/him pronouns.

3 JUDGE DOYLE: Thank you, all.

4 Let's start with a little housekeeping and
5 preliminary matters for the record.

6 I will ask the parties if they're willing to
7 stipulate to the admission of all the pre-filed exhibits
8 and testimony up to and including the cross-examination
9 exhibits that were filed.

10 MS. BARNETT: Your Honor, Cascade does have
11 some objections to the -- both the initial -- well, I
12 think it's just the initial exhibits filed by the --
13 AWEC and Public Counsel, and it's mainly just because
14 they are -- appear to be incomplete, not including
15 attachments. So I can go through those, if you would
16 like, at this time.

17 JUDGE DOYLE: Yeah, what do you find
18 incomplete?

19 MS. BARNETT: Let's see, just so for Exhibit
20 NEG-16, that is a data request response to AWEC Data
21 Request No. 65, and it -- it appears to include only the
22 initial response to the data request, but that data
23 request was supplemented, so we would ask before it's
24 admitted to include the supplement to it. So it's
25 incomplete right now.

1 And similarly, NEG-17c, that confidential
2 exhibit did not include Attachment A, which was part of
3 that data request, so we would ask that the Attachment A
4 be included. I understand the Attachment A to several
5 of these exhibits were a large Excel file, so they may
6 not have included that for -- for space, but for
7 admission, we don't object to admission as long as they
8 are complete including the supplement and all
9 attachments. So that would be for NEG-16, NEG-17c,
10 NEG-18. That was also including -- excluding Attachment
11 A.

12 And moving on to AWEC's exhibits, BGN-4 was a --
13 or is a compilation of several data request responses,
14 and they were partial, so we would ask that the complete
15 response be admitted into evidence.

16 So the data request response to AWEC-4 did not
17 include Attachment A.

18 To Data Request Response AWEC-05 did not include
19 Attachment A.

20 AWEC-38, that only included I think one page
21 of -- it included one tab of Attachment A but not the
22 full Attachment A.

23 AWEC-63 included only one page of attachment for
24 C-1, but it did not include Attachments A-1 and B-1,
25 which were also part of that response.

1 Attachments AWEC-67 also included only
2 Attachment A.

3 And the final one, AWEC-100 also did not include
4 Attachment A, and so we would ask that to be included.

5 JUDGE DOYLE: Okay.

6 MS. BARNETT: Thank you.

7 JUDGE DOYLE: Do any of the other parties
8 have any other objections or responses to those
9 inclusions?

10 MS. PAISNER: Your Honor, this is Ann
11 Paisner for Public Counsel. I guess I would just like
12 some clarification.

13 We have no objection to providing the full data
14 request responses, but we are wondering if it's needed,
15 if it's not something that is part of what we've
16 referenced for support. We're happy to provide it, but
17 it just isn't part of the support for the propositions
18 we've referenced it for.

19 MS. BARNETT: And to respond to that, I
20 think the Commission has always preferred the complete
21 response rather than pieces of it and let the
22 commissioners decide whether it's needed or not. I
23 understand the parties' position, that they want to
24 focus on certain pieces of it, but for context and for
25 understanding, I think the entire response and the

1 supplemental response has always been the final and full
2 exhibit.

3 JUDGE DOYLE: Okay. And, well, Mr. Stokes,
4 do you want to speak to this quickly before we move on?

5 MR. STOKES: Yes, Your Honor. We only
6 provided the files relevant to our testimony, so if
7 Cascade would like the full data response, then maybe
8 they can provide the information. We wouldn't object to
9 that, if it's necessary, so... (Pause.)

10 MS. BARNETT: We have no problem with that.
11 We've got those handy and can file those today.

12 MS. PAISNER: Public Counsel also would not
13 object to that if Cascade wants to provide the
14 remainder.

15 JUDGE DOYLE: Okay. Well, with that, we are
16 going to admit them to the record.

17 I will provide a copy of the exhibit list to the
18 court reporter so it can be made part of the record.

19 Are there any other preliminary matters before
20 we get started?

21 MR. CALLAGHAN: Thank you, Your Honor.

22 Staff does have two preliminary matters to
23 raise.

24 First is, yesterday, we heard from Public
25 Counsel that they no longer intended to cross-examine

1 our witness, Joanna Huang, and so unless there are any
2 questions that the bench intends to ask her, we ask that
3 she be excused and can be called back later if anything
4 comes up over the course of the hearing.

5 JUDGE DOYLE: The Commissioners do have some
6 questions for her later in the hearing, so if she can --
7 if -- if you want to keep her on standby, that's one
8 thing. Also, this is rather short, so it might be more
9 prudent to keep her on hand, but we do have questions
10 for her.

11 MR. CALLAGHAN: Okay. Thank you, Your
12 Honor.

13 JUDGE DOYLE: Thank you.

14 MR. CALLAGHAN: The other thing I would like
15 to raise is Staff would like to make an oral motion to
16 strike the terms sheets that were filed on March 15th.

17 This isn't a major issue for Staff, but we just
18 think for the sake of the record, that the term sheet
19 that was filed in the record in order to give the
20 non-settling parties a sense of the substance of the
21 settlement as soon as possible normally wouldn't be
22 included in the official record because a term sheet is
23 a settlement negotiation document. So we think it would
24 be appropriate to strike that, but it's not a crucial
25 issue for staff, otherwise, we would have made a written

1 motion to strike it.

2 JUDGE DOYLE: Okay. Do any of the parties
3 have an objection to striking the term sheet from the
4 record?

5 I don't see any hands or hear any voices.

6 Okay. With that, we'll grant the motion to
7 strike them from the record. Thank you.

8 And with that, we will look into what we're
9 going to do today.

10 We'll first hear a brief opening statement from
11 the parties. Then we will hear cross-examination of
12 Cascade's witness, Mark Chiles. Commissioners will then
13 pose questions to the settlement panel, and, finally,
14 the non-settling parties, beginning with Public Counsel
15 and their witness, Mark Garrett, and The Energy -- and,
16 finally, The Energy Project and their witness Shawn
17 Collins.

18 We will plan to take a short break between
19 cross-examination and the settlement panel, but I invite
20 anyone who needs a break to just please let me know by
21 the raise hand feature.

22 Based on the parties' time estimates, we'll
23 be -- we'll likely conclude before lunch, but if we do
24 not conclude by noon, we'll discuss whether to proceed
25 through the lunch hour or to take a break, depending on

1 the estimated time remaining.

2 Are there any questions?

3 MS. PAISNER: Excuse me. May I ask a
4 clarifying question? I did not see a time estimate for
5 Mark Garrett.

6 JUDGE DOYLE: There's -- there's no cross
7 time estimate Mark Garrett. The commissioners just have
8 a few questions.

9 MS. PAISNER: Gotcha. Okay. Thank you.

10 MR. ZAKAI: Same -- same clarification for
11 Mr. Collins.

12 Do the commissioners have questions for him?

13 JUDGE DOYLE: Apologies, yeah.

14 COMMISSIONER RENDAHL: Yes, we do.

15 JUDGE DOYLE: I have a dog at my side here.

16 Yes, there are.

17 MR. ZAKAI: Thank you.

18 JUDGE DOYLE: Okay. Great. So let's begin
19 with opening statements beginning with the settling
20 parties.

21 MR. CALLAGHAN: Ms. Barnett, I can go first,
22 if you would like.

23 MS. BARNETT: Yes, that's fine.

24 Thank you.

25 MR. CALLAGHAN: Thank you.

1 Good morning, Commissioners. Good morning, Your
2 Honors. Judge Doyle informed the parties that opening
3 statements should be brief, so I'll make this quick.

4 Staff conducted an extensive discovery in this
5 case. It found some adjustments to Cascade's initial
6 filing and ultimately were able to reach a settlement
7 with the company.

8 We believe that the settlement is fair, just,
9 and reasonable. The majority of the increased revenue
10 requirement is due to two factors: First, the capital
11 additions that went into service during or prior to the
12 test year; and, second, the 2021 wage increases. These
13 increases are real and should be reflected in rates.

14 While Staff always prefers to include as many
15 parties as possible in the settlement, in this case,
16 staff seriously considered the positions of the
17 non-settling parties but found them unpersuasive.

18 Ultimately, Staff decides whether or not to
19 accept a settlement proposal based on the public
20 interest and whether or not the settlement reflects the
21 public interest.

22 Thank you.

23 MS. BARNETT: Thank you, Judges Doyle and
24 Pearson, and good morning, Commissioners.

25 Today, Cascade, along with the commissioned

1 staff is presenting a full multiparty settlement for
2 your consideration.

3 And the settlement, as Mr. Callaghan said, it
4 represents a compromised resolution of all the issues in
5 this rate case, following careful vetting and thorough
6 investigation of Cascade's operations.

7 No party disputes that Cascade has a revenue
8 deficiency, and the non-settling parties cannot show
9 that the settlement conflicts with the public interest.
10 Instead, the non-settling parties present various
11 alternatives aimed solely at lowering at Cascade's
12 revenue requirement such as terminating the cost revenue
13 mechanism or modifying Cascade's -- modifying the
14 company's treatment of protected excess deferred income
15 tax or in Public Counsel's case, creating a different
16 case using a completely different test year.

17 Cascade filed its initial case in this
18 proceeding on September 30th, 2021, approximately four
19 months after the Commission issued its final order in
20 Cascade's 2020 general rate case. For this proceeding,
21 Cascade had the benefit of the Commission's clear
22 direction in that final order and Cascade has attempted
23 to address every concern the Commission has raised in
24 it.

25 For just a few examples, Cascade maintained the

1 same capital structure approved by the Commission in
2 that last rate case, thereby providing rate stability.
3 And Cascade considered the average of monthly averages
4 rate treatment as well as end of period rate treatment
5 approved by the Commission just months before, and
6 Cascade determined that the end of period rate treatment
7 was still appropriate for this case. But instead of
8 filing no supporting testimony like it did in its 2020
9 case, Cascade filed substantial direct and rebuttal
10 testimony justifying EOP rate treatment plus exhibits
11 supporting it. Cascade filed a complete and accurate
12 commission basis report this year. It filed progress
13 report and written plan for its load study. And Cascade
14 removed from its revenue requirement the cost and
15 revenues related to depreciation and supplemental
16 schedules as directed by the Commission. And Cascade
17 also improved transparency and communication with other
18 parties, as I'm sure Staff can corroborate.

19 In Staff's last rate case, the Commission
20 expressed concern over Cascade's presentation of
21 evidence, specifically presenting important testimony
22 and rebuttal when other parties could not respond.
23 Cascade corrected this, formally revising and updating
24 its testimony several months before response testimony
25 was due.

1 I believe you will agree that the result is a
2 clean rate case focused on just a few adjustments
3 allowing for a thorough investigation and resulting in a
4 full settlement that is in the public interest.

5 Thank you.

6 JUDGE DOYLE: Thank you.

7 And for Public Counsel?

8 MS. PAISNER: Good morning, Judge Doyle,
9 Judge Pearson, and Judge Danner -- or Chair Danner,
10 Commissioner Rendahl.

11 Public Counsel is here today to opposed the full
12 multiparty settlement filed on March 22nd, 2022, that is
13 proposed to Cascade Natural Gas Corporation and the AGG
14 staff.

15 As discussed in the testimony of Public Counsel
16 Witness Mark E. Garrett filed on April 25th, 2022, the
17 proposed settlement does not comply with the law because
18 it is excessive and would give Cascade an annual revenue
19 increase that is unreasonably large and that it is not
20 justified. The proposed settlement is, therefore, not
21 consistent with the public interest and, thus, fails to
22 comply with the Commission's requirements stated in WAC
23 480-07-740.

24 The record will show that based on the company's
25 own filings for 2021, the revenue increase proposed in

1 the settlement of approximately \$10.7 million is an
2 unnecessarily excessive amount that the company does not
3 need.

4 Lastly, separate from the proposed settlement,
5 Public Counsel does not object to the low income program
6 proposals that were submitted and testimony filed by The
7 Energy Project on April 25th, 2022. That concludes my
8 opening remarks.

9 Thank you.

10 JUDGE DOYLE: Thank you.

11 And for AWEC?

12 MR. STOKES: Good morning, Commissioner
13 Danner, Commissioner Rendahl, Judges Doyle and Pearson.

14 Cascade has repeatedly called this case a
15 limited issue rate case, presumably in order to maintain
16 a narrow scope of review. In its original filing,
17 however, Cascade asked for more than \$13.7 million,
18 which -- which if approved, would have been

19 approximately an 11.1 percent margin increase to all
20 customers if spread on an equal percentage margin basis.

21 The multiparty settlement, if approved, will
22 allow Cascade to increase revenues by \$10.6 million,
23 which is an 8.64 percent margin increase and will have
24 an impact on rate payers, especially considering the
25 fact that Cascade has made it clear that they intend to

1 file another rate case in the very near future.

2 It's also important to note when looking at the
3 size of this rate case, which is a limited rate case,
4 that if you look at Cascade's last general rate case in
5 Docket 200568, they asked for a \$13.8 million increase,
6 which is very similar to the amount asked for here.

7 This case is significant and requires scrutiny
8 to determine if the rates are fair, just, and
9 reasonable.

10 AWEC believes, after review of the record, that
11 the rates provided in the multiparty settlement will not
12 produce rates that are fair, just, and reasonable, and,
13 therefore, ask the commission to reject the settlement
14 or approve it with modifications.

15 Thank you.

16 JUDGE DOYLE: Thank you, Mr. Stokes.

17 And finally from The Energy Project?

18 MR. ZAKAI: Thank you.

19 Good morning, Chair Danner, Commissioner
20 Rendahl, Judge Pearson and Judge Doyle.

21 In this general rate case, you're asked by
22 Cascade and Staff to consider a settlement that will
23 unreasonably increase customers' rates.

24 TEP opposes the settlement because many low
25 income customers cannot afford such an increase.

1 The pandemic has wreaked havoc on low and middle
2 income customers' finances.

3 While many Washingtonians are now living in a
4 post-pandemic life, the economic recovery has not been
5 equal. Many low and middle income -- excuse me, many
6 low and middle income customers' finances are in a worse
7 position today than they were before the pandemic.
8 Moreover, it's clear that the settlement does not
9 adequately consider customers' interests because no
10 party passed exclusively with represented interests of
11 customers supports the settlement. And the settlement,
12 as well as the settling parties' testimony in support of
13 the settlement do not mention the rate or bill impact on
14 customers.

15 Throughout this case, Cascade's decision to
16 hamper the Commission's ability to efficiently consider
17 and resolve the issues before it in this general rate
18 case and related proceedings: First, Cascade and staff
19 waited an unreasonably long time between reaching their
20 settlement and filing the terms of the settlement, which
21 unnecessarily compressed the timeline for response and
22 reply testimony. Second, Cascade refused to extend the
23 suspension date in this proceeding to accommodate the
24 consolidation of Docket UG-220198, correcting
25 normalization violations.

1 Because of these decisions about the timing of
2 this proceeding made by Cascade, the Commission should
3 hold customers harmless in the event that there are any
4 negative impacts from Cascade's decision not to address
5 certain issues in a timely manner.

6 Now, I would like to turn your attention to
7 Cascade's low income assistance program called the
8 Washington Energy Assistance Fund, or WEAFF.

9 In this case, TEP proposes three improvements:
10 One: Increasing the income eligibility threshold to
11 enable WEAFF to reach more customers. Two, establishing
12 detailed -- dedicated low income outreach effort using
13 trusted messengers and community-based outreach. And
14 three, requiring the low income advisory group to
15 annually review funding levels.

16 In their rebuttal testimony, Cascade and Staff
17 indicate they support tax proposals, which no party
18 opposes and thanks Cascade and Staff for their support.

19 In addition, Cascade continues to make good
20 faith efforts to serve its low income customers, and TEP
21 thanks the company for its collaboration with its low
22 income advisory group and respectfully requests that the
23 Commission approve these three improvements to the WEAFF
24 program and reject the rate increase included in the
25 settlement.

1 Thank you.

2 JUDGE DOYLE: Thank you, Mr. Zakai.

3 And with that, thank you all the parties for
4 your statements.

5 Let's first call Cascade's witness, Mark Chiles.

6 Would you please turn on your camera if you're
7 able to do so.

8 THE WITNESS: I can.

9 JUDGE DOYLE: There you are. All right.
10 Thank you.

11 And can you please raise your right hand.

12 Do you swear or affirm the testimony you give
13 here today will be the truth, the whole truth, and
14 nothing but the truth?

15 THE WITNESS: I do.

16 JUDGE DOYLE: Okay. Thank you.

17 Cascade, would you like to introduce your
18 witness and make them available for cross.

19 MS. BARNETT: Thank you, Your Honor.

20 Mr. Chiles, will you please state your full name
21 and your position and your employer for the record.

22 THE WITNESS: Mark Chiles, Vice President of
23 Regulatory Affairs and Customer Service for Cascade
24 Natural Gas Corporation.

25 MS. BARNETT: Thank you.

1 And yesterday, Cascade filed and served one
2 errata on your testimony.

3 Do you have, other than that errata, do you have
4 any other changes or corrections to your testimony or
5 exhibits?

6 THE WITNESS: I have no other changes or
7 corrections to my testimony.

8 MS. BARNETT: Thank you.

9 At this time, we present Mark Chiles for cross.

10 JUDGE DOYLE: Thank you.

11 And I believe -- apologies. Public Counsel,
12 would like you to --

13 MS. PAISNER: Yes. Thank you.

14 C R O S S - E X A M I N A T I O N

15 BY MS. PAISNER:

16 Q. Good morning, Mr. Chiles.

17 A. Good morning.

18 Q. Do you have copies of all the exhibits and cross
19 in this case?

20 A. I do.

21 Q. Thanks.

22 Okay. If you would please turn to page 29 of
23 your rebuttal testimony, which is Exhibit MAC-4T
24 starting on line 5.

25 A. Sorry. That was page...?

1 Q. 29.

2 A. Yes. I'm there.

3 Q. Okay. Starting on line 5, you state: Because
4 Cascade has a decoupling mechanism, the company's test
5 year is already weather normalized.

6 Is that an accurate statement?

7 A. That is an accurate statement.

8 Q. Okay. So now if you would please go to exhibit
9 MAC-15X, which is the commission basis report for 2021
10 filed by Cascade with work papers.

11 A. Yes.

12 Q. Are you familiar with this exhibit and its
13 contents?

14 A. I am familiar, yes.

15 Q. Does this exhibit describe the reporting
16 information required under WAC 480-90-257 that Cascade
17 submitted to the Commission for 2021?

18 A. To the -- yes, to my knowledge, yes.

19 Q. Just now, you confirmed that the company's test
20 year was weather normalized.

21 Was that weather normalize -- normalization
22 embedded in the information reported to the Commission
23 in this 2021 commission basis report for Cascade?

24 A. I'm sorry. Could you repeat that?

25 Q. Sure.

1 You just now discussed weather normalization for
2 the test year, so my question is if that same weather
3 normalization is embedded in the information in the
4 commission basis report for 2021.

5 A. The decoupling is embedded in the Commission
6 basis report.

7 Q. Thank you.

8 Okay. If you would please turn to page 5 of
9 this exhibit, 5 of 22.

10 A. I'm there.

11 Q. Please look at Column B on the left side of the
12 page.

13 What is the amount of net operating income on
14 line 18?

15 A. Net operating income on line 18 is \$28,636,318.

16 Q. Is that the amount of net operating income
17 reported for 2021?

18 A. It is, yes, if -- I believe it is.

19 Q. Okay. And did that operating income increase
20 shareholder equity by that amount?

21 A. Yes.

22 Q. Did that net operating income include accruals
23 for unbilled revenue?

24 A. It would have.

25 Q. As we look at the columns across the page on Row

1 18, we see what appear to be adjustment amounts.

2 Are these adjustments that were approved by the
3 Commission in Cascade's most recent rate case in Docket
4 UG-200568?

5 A. Those are different adjustments that -- yes, to
6 advertising incentives and B&O.

7 Q. Okay. Now please look at Column F on the right
8 side of the page.

9 What is the restated net operating income found
10 on line 18?

11 A. \$29,979,637.

12 Q. Thank you.

13 What is the amount of rate base on line 26 of
14 that page?

15 A. Rate base on line 26, column -- well, I guess
16 they're the same, \$488,393,608.

17 Q. Thank you.

18 On line 27 in Column F, there is a percentage,
19 6.14 percent listed as the rate of return.

20 Subject to check, is that percentage the result
21 of dividing restated net operating income from line 18
22 by the rate base amount on line 26?

23 A. I believe it is.

24 Q. So subject to check, 29,979,637 divided by
25 488,393,608 is 0.614 or 6.14 percent?

1 A. Yes.

2 Q. Thank you.

3 There's another percentage on that page just
4 below the 6.14 percent, and that percentage is 6.95
5 percent.

6 Is that the rate of return authorized in
7 Cascade's last Washington rate case UG-200568?

8 A. I would have to verify that, but I -- I actually
9 don't know off the top of my head.

10 Q. Okay. So subject to check, would you accept
11 that the project of multiplying the rate base amount on
12 line 26, Column F by the authorized return -- rate of
13 return, 6.95, would give you the amount needed for the
14 company to earn its approved rate of return?

15 A. Yes.

16 Q. Okay. So then subject to check, the product of
17 the rate base of 488,393,608 and the 6.95 rate of
18 return, subject to check, would be 33,943,356 and
19 change?

20 A. Yes.

21 Q. So, again, subject to check, would you accept
22 that subtracting restated net operating income from line
23 18 from the amount needed for the company to earn its
24 approved rate of return would equal an amount of revenue
25 deficiency for the company?

1 A. Well, that could all be true. The issue is that
2 there are other adjustments that would -- that would
3 need to be made to these numbers to complete a 2021
4 case, and that's the company's intention with Public
5 Counsel's suggestion that we should move to a 2021 test
6 year. There are -- there are all the things -- you
7 know, all the different adjustments that take place
8 within the -- within a case that Cascade did when we
9 submitted our original case based on the 2020 test year
10 that -- that aren't accounted for specifically in the
11 commission basis report, so I don't think that provides
12 an accurate picture of -- of what an appropriate 2021
13 test year case would be, so I think if all the
14 appropriate adjustments were made, then it's an entirely
15 different case. And I think if Cascade were to have
16 suggested that we move to a 2021 test year, even if we
17 made all the appropriate adjustments, in May, as Public
18 Counsel has, that it just wouldn't -- it wouldn't seem
19 appropriate, and that's -- you know, our -- our case has
20 been fully vetted through the course of time and we've
21 demonstrated that be it through, you know, a few
22 hundred-plus data requests and all the analyses that our
23 case is appropriate. 2021 hasn't gone through that
24 analysis, and just it doesn't seem appropriate without
25 all of the proper adjustments, that it -- that it would

1 be warranted.

2 Q. So maybe I can ask it a different way.

3 So assuming a 2020 test year -- assuming a 2020
4 test year, which is the test year the company has
5 proposed, and assuming appropriate adjustments, subject
6 to check, the 33 -- the approximately 33.9 million,
7 which is the amount you just testified would be needed
8 for the company to earn its rate of return -- I
9 apologize -- so if you assume the 2020 test year and
10 appropriate adjustments, subject to check, that 33.9
11 million -- \$33,943,356 that the company would need to
12 earn its return minus the 29 million reported,
13 \$29,979,637, which is net operated income restated, the
14 33.9 million minus the 29 million, approximately, would
15 be \$3,963,719, subject to check?

16 A. I would say your math is correct.

17 Q. Okay. Okay. Yeah, I just -- okay. Thank you.

18 So if you would please turn back to your
19 rebuttal testimony at page 30 and starting on line 7,
20 starting on line 7, you state in your rebuttal testimony
21 that: Public Counsel uses the 2020 test year conversion
22 factor instead of adjusting the conversion factor to be
23 based on the underlying revenue sensitive costs in 2020.

24 Is that correct?

25 A. That is correct.

1 Q. You then describe this on line 10 as a minor
2 impact?

3 A. Yes.

4 Q. Would the difference between the 2020 revenue
5 conversion factor versus what you describe here be due
6 to the difference in uncollectible accounts rate for
7 each year?

8 A. I guess I couldn't say. I couldn't tell you off
9 the top of my head all the different items that might be
10 adjusted or might impact that.

11 Q. Okay. But you do describe it as minor?

12 A. Yes.

13 Q. Okay.

14 A. And I think minor just to the point that there
15 are issues in Public Counsel's suggestion that we should
16 use the 2021 test year. There are small things, there
17 are large things, and -- and that's really the point of
18 that.

19 Q. Okay. Please turn to Exhibit JT-2, which is the
20 joint settlement exhibit, and Tab MCG-4, conversion
21 factor. I think it was labelled in the upper header.
22 It says MCP-4, but the tab, it says MCG-4. And let me
23 know when you're there, please.

24 A. I have JT-2 up. And I'm sorry. What tab?

25 Q. MCG-4, conversion factor.

1 A. Conversion factor, yes.

2 Q. Thanks.

3 On line 19, where it states "Conversion Factor,"
4 is this number 0.75506 the revenue conversion factor
5 used by the company for 2020?

6 A. Yes.

7 Q. Subject to check, would you accept that dividing
8 the 3,963,719 deficiencies stated a moment ago by
9 Cascade's 2020 revenue conversion factor of 0.75506
10 would be 5,249,541?

11 A. Um... (pause.)

12 Q. Subject to check.

13 A. Yes.

14 Q. Okay. Do you know the conversion factor for
15 2021?

16 A. I do not know the conversion factor for 2021.

17 Q. Okay. Now I would like to ask you about your
18 end of period analysis for the 2020 test year.

19 In your analysis, to which accounts did you
20 apply an end of period analysis?

21 A. Which would be applied end of period?

22 Q. Yes.

23 A. In particular or in broad, you know, sort of
24 the --

25 Q. I think I can restate the question maybe to --

1 to be a little more clear.

2 So did you use a monthly averages approach for
3 any accounts?

4 A. We -- I think we used average -- monthly
5 averages for one item. I think we used end of period
6 for everything. There might be one, and I just don't
7 recall.

8 Q. Do you -- did you use end of period for working
9 capital or inventory?

10 A. I think we might have used -- I -- we might have
11 used an average and monthly averages for that one.
12 Again, I'm just not sure.

13 Q. Okay. I have no further questions.

14 Thank you.

15 JUDGE DOYLE: Thank you.

16 And would AWEC like their opportunity to cross
17 Mr. Chiles.

18 MR. STOKES: Yes, Your Honor.

19 JUDGE DOYLE: Okay. Go ahead.

20 Thank you.

21 C R O S S - E X A M I N A T I O N

22 BY MR. STOKES:

23 Q. Good morning, Mr. Chiles.

24 A. Good morning.

25 Q. When does Cascade intend to file its next rate

1 case, as you mentioned in your direct testimony, MAC-1T,
2 on page 3?

3 A. I think Cascade will be evaluating -- I mean,
4 we're evaluating now the need for it as soon as we get
5 through this particular case, know where we've landed.
6 Certainly, we're looking for the conclusion of, you
7 know, the PSE cases -- case, and possibly the Avista
8 case.

9 It's a new world with the multiyear, and we want
10 to make sure that we're prepared for that, so, again,
11 evaluating, I would imagine it will, you know, be 2023
12 at this point in time.

13 Q. Okay. But this case is supposed to be, in your
14 words, a stopgap between this case and then the time
15 when you file a new rate case with a multiyear rate
16 plan?

17 A. Yes. But this case is looking at recovery of
18 plant through 2020. We're through 2021 and well into
19 2022 at this point, and with the -- the amount of
20 capital we're spending with the increase in -- the
21 inflationary pressures in costs, I mean, all of those
22 are impacting us as well as every other company.

23 Q. Okay. All right. Thank you.

24 I would like to talk to you for a second about
25 the protected plus excess deferred income tax issue.

1 Does the multiparty stipulation address the
2 proper treatment of protected plus EDIT under the IRS
3 normalization requirements?

4 A. Does the -- I'm sorry. Can you --

5 Q. Does the multiparty stipulation that you entered
6 into with staff address proper treatment of protected
7 plus EDIT?

8 A. I -- I don't know that it specifically does
9 address the EDIT issue.

10 Q. Okay.

11 A. Specific inherent in the settlement, itself, is,
12 you know, all -- all items have been addressed.

13 Q. Okay. So the multiparty stipulation was filed
14 on March 22nd, 2022; correct?

15 A. Correct.

16 Q. Okay. So the day after the multiparty
17 stipulation was filed, Cascade made a filing in Docket
18 UG-220198 where Cascade proposed to make a correction to
19 prevent a potential normalization violation; is that
20 correct?

21 A. That's correct.

22 Q. Okay. And when I talk about the potential
23 normalization violation, in general, it relates to the
24 amortization of protected plus excess deferred income
25 taxes.

1 Is that your understanding?

2 A. That is my understanding, yes.

3 Q. Okay. And Cascade's filing in UG-220198 was in
4 response to a private letter ruling, 101961-21,
5 identified in Puget Sound Energy Docket UG -- or
6 UE-190529; is that correct?

7 A. That's correct.

8 MR. STOKES: Okay. To the extent it's
9 necessary, I would like to move for the Commission to
10 take official notice of the private letter ruling
11 101961-21 under WAC 480-07-495. It's been referenced,
12 but the actual private letter ruling is not in the
13 record at this point in time.

14 JUDGE DOYLE: Okay. Do any of the parties
15 have any objections to taking notice of that?

16 MS. BARNETT: No objection.

17 MR. CALLAGHAN: No objection, Your Honor.

18 MS. PAISNER: No objection from Public
19 Counsel. Thanks.

20 JUDGE DOYLE: Okay.

21 MR. ZAKAI: No objection. Thank you.

22 BY MR. STOKES:

23 Q. Mr. Chiles, is it your understanding that one of
24 Cascade's proposed normalization corrections was to
25 eliminate rate schedule 581 credit rate and roll the

1 amortization rate into base rates?

2 A. I'm sorry. Can you -- can you say that again?

3 Q. So is it -- in your filing, in order to correct
4 potential normalization violation, was it Cascade's
5 proposal to eliminate Rate Schedule 581 and roll the
6 amortization rate into base rates?

7 A. I believe that's correct.

8 Q. Okay. And is it your understanding that one of
9 the adjustments is to make that correction in this
10 docket on a going forward basis?

11 A. I think -- I do believe that's correct. We've
12 got that -- that separate case, and I think -- I mean,
13 the timing of the company's file, I mean, we -- we filed
14 our rate base September 30th, and that was a short time
15 after everyone found out about PSE's private letter
16 ruling. You know, there wasn't enough time for us to
17 bring that into this case and give it justice. You
18 know, the one thing that Cascade has been scrutinized
19 for in the past is not having a clean, complete case,
20 and so our goal here was to do that, to abide by the --
21 the ruling that the Commission issued in our last case,
22 and -- and not bring in items like this at the last
23 minute, and so we felt that the best course of action
24 was that we treat this the way we have, so... (Pause.)

25 Q. So in your opinion, if the Commission does not

1 eliminate Rate Schedule 581 and roll the amortization
2 into base rates, will Cascade continue to be in
3 violation of the normalization requirements?

4 A. Well, I mean, based on our consultation right
5 now with our tax and the county personnel and outside
6 auditors, we're currently not at risk for normalization
7 violation, given we've got the plan for correction,
8 which is incorporated in -- in the other docket, the
9 220198. So as long as we follow that plan, we're not --
10 we're not at risk for normalization violation. If the
11 Commission allows the approach to zero out 581 and get
12 rid of the deferral, we could still be in a violation
13 position.

14 Q. Well, there's two -- there's two proposals you
15 have: One is to fix things going forward -- on a going
16 forward basis, and one is to fix things that happened in
17 the past; is that correct?

18 A. That's correct.

19 Q. Okay. So on September 15th, 2021, and
20 subsequent to the issuance of the private letter ruling,
21 Cascade made a filing in Docket UG-210709 where you
22 updated Schedule 581 rates; is that correct?

23 A. Which docket is that?

24 Q. 210709. It's where Cascade updates its Schedule
25 581 rates.

1 A. Okay.

2 Q. Okay. Did Cascade indicate to the parties in
3 this case that the rates it was proposing might be
4 inconsistent with the IRS normalization requirements?

5 A. I could not speak to that. I don't have enough
6 knowledge to speak to that.

7 Q. Okay. So when did Cascade become aware that the
8 continued use of Schedule 581 might violate the IRS's
9 normalization requirements?

10 A. Well, I would have to defer to someone with more
11 information on that particular question.

12 Q. Okay. So one final question on this topic: Can
13 you explain why Cascade filed -- waited until the day
14 after filing the settlement stipulation to file -- to
15 make its file in Docket UG-220198?

16 A. Well, a part of it was just the timing of
17 getting all the information. The circumstances of that
18 filing were we went through a process of finding out,
19 you know, what the -- well, getting the private letter
20 ruling that was issued to PSE, evaluating whether it
21 applied to us, and working with all the appropriate
22 parties to determine our best course of action, and once
23 we had all that information, we filed that. We -- that
24 filing was planned not in conjunction with the
25 settlement stipulations or anything there, but that was

1 in process over a long course of time, so... (Pause.)

2 Q. Okay. Thank you.

3 So switching topics, I would like to talk to you
4 about unbilled revenues.

5 A. Yeah.

6 Q. So are the billing determinates that Cascade
7 uses to calculate rates based on volumes consumed or
8 volumes billed in the test period?

9 A. Are...?

10 Q. Are the billing determinates that Cascade uses
11 to calculate rates based on the volumes consumed or
12 volumes billed in the test period?

13 A. I actually do not know that. I would have to
14 defer to our other witness on that.

15 Q. Okay. I'll move on.

16 So I would like you to look at your Chiles
17 exhibit MAC-4T, the errata filing on page 6, lines 13 to
18 14.

19 So in your errata filing, you acknowledge that
20 the margin revenue requirement in this case has been
21 increased by a 1.413 million, 568,000 of net unbilled
22 revenues from the 2020 test period; is that correct?

23 A. That is correct.

24 Q. Okay. Would you agree that the 1.4 million
25 referenced in your errata filing is the amount that AWEC

1 is proposing to remove from revenue requirement in this
2 case?

3 A. Originally, I -- I believe that the amount was
4 being suggested as 2.9 million. I don't have the exact
5 number if the number has changed to the 1.4. I would
6 agree that the amount of remaining unbilled in the
7 revenue requirement is the 1.4 million.

8 Q. Okay. Would you agree that AWEC is not
9 proposing to remove the 15,909,204 balance of unbilled
10 revenues that the settling parties included in working
11 capital and rate base?

12 A. The 15 million of --

13 Q. Of working capital --

14 A. Oh. Of working capital?

15 Q. Yeah.

16 A. I believe that's correct.

17 Q. Okay. So in your exhibit MAC-4T, page 8, line 6
18 and 7, you state that shareholders had advanced the cash
19 necessary to fund the cost of the service represented by
20 the unbilled revenues.

21 Would you agree that AWEC is not contesting
22 Cascade's ability to earn a return through working the
23 capital on cash advanced to fund unbilled revenues?

24 A. I believe that's correct.

25 Q. Okay. Do you have a way to estimate whether

1 Cascade's total unbilled revenue balance will increase
2 or decrease on a normalized basis?

3 A. Well, annually, you would expect if you have
4 customer growth -- there are a lot of variables to
5 factor into unbilled revenue, right, and it can go up or
6 down --

7 Q. Okay.

8 A. -- on -- in any given year, and I think that
9 the -- the case here is that Cascade has been consistent
10 in how we treated unbilled. The only difference in
11 this particular case is that Cascade followed the
12 Commission's order to remove supplemental schedules, and
13 so in -- in the past, we would have removed the
14 decoupling fees. Because of the recent order in our
15 last case, we would have removed the supplemental
16 schedules. But after that, Cascade has been consistent
17 in all of its cases in how it's treated unbilled,
18 whether it's been to the detriment or the benefit. And
19 I think having that consistency from year to year in
20 each case is important. And for us to -- to try and
21 remove or -- or keep in in any given year or in any
22 particular case would be a departure from -- from sound
23 judgment.

24 Q. Okay. But you would agree that unbilled revenue
25 balance -- the unbilled revenue balance is influenced by

1 rate changes that occur in the test period?

2 A. Could be, yes.

3 Q. Yeah.

4 A. It could be impacted there.

5 Q. And isn't the whole point of a normalize revenue
6 forecast to eliminate the impact of rate changes in the
7 test period?

8 A. Isn't the whole point of...?

9 Q. Normalized revenue forecast.

10 A. Well, to -- to the whole point of normalize
11 revenue forecasting would be -- yes, need to get --
12 to -- to get to a baseline revenue, yes.

13 Q. Okay. So unbilled revenue balances are also
14 impacted by year to year changes and throughput; is that
15 correct?

16 A. Throughput --

17 Q. Okay.

18 A. -- and the customer growth, due to weather.

19 Q. Okay. And if throughput is increasing, would
20 unbilled revenues reduce revenue requirement?

21 A. Well, in general, no. I'm sorry. I
22 misunderstood that in --

23 Q. Yeah, so -- so let me -- let me state that
24 again.

25 All other things being equal, if the throughput

1 is increasing, would unbilled revenues reduce revenue
2 requirement?

3 A. Yes.

4 Q. Okay. Thank you.

5 All right. Moving on, I would like to talk to
6 you about the COVID savings, refer to your testimony
7 MAC-4T, page 13, line 5.

8 A. Just one moment.

9 Q. Okay. Yeah.

10 A. Let me get there. Lots of -- lots of paper.

11 Q. Lots of paper. I understand.

12 A. So I'm sorry. You said page 13?

13 Q. Yeah. Line 5.

14 A. 13, line 5, yes.

15 Q. Okay. So in your testimony, you acknowledge
16 that the test period results include 635,000 of deferred
17 COVID savings; is that correct?

18 A. That is correct.

19 Q. Okay. And the effect of the 635,000 deferred
20 COVID savings is an increase to revenue requirement;
21 correct?

22 A. That would be correct.

23 Q. Okay. Would you agree that the savings
24 represent a number of saving items such as, you know,
25 reduced meals and entertainment expenses, employee lodge

1 expenses, travel expenses, that sort of thing?

2 A. Yup.

3 Q. Okay. So by keeping the COVID savings deferral
4 in revenue requirement, isn't Cascade assuming that
5 things will return to pre-pandemic levels?

6 A. Things are returning slowly. I do -- the -- the
7 costs are returning, meaning lots of businesses getting
8 more back to normal, so I think it is a safe assumption
9 to -- to say that, yes, we will be returning to business
10 as -- as normal and have been over time.

11 Q. Would you agree that the hearings like this one
12 would typically have been done in person pre-pandemic?

13 A. Typically, yes.

14 Q. And would you also agree there's a pretty
15 widespread use of virtual meetings at this point?

16 A. Oh, there are.

17 Q. Okay. And those have replaced in-person
18 meetings over this --

19 A. Yes.

20 Q. Okay. Okay. And if things do return to normal
21 and there's no more virtual meetings, won't Cascade have
22 the ability to consider that in its next rate case that
23 it sounds like it's going to be filed in the very near
24 future?

25 A. Yeah, but those aren't -- I mean, there's lots

1 of different costs in there. You know, if you're --
2 you're talking about the cost specifically to rate cases
3 or something like that, you know, there are, one,
4 offsetting costs, but there are additional costs, and
5 there's the impact of inflation on everything also, so
6 there's a lot of different variables there that can
7 impact this, but certainly as the impacts of COVID have
8 lessened and continue to lessen, we are headed back to a
9 more normal -- experiencing more normal -- the
10 normal-type costs that we experienced before.

11 Q. I would like to switch topics again to the cost
12 recovery mechanism, so I would like to reference you to
13 your testimony MAC-4T page 24. It looks like lines 9
14 through 18.

15 A. Okay. I'm there.

16 Q. Okay. So if I understand your testimony
17 correctly, Cascade did not present for recovery in this
18 case any cost recovery mechanism plant additions other
19 than those included in the test period; is that correct?

20 A. That's correct.

21 Q. Okay. Would you agree that Cascade is still
22 proposing an after-the-fact adjustment to its margin
23 revenues in its compliance filing for CRM additions that
24 weren't identified in the initial filing in this case?

25 A. Well, specifically, what we've included in this

1 case and what we're filing for is similar to -- I mean,
2 again, the treatment has been the same. Our treatment
3 of what we brought into this case from this CRM
4 standpoint has been consistent with how we've been
5 filing this over the course of time, so there has been
6 no departure from -- from how we've been treating this
7 in this case from any -- any prior cases.

8 Q. Okay. So given the Commission's use and useful
9 policy statement and Docket U-190531, could Cascade have
10 included all the potential CRM plant additions and
11 service through the rate year in this case?

12 A. Sorry. One more time for me.

13 Q. Okay. Given the Commission's use and useful
14 policy statement in Docket U-190531, could Cascade have
15 included all the potential CRM plants additions and
16 service through the rate year in this case?

17 A. Yes.

18 Q. Okay. So if Cascade had done that and included
19 the plant additions and service to the rate year, would
20 Cascade need to seek recovery through the CRM?

21 A. Well, if we brought it in this case, we wouldn't
22 bring -- be bringing it in the CRM.

23 Q. Okay. So turn to page 23 of your testimony.

24 Can you walk me through the timeline that starts
25 at page 23? I was having a hard time tracking what

1 happened in the last rate case and what is being
2 proposed in this case.

3 A. It is confusing. It's confusing to me. I -- I
4 can walk you through this. I don't know that I can
5 provide more explanation than what -- than what is
6 included in the timeline that's shared on page 23.

7 Q. Okay. Well, if you can't -- if you can't
8 elaborate on that, then I'll just move on.

9 So when Cascade is performing the evaluation
10 that you describe in your testimony, how does Cascade
11 determine what plant additions were included -- included
12 in the rates and what were excluded from rates?

13 A. Well, if a plant was placed in service during --
14 you know, during the end of that -- that test year, it
15 should be in -- in the plan.

16 Q. Okay. So but aren't multiple things changing
17 subsequent to the test period such as accumulated
18 depreciation and increase in revenues that might offset
19 the need for the CRM plant additions?

20 A. I'm sorry. I hate --

21 Q. So if you have a rate case --

22 A. Yeah.

23 Q. -- that includes certain things and certain
24 plants and then you're making a later CRM filing, that's
25 kind of like a single issue rate filing, so aren't other

1 things happening that could offset the need for the CRM?

2 A. Well, you know, depending on the timing of
3 everything. I mean, the CRM is in there for a specific
4 purpose. You know, the mechanism was -- was put in
5 place to address specific issues. And from our
6 standpoint, it's working as the Commission intended.
7 And so until there is an alternative and, you know,
8 possibly the multiyear rate base, the CRM is -- is
9 working and it's been a -- an appropriate tool for the
10 company, and I think it's accomplishing what -- again,
11 what the Commission intended when it was put in place.

12 Q. Okay. Thank you.

13 Just one final question: If you could turn to
14 page 3 of your testimony, MAC-4T, lines 12 through 14,
15 can you tell me what you meant by the statement that if
16 AWEC chose not to participate in settlement
17 negotiations, that does not mean the negotiations did
18 not occur?

19 A. Yeah, well, I mean, Cascade went into the
20 initial settlement, January 10th, if I have the date
21 right, expecting a negotiation to take place. My
22 recollection of that meeting is negotiations really
23 didn't seem to take place, that it was essentially
24 punted to a --

25 Q. Well, yeah, and wasn't that the settlement

1 conference that was canceled and rescheduled and we
2 convened to discuss schedules?

3 A. The January --

4 MS. BARNETT: I'll object here. This is
5 going into -- this was a settlement negotiation as
6 scheduled by the prehearing conference, and those are --
7 those are confidential and shall not be used as evidence
8 in this case.

9 MR. STOKES: I'm not asking for anything
10 confidential. I'm just asking what he means by the
11 statement that he says in his testimony that we -- so I
12 wanted to know if he's saying that AWEC didn't attend a
13 scheduled settlement conference.

14 THE WITNESS: AWEC was in attendance at that
15 settlement conference.

16 BY MR. STOKES:

17 Q. And all the other conferences that all the
18 parties were invited to?

19 A. They were, yes.

20 Q. Okay. Thank you.

21 MR. STOKES: Nothing further, Your Honor.

22 JUDGE DOYLE: Okay. Thank you.

23 Cascade, would you like to proceed with any
24 redirect?

25 MS. BARNETT: Yes, Your Honor.

1 R E D I R E C T E X A M I N A T I O N

2 BY MS. BARNETT:

3 Q. Working backward, I would just like to begin
4 with -- let me turn on my video here.

5 Regarding the rate case, Mr. Stokes made a point
6 to, I guess, imply that rate case costs such as travel
7 would be included in a rate case adjustment.

8 And did you include -- is Cascade including any
9 rate case adjustment in this rate case?

10 A. Is Cascade including any rate specific to --

11 Q. Right. Does it include any rate case cost
12 adjustment? Does it have a rate case cost adjustment in
13 this case?

14 A. I don't believe so.

15 Q. Thank you.

16 And back to the CBR, I think that the -- you
17 were asked about the commission basis report's
18 adjustments.

19 Are you aware of what those adjustments, what --
20 what rate case your 2022 commission basis report filing,
21 your last one, what rate case those were based on?

22 A. I'm sorry. Could you ask that a different way,
23 or I'm not --

24 Q. Yeah. Yeah. I'm sorry for the confusion.

25 So the 2022 commission basis report is based on

1 what adjustments from what rate case? Are you aware?

2 A. Commission basis report?

3 Q. Yes.

4 A. Well, the commission basis report, what are the
5 adjustments based on?

6 Q. Uh-huh.

7 A. The adjustments are based on the -- our last
8 full litigated general rate case, 200568, I believe is
9 the number.

10 Q. Okay. Would you -- would -- are you aware of
11 the Commission, if the -- the rate base was based on the
12 commission basis report.

13 Is that an AMA basis or an EOP?

14 A. I believe that's AMA in that.

15 Q. And this case is EOP that you presented;
16 correct?

17 A. That's correct. So but the reasoning for that
18 being the -- the -- you know, the amount the plant that
19 the company has been placing in service, you know, there
20 are the -- the four factors that the Commission looks
21 at, and I think that the circumstances of this case when
22 compared to the prior case that had just closed, well,
23 about a year ago at this point, but roughly four months
24 from when we filed this case, those circumstances hadn't
25 really changed and they haven't changed since then. We

1 are spending a lot of capital to serve our customers and
2 provide that safe, reliable service that we need to
3 provide. We're in high inflationary periods. We
4 haven't been earning our rate of return. And so you --
5 the circumstances that were in place before are still in
6 place now, and that's why we're seeking end of period.

7 And, again, we didn't take end of period for
8 granted. We included that as a -- well, provided
9 extensive support for that in our original filing, and
10 that would have been in my testimony specifically.

11 Q. Thank you.

12 And just -- just to clarify on the commission
13 basis report, the 2021 commission basis report
14 adjustments are based on the 2019 GRC outcomes; is that
15 right? Is that how that works? So your GRC -- I think
16 it was UG-190210 for your 2021 CBR; is that correct?

17 A. I believe so, yeah.

18 Q. Okay. No further redirect.

19 JUDGE DOYLE: All right. Thank you.

20 Do either of the commissioners have any
21 questions before we take a short break?

22 CHAIR DANNER: Yeah, I do.

23 Q U E S T I O N I N G

24 BY CHAIR DANNER:

25 Q. Yeah, I do. I just want to -- let me -- let me

1 start -- good morning, Mr. Chiles.

2 A. Good morning.

3 Q. You received a question from Donna Barnett about
4 the AMA versus the EOP, but let me just ask, it appears
5 in the settlement that you're excluding EOP revenue
6 growth, although, you're including EOP treatment for
7 rate base and depreciation expense and tax expense and
8 interest synchronization.

9 Did the 2020 test year experience customer
10 growth as compared to prior years, and if so, how much
11 in percentage terms?

12 A. We did experience customer growth in 2020. We
13 have been -- Cascade service territory has gradually
14 been growing, so we did experience customer growth in
15 2020, yes.

16 Q. So but you excluded customer growth from the EOP
17 treatment; is that correct?

18 A. We -- I don't know that we excluded EOP customer
19 growth --

20 Q. From growth. So -- so you think you have EOP
21 treatment for customer growth as well?

22 A. I believe so, yes.

23 Q. All right. Okay. Thank you.

24 A. I believe. I mean, specifically, I think
25 customer accounts were updated and revenue was accounted

1 for when we -- when we calculated end of period.

2 Q. Okay.

3 A. I didn't mean to interrupt you.

4 Q. No, that's all right.

5 And I too had a question about the settlement
6 negotiation process.

7 There was a settlement conference scheduled in
8 April.

9 Did the settling parties bring their agreement
10 terms to the other parties and give them an opportunity
11 to respond and participate prior to the e-mail that
12 staff sent on February 18th to suspend the procedural
13 schedule?

14 A. Oh, you're testing my memory. I would -- I
15 would have to ask. I don't specifically recall the
16 timing of all of that in the April meeting. I don't
17 know.

18 Q. Okay. If you can't recall, I may ask Judge
19 Doyle. We might want a bench request on that.

20 A. Okay.

21 JUDGE DOYLE: Okay.

22 CHAIR DANNER: If that's all right.

23 BY CHAIR DANNER:

24 Q. And I wanted to also ask you about the
25 settlement.

1 I did not see anything in the settlement about
2 equity, yet, we have a state law, RCW 80.28.425, that
3 has requirements regarding equity, and I was wondering
4 if you want to explain whether the settlement does or
5 doesn't comply with those provisions.

6 A. So I'm not specifically familiar with that, but
7 when you refer to equity, in what regard, I guess, if I
8 could get some clarification there.

9 Q. Well, I can tell you, we have -- we have a state
10 law that expands public interest to include equity as
11 well as environmental health and greenhouse gas emission
12 reductions and so forth in determining -- the law
13 states, "In determining the public interest, the
14 Commission may consider such factors including but not
15 limited to environmental health and greenhouse gas
16 emission reductions, health and safety concerns,
17 economic development, and equity to the extent such
18 factors affect the rate services and practices of the
19 gas or electrical company regulated by the Commission."

20 A. Okay. And how did we address that,
21 specifically? Cascade has been on -- I mean, we
22 certainly feel that we've been good stewards and are
23 striving to continue to be good stewards for the
24 overall, you know, benefit of our customers and the
25 citizens that live -- you know, whether they use natural

1 gas or not, and so we've been looking at, you know,
2 green energy and what we can do there to -- to promote
3 that. Certainly from an energy efficiency standpoint,
4 we've seen great success there in conversions to more
5 efficient equipment. This is an area that the company
6 has been fully supportive of in that regard.

7 Q. Okay. So there's nothing specific about equity
8 in the settlement your -- am I hearing that somehow it's
9 in the number -- it's viewed in the --

10 A. Well, inherent -- you know, I would somewhat
11 defer to staff, but inherent in our settlement, you
12 know, all issues have been addressed.

13 Q. Okay. Also, you saw the proposal from The
14 Energy Project regarding the Washington Energy
15 Assistance program and you seem to be supportive of
16 that.

17 Can you tell me how that program identified an
18 increase participation in the -- in the WEAFF and the
19 weatherization programs in community color --
20 communities of color or tribal or immigrant or other
21 marginalized communities? Have you looked at that?

22 A. Yeah. We obviously have, you know, worked --
23 worked close with The Energy Project and all the
24 individual organizations and tried to be as supportive
25 and as encouraging as we have or can be. You know, they

1 specifically target segments that, you know, we would --
2 we would want them to and on their own have done -- you
3 know, created new programs, you know, the big art
4 (phonetic) program to -- to help in trying to reach out
5 to those groups. So, again, The Energy Project
6 proposals we're very supportive of and, you know, look
7 forward to working with them going forward to address
8 the issues that you specifically mention.

9 Q. But you are -- I mean, we're talking about 5
10 percent of the 22/23 program funding.

11 Have you done any kind of cost benefit analysis
12 or any planning on how that money would be spent?

13 A. I don't have all the -- all the details of that.
14 We can provide that to you in the information --
15 additional information that we have on that.

16 Q. Yeah. I would appreciate that, if you would,
17 and then any projections for how much participation
18 would increase as a result of that. That would -- that
19 would be very helpful for me.

20 A. Okay.

21 Q. Thank you.

22 I think -- let me see if my colleague has any
23 other questions before I ask more.

24 COMMISSIONER RENDAHL: Yes. Thank you. I
25 do have any -- I have questions.

1 Can you hear me?

2 THE WITNESS: I can't hear you.

3 COMMISSIONER RENDAHL: I'm having some audio
4 issues.

5 Can you hear me?

6 THE WITNESS: You cut out for a bit and then
7 I gotcha back, and so... (Pause.)

8 COMMISSIONER RENDAHL: Okay. Can you hear
9 me now?

10 CHAIR DANNER: Yes.

11 THE WITNESS: I can hear you now, yes.

12 COMMISSIONER RENDAHL: Okay. I was going to
13 say, otherwise, we can take a break and I can reconnect,
14 but if this is working, I'll just keep going.

15 Q U E S T I O N I N G

16 BY COMMISSIONER RENDAHL:

17 Q. Thank you, Mr. Chiles, for your testimony this
18 morning. Let's talk about unbilled revenue a bit.

19 So if you look at your testimony, your rebuttal
20 testimony, MAC-4T on page 8, lines 3 through 14, let me
21 know when you're there.

22 A. 3 through 14, yes, I'm -- I'm there.

23 Q. Okay. So could you please explain the amount of
24 the unbilled revenue that's included in the 15.9 million
25 in the working capital allowance that's provided in the

1 settlement?

2 A. How much of what's... (Pause.)

3 Q. If you could explain the amount of the unbilled
4 revenues that's included in the 15.9 million working
5 capital allowance provided in the settlement.

6 A. Well, it would --

7 Q. And specifically why this doesn't include -- go
8 ahead.

9 A. Oh, no, I'm sorry, I didn't mean to interrupt.

10 Q. If you could specifically explain why this
11 amount doesn't include the .6 million in unbilled
12 revenues that the company claims should be recovered in
13 the revenue requirement.

14 Is my question making sense to you?

15 A. Not entirely. Ann, I believe that the .6
16 million is the 637,000, if that's what you're --

17 Q. Yes.

18 A. -- referencing.

19 So that number has actually been corrected to be
20 1.4 million, \$1,413,568, and which would be the
21 remaining unbilled revenue included in our revenue
22 requirement, so that was --

23 Q. Okay. So let's -- okay. So let's talk about
24 that.

25 Can you explain the math that justifies the

1 errata that Cascade filed yesterday that indicates the
2 company should be allowed to recover 1.4 million in
3 unbilled revenue instead of the .6 million in unbilled
4 revenue?

5 A. So what was included -- so the -- the original
6 unbilled revenue included was the 2. -- 2.1 million.
7 Let me get my papers here. And from that, we would then
8 adjust out or make an adjustment for both the
9 decoupling -- which was 637,000. That actually would
10 increase the unbilled -- or, yes, the unbilled, and then
11 removing the supplemental schedules was a -- would be a
12 decrease of 1 million, and that's over on line 9 of page
13 7, but I guess by referencing, I guess for your benefit,
14 the -- the numbers within the testimony, the original
15 unbilled -- again, I'm... (Pause.)

16 Q. You can see why I'm confused.

17 A. Right.

18 There's a great schedule that comes from -- from
19 AWEC's testimony that we actually made an adjustment to
20 to point this out, and forgive me. I'm trying to -- to
21 get that now.

22 So the total unbilled revenue in 2020 was
23 2,129,998, and that was out of the general ledger
24 unbilled revenue. From there, if you adjust off of the
25 decoupling mechanism, that would be an adjustment of

1 7 -- 776,556, and because of the decoupling, a reverse,
2 that would be in addition to the unbilled revenue. And
3 then when you back out the supplemental schedules, it's
4 an adjustment of 1,492,986, which would offset that, so
5 it would be a negative 2.1 million, a negative 776,000,
6 and a positive 1,414,000 gets you to the adjustment --
7 or the remaining unbilled that factors into the revenue
8 requirement of \$1,414,000.

9 Does that help?

10 Q. Okay. Well, thank you.

11 I guess, why -- why did -- can you explain why
12 in your rebuttal testimony you deducted the .8 million
13 related to decoupling from AWEC's figure and does the --
14 why does the errata reverse that from your rebuttal
15 testimony?

16 A. Right. In the rebuttal testimony -- well,
17 the -- the way it's written -- the way it is presented
18 in the -- in the errata is correct. It's an judgment
19 to -- and when you say -- you know, when we refer to it
20 as saying subtract from, it would be a subtraction that
21 results in an addition, if that makes sense, because of
22 the -- it's a reversal -- or it reverses the negative
23 back out, and so built into the original, you know,
24 total unbilled revenue of 2.1 million was the decoupling
25 adjustment, and it would have reversed -- or it would

1 have reduced that unbilled revenue to begin with, so
2 added it -- adding that negative would then increase
3 the -- the unbilled amount.

4 Q. Okay. And just going back to some general
5 concepts, can you explain why it's appropriate to use
6 unbilled revenue that has not been normalized in the
7 normalized revenue requirement?

8 A. Unbilled that hasn't been -- I mean, we -- we
9 made the appropriate adjustments to normalize. I mean,
10 once we've taken out the -- the decoupling and the
11 supplemental, it would -- it -- you know, our treatment
12 there has been consistent to include that remaining
13 unbilled in the revenue requirement, and so from a
14 consistent -- consistency standpoint, you know, it makes
15 sense to me that we would go ahead and include that as
16 we have in the past.

17 Q. Okay. And so do you agree with AWEC's statement
18 that unbilled revenue entries are sensitive to the
19 specific rate changes and changes in actual billing
20 determinates that occurred over the course of the
21 historical accounting period? And if not, if you could
22 explain.

23 A. Well, no, certainly unbilled is going to be
24 impacted by that. Again, there are a variety of factors
25 that are going to impact the -- the year-end unbilled

1 amount. You know, that changed from year to year.
2 Those billing determinants are certainly part of that.
3 Customer growth is part of that. Whether -- you know,
4 all of those things factor in, and -- and that's where,
5 you know, from a company standpoint, again, our -- we're
6 trying to be consistent in how we treat things, you
7 know, at the end of any given year.

8 And this -- certainly by -- if we were to remove
9 those, it would -- it could have, in most years, a
10 positive impact to the revenue requirement and require
11 more and -- or -- so, again, to me, consistency has been
12 the key here, you know, in how we treated things.

13 Q. Okay. And one other question on this topic, and
14 this relates both to your testimony and to Ms. Nygard's
15 testimony, and so if you can't answer this in part or in
16 full, I can defer to -- to her, and this is pointing to
17 your testimony, rebuttal testimony on page 8, lines 5
18 through 9.

19 So was the amount of money that you stated that
20 shareholders advanced to fund the cost of services
21 represented by the unbilled revenue, was that part of
22 the equity infusion that are mentioned in Ms. Nygard's
23 testimony?

24 A. I think it would be part of the --

25 Q. Do you want me to repeat the question?

1 A. Sure.

2 Q. Okay. So was the amount of money that you state
3 in your testimony that shareholders advanced to fund the
4 cost of the services represented by the unbilled revenue
5 part of the equity infusions that are mentioned in Ms.
6 Nygard's testimony?

7 A. It would be part of the equity infusion. It
8 would be part of overall working capital that the
9 company uses to fund those items, so yes, the equity
10 infusion would be included in that.

11 Q. Okay. Thank you.

12 COMMISSIONER RENDAHL: Dave, I have a few
13 additional questions, but if you have a few, please jump
14 in.

15 CHAIR DANNER: Why don't you go ahead.
16 We -- we may want to take a break before Mr. Chiles is
17 done, or we -- before we're done with our questions with
18 Mr. Chiles. What is your preference, Commissioner?
19 Would you like to just plow ahead?

20 COMMISSIONER RENDAHL: I can take a break --
21 I can take a break now, and then if we take maybe five,
22 ten minutes -- I don't know, Judge Doyle, what your
23 preference is -- I can fix my -- fix my audio in the
24 meantime.

25 JUDGE DOYLE: No preference here.

1 Do the commissioners want a five- or ten-minute
2 break?

3 CHAIR DANNER: Yeah. Can we take a
4 five-minute break?

5 JUDGE DOYLE: Great. It's 11:07. Wow.
6 Math is hard apparently. Let's do 11:12 --

7 MS. CHAIR DANNER: Why don't we call it
8 11:15.

9 JUDGE DOYLE: Love it. Make it simple.

10 CHAIR DANNER: All right.

11 JUDGE DOYLE: Thank you. We'll be off the
12 record until 11:15.

13 (A break was taken from
14 11:07 a.m. to 11:15 a.m.)

15 JUDGE DOYLE: Welcome back, everyone. It is
16 11:15. We've just been on a break. Let's be back on
17 the record, and I believe, Commissioner Rendahl, you
18 still have some questions for Mr. Chile.

19 COMMISSIONER RENDAHL: Yes.

20 Maybe let me verify you can hear me maybe
21 better.

22 THE WITNESS: I can hear you.

23 COMMISSIONER RENDAHL: All right. Always a
24 good thing.

25 BY COMMISSIONER RENDAHL:

1 Q. Okay. I'm going to return to ask some questions
2 about the CRM refund.

3 And in your rebuttal testimony on pages 23 and
4 24, you address this issue that AWEC raised, and so it
5 appears that when the company filed its compliance
6 filing in its last general rate case in UG-200568, that
7 it proposed rate changes in addition to those authorized
8 in the final order; would you agree?

9 A. I would yes.

10 Q. Okay. And do you believe this is the
11 appropriate compliance filing process after a final
12 order has been issued? And if -- what is that process,
13 if you --

14 A. Right.

15 Q. -- can explain?

16 A. Yeah. I do believe, you know, again, that we
17 followed all the -- all of the appropriate, you know,
18 steps in filing that, and so -- and our -- our
19 compliance filing did follow the established rules.
20 Getting into the details of that, I actually would not
21 be the best witness to do that, so we could provide
22 follow-up on that.

23 Q. Well, let me just ask if you know whether in
24 that last rate case, whether the company provided
25 testimony that it was going to make these CRM changes in

1 its compliance filing.

2 Are you aware of that or not?

3 A. I believe that we did. I mean, it's been our
4 standard practice that we have done that. I can't say
5 specifically that it was mentioned in that rate case or
6 in that filing that we would be adjusting rates for the
7 C -- CRM as we did and have in the past.

8 Q. So do you think that companies should be allowed
9 to make changes to rates that have not been granted
10 explicit authorization from the Commission or otherwise
11 been allowed to take effect by operation of law?

12 A. Well, in general, no. I mean, we should not be
13 changing our rates without the proper authorization. I
14 think our understanding of this is that we would have,
15 through the various mechanisms, had the approval to make
16 the changes appropriately as we did.

17 Q. Okay. So in -- in the rebuttal testimony, your
18 rebuttal testimony in this case, you stated that -- that
19 the company plans to make the CRM rate changes in its
20 compliance filing consistent with the last case.

21 So how will the company address the change in
22 this case to ensure the filing is clear as to what
23 changes are being made and under what authority?

24 A. Specific to that, maybe they should make the
25 request that that is stated in the order that we would

1 make the changes as appropriate to that mechanism.

2 Q. Okay. I'll move on.

3 COMMISSIONER RENDAHL: Chair Danner, do you
4 have questions you want to ask, or I can just keep
5 going?

6 CHAIR DANNER: You can keep going, unless
7 you want me to. I see where you're going with these
8 questions, and just if you have more, go for it.

9 COMMISSIONER RENDAHL: Okay.

10 (Telephonic interruption.)

11 COMMISSIONER RENDAHL: I think not.

12 BY COMMISSIONER RENDAHL:

13 Q. Okay. Mr. Chiles, now turning to the issue of
14 the COVID-19 savings revenue or the savings, can you --
15 can you turn to your rebuttal testimony at page 13,
16 specifically lines 13 through 18.

17 A. Yes.

18 Q. Okay. Are you there?

19 A. I am there, yes.

20 Q. Okay. Great.

21 So you make the statement that the trend
22 suggests that business operations are returning to
23 pre-pandemic levels, and you spoke a bit to AWEC's
24 counsel about this -- this issue, but my question is, is
25 if this is the case, how does this impact the company's

1 COVID-19 accounting deferral going forward and what are
2 the company's plans regarding that deferral?

3 A. Well, I would say that we were working through
4 all the different plans. As far as the deferral,
5 itself, you know, we have those -- still tracking all of
6 those costs and will continue to treat those as we're
7 treating them now; although, I would say very minimal on
8 our part at this point.

9 Q. So are there any savings that you're still
10 tracking in addition to costs?

11 A. I think -- well, we're -- we're still seeing --
12 I mean, there are some savings in addition to the cost,
13 yes.

14 Q. Okay. And one last question -- and this, again,
15 your rebuttal testimony on page 10 relating to
16 uncollectible expenses, and this is at lines 1 and 2.

17 A. Yes.

18 Q. Where you testify that the current 2020 test
19 year's uncollectible amount is representative of past
20 amounts and doesn't reflect an elevated level due to the
21 coronavirus pandemic.

22 So did the uncollectible amounts identified in
23 this case or included in this case include amounts that
24 are deferred under the mechanism and Docket U-200281
25 that deals with COVID disconnection moratorium?

1 A. It would include all -- all uncollectibles,
2 anything that we've written off as an uncollectible
3 account, so any of those customers that were protected
4 would not include those balances.

5 Q. Okay. I don't think I understand, so -- from
6 your answer, so does the uncollectible amounts in this
7 case include those amounts deferred related to those
8 disconnection, those customers --

9 A. No.

10 Q. -- that you have not collected money from?

11 A. Yeah, I don't believe they do, no.

12 Q. Okay. All right. Thank you.

13 I don't have any further questions. Thank you
14 very much for your patience.

15 Q U E S T I O N I N G (C O N T I N U E D)

16 BY CHAIR DANNER:

17 Q. So I just want to ask some questions. These are
18 in Tammy Nygard's testimony, and I'm hoping that you can
19 answer these, but basically, in her exhibit, TJM-1T, on
20 page 5 at the top of the page, just was wondering -- I
21 just want to nail this down: Has the new long-term debt
22 been issued yet?

23 A. The new long-term debt has been issued, yes.

24 Q. It has been issued, okay.

25 And what was the actual date of the debt

1 issuance?

2 A. Oh, I can get that for you. I'm not exactly
3 sure.

4 Q. Okay. And, again, what was the amount of the
5 long-term debt? Can you get that for us?

6 A. I believe it was 50 million. I can follow up on
7 that.

8 Q. Okay. And so in Tammy Nygard's testimony, I
9 believe it was 35 million.

10 So are there some updates that needed -- need to
11 be made?

12 A. I -- well, certainly what we're seeing is, and
13 as, you know, you may be aware, gas prices have been
14 significantly higher than what we would have
15 anticipated, and so we're -- you know, the additional
16 amounts there would be covering those gas costs.

17 CHAIR DANNER: Okay. I think I would like
18 to have on the record the actual dates and the actual
19 amount and then any updates that need to be made that
20 could affect the settlement, and so maybe we could -- we
21 could do a bench request for that.

22 BY CHAIR DANNER:

23 Q. Also in her testimony on page 4, can you speak
24 to what was Cascade's actual debt percentage in 2020?

25 A. The actual debt percentage in 2020, I would

1 refer to -- sorry -- it would be Exhibit 8-X, which
2 would be our reply to AWEC Data Request No. 119, where
3 we illustrate the -- the capital structure with and
4 without the impacts of the normalization, so at the end
5 of 12 -- 12/31 of 2020, without the impacts, we would be
6 in debt of 53 and equity of 47.

7 CHAIR DANNER: Okay. So we -- yeah, we --
8 we may follow up with a bench request to get precise
9 numbers on that, but I'll -- but thank you.

10 I have no further questions.

11 Commissioner Rendahl, do you?

12 COMMISSIONER RENDAHL: And I have nothing
13 further for Mr. Chiles. Thank you.

14 JUDGE DOYLE: Okay. Thank you.

15 Mr. Chiles, you may be excused.

16 As we didn't exactly do this as a panel forum as
17 usually intended, we do, however, still have questions
18 for the settling parties for Staff's witness, Joanna
19 Huang. Are you still available?

20 And if not, would Staff please make your witness
21 available.

22 There you are.

23 And I will swear you in.

24 Can you please raise your right hand.

25 Do you swear or affirm that the testimony you

1 will give today is the full truth, nothing but -- the
2 whole truth and nothing but the truth?

3 MS. HUANG: I do.

4 JUDGE DOYLE: Thank you.

5 And commissioners?

6 COMMISSIONER RENDAHL: So, actually, Judge
7 Doyle, if you wouldn't mind, I think there was some -- I
8 was thinking we were doing a settlement panel, so I
9 think there are some questions that maybe --

10 JUDGE DOYLE: Sure.

11 COMMISSIONER RENDAHL: -- that Mr. Chiles
12 may want to be available, so I'm not sure he's actually
13 excused yet.

14 JUDGE DOYLE: My apologies.

15 So if we could keep Mr. Chiles in then.

16 Ms. Barnett, do you have any other witnesses
17 that you were anticipating bringing into the settlement
18 panel?

19 MS. BARNETT: No. Mr. Chiles is the only
20 witness supporting the settlement, and as far as
21 other -- and this is the only one that was identified by
22 any parties or the Commission, was Mr. Chiles, so but we
23 do have other people available if -- if it's appropriate
24 or welcomed.

25 JUDGE DOYLE: Okay. All right. With that,

1 Commissioners, is there any -- anyone else that --
2 anything else before you would like to continue?

3 COMMISSIONER RENDAHL: No. I think we can
4 go forward.

5 Dave, do you want to go ahead?

6 CHAIR DANNER: Sure.

7 Q U E S T I O N I N G

8 BY CHAIR DANNER:

9 Q. I just want to start with a follow-up questions
10 that I asked Mr. Chiles, and this is for Joanna Huang.

11 There was another settlement conference
12 scheduled in April, and I'm asking, did you bring that
13 agreement, the agreement terms to the other parties to
14 give them an opportunity to respond to this -- you know,
15 prior to the e-mail that you sent on February 18th to
16 suspend the procedural schedule?

17 A. It has been a while. I cannot remember all the
18 detail, but I believe that our lawyer followed the
19 procedure and did the right thing, so... (pause.)

20 Q. And so that would have been that your lawyer
21 brought the agreement terms to the other parties to give
22 them an opportunity to respond --

23 A. Yes.

24 Q. -- prior to February 18th?

25 A. Yes. I believe he followed the procedure.

1 Q. Okay. But it doesn't sound like you're sure
2 what that procedure is?

3 A. I provide an analysis, but I don't deal too much
4 with the exact date or which settlement. I don't get
5 too much involved with the procedure.

6 Q. Okay. And so are you aware of how this would
7 have been communicated to the other parties, if it was?

8 A. Usually by e-mail, and I was included. I just
9 can't remember exact date.

10 Q. Okay. Okay.

11 A. And I'm working on two general rate cases at the
12 same time, so --

13 Q. I understand. I understand.

14 Let me ask again another question that I've
15 already asked Mr. Chiles, and that's with regard to the
16 Washington Energy Assistance program.

17 Was there -- you are agreeing to what The Energy
18 Project is proposing?

19 A. Yes.

20 Q. And so just wanted to know, we're talking about
21 5 percent of the 22/23 program funding, which is a
22 million and a half. Have you completed or undertaken
23 any kind of cost benefit analysis? Can you -- do you
24 know how this money will be spent and what it will
25 achieve?

1 A. I didn't do analysis on that part, but in my
2 rebuttal testimony, we do address that staff does agree
3 what The Energy Project request.

4 Q. Okay. But there was no independent analysis
5 done --

6 A. I don't believe so, but we agree.

7 Q. All right.

8 MR. CHILES: Chair Danner, if I might
9 interrupt for a moment?

10 Q U E S T I O N I N G (C O N T I N U E D)

11 BY CHAIR DANNER:

12 Q. You may.

13 A. We did file our disconnection reduction plan on
14 May 18th this year, and it should -- it provides details
15 on the path that we're working on to help address that
16 low income segment of our customer base, and
17 specifically those of color, so we -- we do have a
18 filing out there that would provide information on that.

19 Q. All right. That is not in this docket; is that
20 correct?

21 A. It is not in this docket.

22 Q. But you're saying that it's directly relevant to
23 the questions I'm asking?

24 A. Yeah. I believe it's relevant to your question.

25 Q. All right. Well, we might want to see about

1 getting that into the record, so thank you.

2 COMMISSIONER RENDAHL: Chair Danner, may I
3 ask a follow-up?

4 CHAIR DANNER: Of course.

5 Q U E S T I O N I N G (C O N T I N U E D)

6 BY COMMISSIONER RENDAHL:

7 Q. So if the Commission were to approve this
8 proposal, is it the parties' intent that the low income
9 advisory group would work with the company to figure out
10 how best and most efficiently and most cost effectively
11 to implement this proposal?

12 A. Yes. That's certainly our goal, is, again,
13 working closely with Staff, working closely with the
14 individual agencies to see how we can best serve this
15 segment of our population of our customer base to make
16 sure that they're getting the help that they need during
17 some really trying times. That is our goal.

18 Q. Okay. Because I think Chair Danner had asked
19 you some specific questions about if you have specific
20 activities or specific funding proposals in mind within
21 this proposal, and -- and so it sounds like it is not --
22 it's still in the proposed -- it's still a proposal that
23 could be funded, but the details need to be addressed.

24 A. Well, I think there are details within this plan
25 that we filed that I couldn't -- couldn't specifically

1 provide to you at this time, so I think the document
2 would speak much better to the plans of the company than
3 I would be able to at this point -- at this point in
4 time.

5 COMMISSIONER RENDAHL: Okay. So, Judge
6 Doyle, maybe we want to take notice of that filing in
7 this docket.

8 JUDGE DOYLE: And, Mr. Chiles, can you
9 please state the -- the name of that filing again and if
10 you have the docket number.

11 MR. CHILES: Let me -- I don't specifically
12 have that in front of me. I will get it and provide it
13 to you.

14 JUDGE DOYLE: Okay. Thank you.

15 MS. BARNETT: I have that, if you want it.
16 I know I'm not a witness, but if it would help, I do
17 have that handy if you would like that.

18 JUDGE DOYLE: Yeah, if you could quickly.

19 MS. BARNETT: Sure. The disconnection
20 reduction plan is filed under UG-200568.

21 JUDGE DOYLE: Great. Thank you.

22 MS. BARNETT: Uh-huh.

23 JUDGE DOYLE: Go ahead, Commissioner
24 Rendahl, thank you.

25 COMMISSIONER RENDAHL: No, I was jumping

1 into Chair Danner's questions, so I just wanted to
2 follow up on that, so Chair Danner, go ahead.

3 CHAIR DANNER: And I appreciate you doing
4 so. Thank you.

5 Q U E S T I O N I N G (C O N T I N U E D)

6 BY CHAIR DANNER:

7 Q. So, Joanna, I want to ask you questions about
8 equity.

9 We have direction from state law that we are to
10 consider equity, and it was not addressed specifically
11 in the settlement.

12 Can you tell me if it was -- if I'm missing it?
13 Is it there? Can you speak to that?

14 A. Whether the settlement addressed that portion of
15 the -- I just can't address to that issue. I'm sorry.

16 Q. All right. Thank you.

17 CHAIR DANNER: All right. Commissioner
18 Rendahl, I don't have any further questions right now
19 for the panel.

20 COMMISSIONER RENDAHL: I have a couple of
21 more, and so -- to both Staff and Cascade witnesses.

22 In the joint testimony, JT-1T at page 5, lines 2
23 through 8, relating to depreciation, the testimony is
24 that you've analyzed depreciation expenses using end of
25 period depreciation, 2020 actual depreciation, and 2021

1 actual depreciation, and that each methodology includes
2 benefits and drawbacks, but no methodology is clearly
3 better or more appropriate than the other.

4 Can you identify which method was used in
5 actually arriving at the number in the settlement?

6 MS. HUANG: I believe that we used a 2021
7 actual depreciation expense.

8 COMMISSIONER RENDAHL: Okay. Thank you.

9 Mr. Chiles, would you -- do you have any changes
10 to that?

11 MR. CHILES: Yeah, I can't specifically say
12 that it was the 2021. I'm not -- not disputing, but it
13 would be -- you know, the depreciation was a compromised
14 on behalf of the parties, and in general, I mean, a \$3
15 million reduction, can't -- wouldn't be specific to a
16 particular depreciation number, but, in general, it --
17 it was a compromised position by the company and I guess
18 by Staff also.

19 COMMISSIONER RENDAHL: Okay. So for
20 purposes of in the next general rate case that the
21 company will bring, how does the commission or other
22 parties address the change between this settlement black
23 box number and going forward? How do we -- how do we
24 have a baseline going forward if we're not using an
25 actual number?

1 MR. CHILES: For depreciation in --
2 specifically?

3 COMMISSIONER RENDAHL: Yes.

4 MR. CHILES: Well, I mean, our -- our goal
5 is to use, you know, the -- you know, the test year
6 depreciation to make the appropriate adjustments so that
7 we're filing specifically on, you know, a -- a number.

8 In this case, in terms of the settlement, it was
9 to get to an agreed-upon position by -- by both parties
10 that -- you know, an amount that we could both live
11 with, given the different methods of calculating
12 depreciation.

13 COMMISSIONER RENDAHL: Okay. I
14 appreciate -- I appreciate your response.

15 Unless you have something else, Chair Danner,
16 I'm going to move on to one other line of questions
17 related to the protected plus excess deferred income
18 tax.

19 CHAIR DANNER: No, go right ahead.

20 COMMISSIONER RENDAHL: Okay. And I realize
21 that counsel for AWEC already asked a number of
22 questions about this, but I'm hoping that my questions
23 are not repeating.

24 So do you have the Excel workbook, Exhibit JT-2,
25 both witnesses?

1 MR. CHILES: I do have that, yes.

2 COMMISSIONER RENDAHL: Ms. Huang, do you
3 have access to that?

4 THE WITNESS: Is that Excel file?

5 COMMISSIONER RENDAHL: Yes. JT-2.

6 THE WITNESS: Can you tell me the name of
7 the Excel file?

8 COMMISSIONER RENDAHL: The spreadsheet name?

9 MR. CHILES: If I may?

10 COMMISSIONER RENDAHL: Go right ahead.

11 MR. CHILES: It's
12 210755-CascadeExh-JT-2-3-22-2.

13 THE WITNESS: I don't have that file.

14 COMMISSIONER RENDAHL: Okay. Well, I'll ask
15 my questions and you can answer them --

16 MS. HUANG: Okay.

17 COMMISSIONER RENDAHL: Subject to check --

18 MS. HUANG: Okay.

19 COMMISSIONER RENDAHL: -- and, Mr. Chiles,
20 you can go ahead with your understanding.

21 So referring to the Excel workbook, there's a
22 spreadsheet name Exhibit MCG-5, summary of adjustments.

23 Do you have that, Mr. Chiles?

24 MR. CHILES: I do have that, yes.

25 COMMISSIONER RENDAHL: Okay. And if you

1 look at Column I.

2 MR. CHILES: Correct, yes.

3 COMMISSIONER RENDAHL: Okay. Can you
4 confirm that Adjustment R-7 removes all of the
5 supplemental schedules from base rates, including
6 Schedule 581, protected plus excess deferred income
7 taxes from the general rate case?

8 MR. CHILES: If I look here, go from that
9 particular number over to -- because that links over to
10 the operating report, and I'm going to move to the
11 operating report, but it does remove all the
12 supplemental adjustments, yes, so it would remove the
13 Schedule 581.

14 COMMISSIONER RENDAHL: Okay. Thank you.
15 And then next there's a spreadsheet named
16 sup- -- s-u-p-p-l, s-c-h, so supplemental schedule, and
17 the a-d-g [sic], so supplemental schedule adjustment.

18 Do you see that spreadsheet name?

19 MR. CHILES: I do, yes.

20 COMMISSIONER RENDAHL: Okay. Can you
21 confirm that Column C removes all amounts associated
22 with Washington State's allocated protected plus excess
23 deferred income taxes Schedule 581 for the 2020 test
24 year?

25 MR. CHILES: Yes.

1 COMMISSIONER RENDAHL: Okay. Thank you.

2 And, Ms. Huang, you're welcome to follow up
3 subject to check once you get the transcript, but I
4 believe Mr. Chiles has answered the questions.

5 And I do not have any further questions for the
6 panel.

7 Chair Danner, if you have any, please go ahead.

8 CHAIR DANNER: No, thank you. I don't have
9 any more questions for this panel.

10 JUDGE DOYLE: Okay. Well, thank you to the
11 panel of witnesses. We appreciate you being here and
12 giving your testimony, so with that, I believe we are
13 now excused.

14 I believe we've got a question for Public
15 Counsel's witness.

16 Is Mark Garret available?

17 MS. PAISNER: I believe he is.

18 JUDGE DOYLE: Okay. And while we're waiting
19 for Mr. Garrett -- Mr. Barnett, do you have a question?

20 MS. BARNETT: I could use a bio break if
21 people don't object. I'm sorry.

22 JUDGE DOYLE: Okay. Well, let's take a
23 quick five-minute break. We'll be off the record and
24 return at 11:50.

25 MS. BARNETT: Thank you.

1 (A break was taken from
2 11:46 a.m. to 11:51 a.m.)

3 JUDGE DOYLE: We've just returned from a
4 short break, and we'll turn it back over to the
5 Commissioners.

6 CHAIR DANNER: All right.

7 JUDGE DOYLE: Apologies. I just realized I
8 didn't get a chance to swear in our witness.

9 CHAIR DANNER: Yes. I was going to ask you,
10 who is the witness right now.

11 We have excused Joanna Huang and Mr. Chiles;
12 correct?

13 JUDGE DOYLE: Yes.

14 CHAIR DANNER: Okay.

15 JUDGE DOYLE: So we're bringing up Public
16 Counsel.

17 Mr. Garrett, have you been able to bring
18 yourself up?

19 MR. GARRETT: Yes, I'm here.

20 JUDGE DOYLE: Thank you. Can you please
21 raise your right hand.

22 Do you swear or affirm that the testimony that
23 you'll give today is the truth, the whole truth, and
24 nothing but the truth?

25 MR. GARRETT: I do.

1 JUDGE DOYLE: Thank you.

2 Public Counsel, would you like to introduce your
3 witness?

4 MS. PAISNER: Yes, please.

5 JUDGE DOYLE: Okay. Thank you.

6 MS. PAISNER: Thanks.

7 Good afternoon, Mr. Garrett, please state your
8 name for the record and spell your last name.

9 MR. GARRETT: Mark E. Garrett,
10 G-a-r-r-e-t-t.

11 MS. PAISNER: What is your place of
12 employment?

13 MR. GARRETT: Garrett Group Consulting, Inc.

14 MS. PAISNER: Thank you.

15 What is your occupation?

16 MR. GARRETT: I am a consultant expert
17 witness in the area of utility regulation, mainly.

18 MS. PAISNER: On whose behalf are you
19 testifying?

20 MR. GARRETT: Public Counsel.

21 MS. PAISNER: Please describe your education
22 and experience.

23 MR. GARRETT: So I'm a CPA and an attorney
24 and I have about 20 years in public utility regulation
25 experience, and I've testified in maybe 220 utility rate

1 cases.

2 MS. PAISNER: Is Public Counsel opposing the
3 settlement?

4 MR. GARRETT: Yes.

5 MS. PAISNER: Okay. Thank you.

6 Our witness is available for questions.

7 CHAIR DANNER: All right. Thank you.

8 Q U E S T I O N I N G

9 BY CHAIR DANNER:

10 Q. And it's still morning, so good morning, Mr.
11 Garrett.

12 A. Good morning.

13 Q. So in your testimony in MEG-1T on page 8, you
14 are recommending a 2021 test year, but you have an
15 exhibit MEG-3, on page 2, you refer to the twelve months
16 ending September 31st, 2020, so can you clarify, are you
17 recommending a calendar year, a calendar test year of
18 2020 or 2021?

19 A. No. I think this -- that needs to be cleared
20 up. I think there's some confusion about the way we
21 presented the testimony, the opposition testimony.

22 What I was really trying to do is show that the
23 stipulation of increase of 10.7 million was too high
24 based upon actual results in 2021, so the stipulation
25 came out of the 2020 results because it was filed in

1 2021, the case was filed in 2021, so they didn't have
2 2021, but the test year is supposed to predict the rate
3 affected period, which is typically the next year, close
4 to the next year, and so by the time we actually got the
5 settlement and filed testimony, we had the actual
6 results for the next year.

7 We didn't have a commission basis report at that
8 time, so we didn't have a clean version of the results,
9 but -- but we did ask for the financial results for
10 2021, and so the point of our testimony was just to show
11 based on actual results in 2021, the stipulation was too
12 high.

13 And since our testimony was filed, we actually
14 now have the commission basis report with all the proper
15 adjustments that the Commission requires in it, and it
16 shows the same -- about the same thing. It shows \$5.2
17 million deficiency, so we were fairly close, but we made
18 some mistakes in our -- in our adjustments, but the
19 commission basis report is probably the best evidence of
20 what happened in 2021, and it doesn't show a \$10.7
21 million difference; it's about \$5.2 million.

22 Q. Okay. So just to clarify then, you -- are you
23 looking -- you would like the Commission to use the 2021
24 test year?

25 A. No. I think -- I think the point I was trying

1 to make is that the company's adjustments for 2020 were
2 supposed to predict what would happen in 2021. We
3 actually know now what happened in 2021. It's nowhere
4 near what the company predicted, and so I'm just showing
5 that the settlement is too high based upon what's really
6 going on at the company.

7 Q. All right. Thank you for that.

8 CHAIR DANNER: Commissioner Rendahl, if you
9 don't have any follow-up on that, I'm going to ask some
10 other questions then.

11 Okay. Thank you.

12 BY CHAIR DANNER:

13 Q. So I also want to turn to The Energy Project's
14 proposal. It sounds like Public Counsel is okay with
15 that proposal, but the question I asked to the other
16 witnesses I also ask to you: Did you do any kind of
17 analysis or did you see any plan about how that money
18 would actually be spent, how it would attract new users,
19 participants into the WEAFF program?

20 A. No.

21 Q. Okay. Okay. And, finally, the same question I
22 asked others about equity: We do have a state law
23 that's directing us to focus on equity. Did you --
24 is -- from your point of view, do you see anything in
25 the settlement regarding equity?

1 A. Well, I apologize for not knowing what the --
2 what the statute is referring to when it talks about
3 equity. My entire testimony was really about -- was
4 about the equity of the settlement, you know, about the
5 fairness of the settlement, but I don't know what the
6 statute is really contemplating when it included that.

7 CHAIR DANNER: Thank you. I have no further
8 questions.

9

10 COMMISSIONER RENDAHL: And I have no further
11 questions for Mr. Garrett.

12 Thank you, Mr. Garrett.

13 MR. GARRETT: Thank you.

14 JUDGE DOYLE: Okay. I believe, with that,
15 we can dismiss Mr. Garrett. Thank you for your
16 testimony today.

17 MR. GARRETT: Thank you.

18 JUDGE DOYLE: And I believe we would like to
19 bring up Bradley Mullins for AWEC.

20 Are you available?

21 There you are. Thank you. That was my error.

22 Can you please raise your right hand?

23 Do you swear or affirm the testimony you give
24 today is the truth the full truth and nothing but the
25 truth.

1 MR. MULLINS: I do.

2 JUDGE DOYLE: Mr. Stokes, would you please
3 introduce your witness.

4 MR. STOKES: Good morning. Would you please
5 state your full name for the record and who you're
6 representing.

7 THE WITNESS: Brad Mullins, spelled
8 M-u-l-l-i-n-s, representing AWEC, the Alliance of
9 Western Energy Consumers.

10 MR. STOKES: And who employs you right now?

11 MR. MULLINS: I am a self-employed
12 consultant.

13 MR. STOKES: Okay. If you had to file your
14 same testimony today, would you file the same testimony?

15 MR. MULLINS: Yes.

16 MR. STOKES: Okay. I will open up this
17 witness for questions.

18 CHAIR DANNER: All right. Well, thank you.
19 I just have --

20 Q U E S T I O N I N G

21 BY CHAIR DANNER:

22 Q. For Mr. Mullins, good afternoon, just the same
23 questions that I've asked before about equity: Were you
24 involved in -- when you look at the settlement, are
25 you -- do you believe the settlement does or does not

1 comply with the equity provisions in the state laws
2 80.28.425.

3 A. Well, yeah, I don't know whether if it complies
4 or not, but, you know, it -- at least in my reading of
5 it, it doesn't specifically address, you know, issues of
6 underserved communities and things like that, so, you
7 know --

8 Q. Okay.

9 A. -- it's obviously not a, you know -- yeah --

10 Q. Not an explicit term?

11 A. Right, right.

12 Q. Yeah. Okay. Thank you.

13 CHAIR DANNER: That's all the questions I
14 have Mr. Mullins.

15 Commissioner Rendahl, do you have any follow-up?

16 COMMISSIONER RENDAHL: I have no follow-up.
17 Thank you.

18 MR. MULLIN: Thank you very much.

19 JUDGE DOYLE: All right. Speed round.
20 Thank you, Mr. Mullins, for being available to testify
21 today.

22 And finally for The Energy Project is Shawn
23 Collins.

24 MR. COLLINS: Yes. Hello. Good afternoon.

25 JUDGE DOYLE: Good afternoon.

1 Can you please raise your right hand.

2 Do you swear or affirm that the testimony you
3 will give today is the whole truth and nothing but the
4 truth?

5 THE WITNESS: I do.

6 JUDGE DOYLE: Great. Thank you.

7 And please introduce your witness.

8 MR. ZAKAI: Thank you, Judge Doyle.

9 Mr. Collins, could you please state your name,
10 position, and employer?

11 THE WITNESS: Yes. My name is Shawn
12 Collins. I'm director of The Energy Project, a program
13 about opportunity counsel located in Bellingham,
14 Washington.

15 MR. ZAKAI: Do you have any changes or
16 corrections to your pre-filed testimony?

17 MR. COLLINS: I do not.

18 MR. ZAKAI: At this time, The Energy Project
19 presents Mr. Collins for the Commissions' questions.

20 CHAIR DANNER: All right. Thank you.

21 Q U E S T I O N I N G

22 BY CHAIR DANNER:

23 Q. Good afternoon, Mr. Collins.

24 So, again, some of the questions I've asked to
25 others: This is -- you're asking for basically an

1 additional 5 percent of the 22/23 program funding. It's
2 going to come out, my back of the envelope math is about
3 73,000?

4 Have you done any kind of planning, what you
5 would do with this additional money? Have you done a
6 cost benefit analysis? Have you done projections about,
7 you know, how it will increase participation? I wonder
8 if you can describe basically what are you going to get?

9 A. Certainly. Yeah, approximately 73,000 is the
10 calculations. That would be the maximum available
11 budget for the -- for the effort. In terms of the
12 community-based social marketing concept and the way it
13 would apply to Cascade's WEAF program, this is a similar
14 approach to what we have worked with Avista on and the
15 agencies there that's currently underway and has worked
16 in some of the previous efforts I've led before with
17 energy efficiency improvements in a multicounty area for
18 modern income households.

19 And the idea here really is to build trust in
20 the local communities served by the utilities so that
21 people feel comfortable reaching out to the utility and
22 to agencies for assistance. And while I don't have a
23 specific percentage increase in participation that we
24 would expect, it is a longer-term effort to build
25 relationships with underserved and vulnerable

1 populations throughout the state in order to achieve
2 greater -- as I said, trust and communication.

3 You know, we're seeing this now with a lot of
4 the accounts in arrears across the state and people not
5 reaching out for that assistance, and so this effort, I
6 believe, would help increase the number of households
7 served as well as the budget utilized for the assistance
8 program.

9 Q. Okay. But there's no -- there's no written plan
10 that says: Here's how we're going to spend the
11 additional \$73,000?

12 A. No. So, you know, the approach we took here was
13 a conversation with the utility and agencies and other
14 stakeholders about this effort, and so if it were to be
15 approved, then we would begin the nuts and bolts of this
16 effort, and so what we have on paper is really what was
17 in our testimony at this point.

18 Q. All right. Thank you. I have no further
19 questions.

20 Q U E S T I O N I N G

21 BY COMMISSIONER RENDAHL:

22 Q. So I guess I would just have one follow-up, and
23 I did ask that of Mr. Chiles, that the assumption is if
24 the Commission were to approve this proposal that you've
25 made and that the other parties do not seem to object

1 to, that the discussions would go on and the low income
2 advisory group with Cascade to flesh out the details to
3 make sure that the plan is acceptable to everyone, and
4 would there be a way to bring that back to the
5 Commission, or is that just -- what is the process that
6 you envision going forward, if we were to approve this
7 and to implement it?

8 A. Yeah, sure. So the WEAFF advisory committee
9 staff participates in that Public Counsel. The company,
10 agencies, and some other parties, what I envision there
11 is if this was an allowed expense, the up to -- you
12 know, up to 5 percent would be available and a specific
13 proposal would be put together much like we have worked
14 with the company in the past on their existing marketing
15 and outreach efforts.

16 There's some radio ads, there's some, you know,
17 online search optimization expenses that promote the
18 program now. And so we would essentially compliment
19 those efforts, come up with a plan for -- well, you
20 know, essentially -- you know, a potential pay point
21 contract or look at how structurally the knowledge would
22 be made available to participate in community-based
23 organizations, so we would outline that, have a scope of
24 work and outcomes or work projects associated with
25 those -- with those dollars utilized, and that would go

1 through the advisory committee.

2 And, you know, I think I would expect this would
3 show up in the next rate case as an expense, for
4 example, for a review, not necessarily anticipating
5 submitting it in a docket for, you know, additional
6 approval. Though, that -- you know, I certainly leave
7 that to your discretion to do so.

8 Q. Thank you. That's -- that's a helpful
9 explanation.

10 COMMISSIONER RENDAHL: Chair Danner, do you
11 have anything else, or is there another question I can
12 ask?

13 CHAIR DANNER: Go ahead. I have no further
14 questions at this time.

15 COMMISSIONER RENDAHL: Okay.

16 BY COMMISSIONER RENDAHL:

17 Q. And I guess I would ask the question of you that
18 Chair Danner asked of the others, and that relates to --
19 and I think you addressed this in your testimony as
20 well, as to how the settlement does or doesn't address
21 or comply with the equity provision in RCW 80.28.425.

22 A. Yes. I would -- my opinion is it does not.
23 We -- you know, in our settlement negotiations and then
24 in our testimony and then what was reflected in the
25 testimony I think of both Staff and the company contain

1 elements that address equity; however, in the settlement
2 itself, I do not believe it meets that standard.

3 Q. Okay. Thank you.

4 COMMISSIONER RENDAHL: And that's -- that's
5 all the questions I have, Judge Doyle. And thank you,
6 Mr. Collins.

7 MR. COLLINS: You're welcome.

8 JUDGE DOYLE: Thank you, Mr. Collins. You
9 may be excused. We appreciate your testimony today.

10 MR. COLLINS: Thank you.

11 JUDGE DOYLE: Okay. With that, I'm going to
12 go over the bench requests -- the bench requests that I
13 took note of, so I want to clarify.

14 So for the Request No. 2 to the settling
15 parties, please provide the dates and methods of
16 communication regarding the settlement process between
17 the parties, was that the accurate follow-up?

18 CHAIR DANNER: Yeah. I think I asked that
19 and I think you have captured it. Thank you.

20 COMMISSIONER RENDAHL: I think specifically
21 too after the -- what occurred prior to the e-mail that
22 staff sent on February 18th to suspend the procedural
23 schedule. Is that -- is that the clarification?

24 JUDGE DOYLE: Okay. I made that adjustment.
25 Is that correct, Dave?

1 CHAIR DANNER: Yes. That is correct. Thank
2 you.

3 JUDGE DOYLE: And then for Bench Request No.
4 3, we're looking at -- I'm looking at my notes here, the
5 cost and benefits analysis and projections, and based on
6 that analysis for The Energy Project's proposal, I
7 believe that was for the settling parties.

8 Was that a request that you wanted to make, or
9 did I maybe mis-note?

10 CHAIR DANNER: It's my recollection that Mr.
11 Chiles said that there was such a document or such a
12 plan and that he would share it with us.

13 JUDGE DOYLE: Okay. Great.

14 And then for Bench Request No. 4, the date and
15 amount of the long-term debt issuance, including any
16 updates that would affect the settlement.

17 CHAIR DANNER: Again, that was my request.
18 Yes, that's basically -- we know that the long-term debt
19 has been issued. We wanted to know the date of that
20 issuance, the actual amount, and the reasons for any
21 differences from what was reported in Tammy Nygard's
22 testimony.

23 And then there was some follow-up: What was the
24 actual debt percentage for 2022, so that's what --

25 JUDGE DOYLE: Okay.

1 CHAIR DANNER: -- what I would actually like
2 to see.

3 JUDGE DOYLE: Okay. The debt percentage for
4 2022.

5 Okay. So essentially the follow-up -- the Bench
6 Request No. 5 was requesting an update to Nygard's
7 testimony in TJN-2 to follow up those amounts; that's
8 essentially that same request?

9 Okay.

10 CHAIR DANNER: Yeah.

11 JUDGE DOYLE: I believe that was all I had.

12 Commissioners, was there anything that you had
13 noted that I have missed or -- it looks like we have
14 three bench requests from today's hearing.

15 CHAIR DANNER: I think you've captured it.

16 Thank you.

17 JUDGE DOYLE: Great.

18 MS. BARNETT: And I will -- I know it's
19 unusual. I do have -- but -- but understanding that
20 this was an evidentiary hearing and we have one -- one
21 witness called to address all the issues, we do have, I
22 think response -- or another witness available that
23 could address quickly one of the bench requests if
24 that's something you're interested in, specifically with
25 regard to the date and amount of the debt issuance, and

1 we could take that off the table, if -- if you would
2 like that, but -- but we could also respond in that
3 bench request. We just have that witness available, if
4 you would like.

5 CHAIR DANNER: Well, since basically what
6 I'm asking for is numbers, I'm agnostic whether it's a
7 bench request, or I assume you're talking about bringing
8 Tammy Nygard forward?

9 MS. BARNETT: That's correct. Yeah, she's
10 right here. She's listening in. She can address your
11 concerns now if that would be more -- more helpful than
12 waiting for a bench request response.

13 JUDGE DOYLE: Would you like me to swear in
14 the witness?

15 CHAIR DANNER: Yeah, why don't you. We can
16 do this quickly.

17 JUDGE DOYLE: Okay.

18 And if you are available to come on the screen.
19 Great.

20 Can you raise your right hand.

21 Do you swear or affirm that the testimony you'll
22 give today is the full truth and nothing but the truth?

23 MS. NYGARD: I do.

24 JUDGE DOYLE: Thank you. And --

25 MS. BARNETT: Oh, sorry.

1 JUDGE DOYLE: Go ahead.

2 MS. BARNETT: I was going to introduce.

3 Could you please state your name and spell your
4 last name for the record and provide your position at
5 Cascade?

6 MS. NYGARD: Tammy Nygard, N-y-g-a-r-d. I'm
7 the controller for Cascade Natural Gas.

8 MS. BARNETT: Thank you.

9 I present Tammy Nygard for questions.

10 CHAIR DANNER: All right. Thank you.

11 Q U E S T I O N I N G

12 BY CHAIR DANNER:

13 Q. So you heard the questions I asked of Mr.
14 Chiles, and just let me repeat them, so I had asked him
15 whether the long-term debt had been issued. He said
16 yes, and I asked him what was the actual date of that
17 issuance.

18 A. Yes, we have 50 million of long-term debt that
19 will be funded June 15th of 2022, so it has not yet been
20 funded.

21 Q. Okay. So -- so it has not yet been issued?

22 A. Correct.

23 Q. Okay. But June 15th.

24 And it's \$50 million, not \$35 million?

25 A. Correct.

1 Q. And that is due to what?

2 A. An increase need when we did request the -- put
3 our -- form our request with the Commission, we did
4 request to issue debt up to 50 million, where we were
5 initially projecting 35. We did take advantage of that
6 50 million that was available based on the interest
7 rates today and the need we see going forward.

8 Q. Can you be specific about the needs you see
9 going forward?

10 A. The --

11 Q. The more specific --

12 A. The capital, to fund the capital program.

13 Q. Okay. And can you tell me what your actual debt
14 percentage was for 2020?

15 A. Let's see if I can. I may need to look at work
16 papers. I'm assuming we have work papers filed in the
17 case for that.

18 Q. Okay. So we may have to do a bench request
19 anyway, and -- and then I would also like to see, you
20 know, if you could lay around the 2022 debt issuance and
21 the equity infusions and get us to a new debt percentage
22 estimate, that would be -- I would like to see that too,
23 if that's possible.

24 A. Sure.

25 Q. That's all I have.

1 CHAIR DANNER: Back to you, Judge Doyle.

2 JUDGE DOYLE: Okay. Thank you, Ms. Nygard.

3 You may be excused.

4 THE WITNESS: Thank you.

5 JUDGE DOYLE: So I was just reviewing.

6 Do the Commissioners know what we would like
7 to -- it looks like we would like to limit the final
8 briefs to 60 pages and only one round; is that correct?

9 CHAIR DANNER: That works for me.

10 COMMISSIONER RENDAHL: And that works for me
11 as well.

12 JUDGE DOYLE: Okay. Do the parties have any
13 questions regarding those final briefs?

14 Ms. Paisner.

15 MS. PAISNER: Yes, I'm not -- I believe
16 there wasn't a date set for that filing, so I was
17 wondering which date we are to file the briefs. And if
18 I may submit a request or suggestion, I know there are
19 other cases proceeding at the same time right now and
20 there are testimony filings happening about a month from
21 now. I'm wondering if we could request July 15th, which
22 is a Friday as a filing date for those briefs.

23 COMMISSIONER RENDAHL: And what is the --
24 I'm sorry, but what is the suspension date for this
25 case? I just don't want to compress our time for

1 preparing this final order. I appreciate the need to --
2 to -- we've all got multiple cases going, and so I'm
3 just trying to make sure we don't get compressed in the
4 end, Judge Doyle.

5 JUDGE DOYLE: Yeah, September 1st, I've
6 confirmed. I believe we're considering June 29th. That
7 would allow the parties four weeks, and if Public
8 Counsel wants to submit theirs on the 15th, there's
9 nothing restricting you from doing it sooner.

10 How do the commissioners feel about that?

11 COMMISSIONER RENDAHL: So I guess I would
12 just ask Ann Paisner what -- if there's specific dates
13 that are problematic, and how does the 29th work in
14 terms of the other schedules going on?

15 MS. PAISNER: In the Avista case, so that's
16 the 220053 and 54 cases, there's testimony filing due
17 July 6th, which is a Wednesday, and so it looks like --
18 so I believe you just said June 29th, which is the
19 Wednesday prior to that. I suppose I would maybe ask
20 for Friday, the 1st, if that's possible, just that would
21 allow a little bit more time, you know, for doing both
22 of these things, helping to prepare testimony in that
23 case and also file briefing in this one.

24 COMMISSIONER RENDAHL: That's fine with me.

25 CHAIR DANNER: So I am very concerned about

1 how compressed this is going to be. I'm okay with those
2 dates, but I would encourage all the parties to submit
3 their briefs as early as possible.

4 JUDGE DOYLE: It sounds like we have the
5 deadline of the close of business on Friday, July 1st,
6 the page limit being 60 pages.

7 Are there any other matters before we conclude?

8 MS. PAISNER: I do have a couple.

9 I'm wondering if it would be possible -- it
10 sounds as though, not certain, so perhaps you could
11 confirm whether the Cascade witness and Staff witness
12 were not sworn prior to giving their testimony, and I'm
13 wondering if it's possible that they could be sworn
14 retroactively here today so that we may assume that
15 their testimony was true and accurate as if they were
16 under oath, so that's the first thing.

17 JUDGE DOYLE: I'm sorry. Which?

18 MS. BARNETT: Mr. Chiles was under oath.

19 COMMISSIONER RENDAHL: And I believe Ms.
20 Huang was under oath as well.

21 MS. PAISNER: She was? Okay.

22 For some reason, I wasn't sure that that
23 happened. Okay.

24 JUDGE DOYLE: Yeah, thank you for
25 clarifying.

1 MS. PAISNER: So the last thing I had to ask
2 about, for the public comment exhibit, we would like to
3 get an exhibit number so we may file that, and I believe
4 at the public comment hearing that was held on May 25th,
5 I think on the record it was stated that it would be one
6 week from June 2nd, since, at that point, we weren't
7 sure whether this hearing would conclude on the 1st or
8 the 2nd, and so I guess the first request is for an
9 exhibit number to file it and if we may file that on
10 Thursday, June 9th, 2022.

11 JUDGE DOYLE: Great. June 9th sounds great,
12 and I believe -- pardon me for the delay. I'm pulling
13 up the exhibit list.

14 That would be BR-5.

15 MS. PAISNER: I apologize. Did you say
16 BR-5?

17 JUDGE DOYLE: Yes. I had to double check.
18 I had a couple of changes in my notes.

19 And with that, Mr. Stokes, your hand is raised.

20 MR. STOKES: Just a quick clarification: It
21 sounds like we're supposed to file a brief as soon as we
22 can. I just want to clarify that parties will not be
23 able to respond to the opening brief of other parties if
24 they filed early.

25 CHAIR DANNER: So I was -- thank you, Mr.

1 Stokes. I was just expressing a -- you know, something
2 aspirational on my part. I don't -- I fully expect that
3 everybody's briefs will come in on the same day, so I
4 will amend my remarks accordingly.

5 MR. STOKES: Okay. Thank you.

6 JUDGE DOYLE: Okay. Great. If there's no
7 other housekeeping...?

8 I'm giving it a short pause.

9 Okay. That concludes the evidentiary hearing
10 and settlement hearing today. We are now adjourned and
11 off the record. Thank you all for your participation.

12 (Proceedings concluded at 12:25 p.m.)
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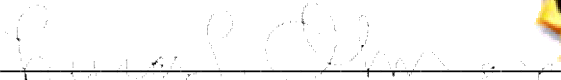
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C E R T I F I C A T E

STATE OF WASHINGTON
COUNTY OF KING

I, Laura L. Ohman, a Certified Shorthand Reporter in and for the State of Washington, do hereby certify that the foregoing transcript commencing on June 1, 2022, is true and accurate to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 2nd day of June, 2022.


LAURA L. OHMAN, RPR, CCR 3186



My commission expires:
MARCH 2023