0001

1 BEFORE THE WASHINGTON

2 UTILITIES AND TRANSPORTATION COMMISSION

3 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4 In re Application TS-160479 of ) DOCKET NO. TS-160479

)

5 MEI NORTHWEST LLC )

)

6 For a Certificate of Public )

Convenience and Necessity to )

7 Operate Vessels in Furnishing )

Passenger Ferry Service )

8 )

9 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

10 PREHEARING CONFERENCE - VOLUME I

11 Pages 1-14

12 ADMINISTRATIVE LAW JUDGE MARGUERITE E. FRIEDLANDER

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

13

14 1:32 p.m.

15 September 1, 2016

16 Washington Utilities and Transportation Commission

1300 South Evergreen Park Drive Southwest

17 Olympia, Washington 98504-7250

18

19 REPORTED BY: TAYLER RUSSELL, CCR #3358

20

21 Buell Realtime Reporting, LLC

1325 Fourth Avenue

22 Suite 1840

Seattle, Washington 98101

23 206.287.9066 - Seattle

360.534.9066 - Olympia

24 800.846.6989 - National

25 www.buellrealtime.com

0002

1 A P P E A R A N C E S

2 ADMINISTRATIVE LAW JUDGE:

3 MARGUERITE E. FRIEDLANDER

Washington Utilities and

4 Transportation Commission

1300 South Evergreen Park Drive

5 P.O. Box 47250

Olympia, Washington 98504

6 (360) 664-1136

Mfriedla@utc.wa.gov

7

8 FOR MEI NORTHWEST LLC:

9 DANIEL R. BENTSON

Bullivant House Bailey PC

10 Attorneys at Law

1700 Seventh Avenue, Suite 1810

11 (206) 521-6420

dan.bentson@bullivant.com

12

13 FOR ARROW LAUNCH SERVICE, INC:

14 DAVID W. WILEY

Williams Kastner

15 Two Union Square

601 Union Street, Suite 4100

16 Seattle, Washington 98101

(206) 628-6600

17 dwiley@williamskastner.com

18

FOR COMMISSION STAFF:

19

JULIAN BEATTIE

20 Attorney General's Office

P.O. Box 40128

21 Olympia, Washington 98504

(360) 664-1225

22 jbeattie@utc.wa.gov

23

24

25

0003

1 A P P E A R A N C E S (continued)

2

FOR COMMISSION STAFF:

3

MICHAEL YOUNG

4 Utilities and Transportation

Commission

5 1300 South Evergreen Park Drive

P.O. Box 47250

6 Olympia, Washington 98504

(360) 664-1155

7 myoung@utc.wa.gov

8

9 FOR PACIFIC CRUISES

NORTHWEST, INC:

10

DREW SCHMIDT

11 President

Pacific Cruises Northwest, Inc.

12 355 Harris Avenue, Suite 104

Bellingham, Washington 98225

13 (360) 738-8099

drew@whales.com

14

15 \* \* \* \* \*

16

17

18

19

20

21

22

23

24

25

0004

1 OLYMPIA, WASHINGTON; SEPTEMBER 1, 2016

2 1:32 P.M.

3 --o0o--

4

5 JUDGE FRIEDLANDER: All right. We will go

6 on the record. Good afternoon. My name is Marguerite

7 Friedlander. I'm the administrative law judge assigned

8 to this matter. We're here before the Washington

9 Utilities and Transportation Commission on

10 September 1st, 2016, for a prehearing conference and

11 Docket TS-160479, an application filed by MEI Northwest,

12 LLC for a certificate of public convenience and

13 necessity to operate vessels in furnishing passenger

14 ferry services.

15 The purpose of the prehearing conference

16 today is to take appearances of the parties, address any

17 intervention requests, discuss the procedural schedule,

18 and any procedural matters that the parties wish to

19 raise.

20 Before we proceed any further, let's take

21 brief appearances from the parties. I already have your

22 contact information, so you will just need to state your

23 full name, spell your last name, and then indicate the

24 party which you represent.

25 So we will begin with Mr. Bentson.

0005

1 MR. BENTSON: Yes, Your Honor. Dan Bentson,

2 B-e-n-t-s-o-n, for MEI.

3 JUDGE FRIEDLANDER: Thank you.

4 Appearing today on behalf of Arrow Launch

5 Service?

6 MR. WILEY: Yes. Good afternoon, Your

7 Honor. Dave Wiley appearing today on behalf of Protest

8 and Arrow Launch Service, Inc.

9 JUDGE FRIEDLANDER: Thank you.

10 Appearing today on behalf of Staff?

11 MR. BEATTIE: Julian Beattie, B-e-a-t-t-i-e,

12 Washington State Attorney General's Office, appearing as

13 Staff Counsel.

14 JUDGE FRIEDLANDER: Thank you.

15 And appearing today on behalf of Pacific

16 Cruises Northwest?

17 MR. SCHMIDT: This is Drew Schmidt,

18 S-c-h-m-i-d-t.

19 JUDGE FRIEDLANDER: Okay. And you are going

20 to have to speak up, Mr. Schmidt.

21 MR. SCHMIDT: Drew Schmidt, S-c-h-m-i-d-t.

22 JUDGE FRIEDLANDER: Thank you.

23 There was an indication before we went on

24 record that there may be another intervention request.

25 The Commission has not received this intervention

0006

1 request, but my understanding is that the parties have

2 received it from Puget Sound Express, Inc. Is there

3 anyone on the line who is appearing today on behalf of

4 this company?

5 Okay. And is there anyone here in person

6 who is appearing today on behalf of this company?

7 No one is rushing forward.

8 Is there anyone else who wishes to put in an

9 appearance?

10 Okay. Hearing nothing, let's go ahead and

11 address the intervention request that we did receive

12 from Pacific Cruises Northwest. I have read the

13 intervention. Does anyone wish to object to the

14 intervention?

15 I am not hearing anything, so I take it,

16 then, that there are no objections to this petition, and

17 I will grant the petition to intervene.

18 Is there anyone else who wishes to put in an

19 intervention at this time? Considering the one

20 potential company has not appeared today, and I do not

21 hear any other indications, I will take that as a no.

22 The parties indicated off record that they

23 have not arrived at a procedural schedule. I think what

24 we will do is we will go off the record at this point

25 and try to work one up. When we come back on the

0007

1 record, we will discuss potential dates.

2 So we are off the record.

3 (Discussion held off the record from

4 1:35 p.m. to 2:06 p.m.)

5 JUDGE FRIEDLANDER: We'll go back on the

6 record. While off record, we did discuss a procedural

7 schedule, which I will read into the record in just a

8 moment. But first, I do want to indicate that discovery

9 will be conducted pursuant to the Commission's discovery

10 rules under the WAC 480-07. Do we need a protective

11 order in this matter?

12 MR. WILEY: Your Honor, if there are

13 financial informations requested, yeah. The problem is

14 that we have a -- Mr. Beattie's also familiar with this

15 issue, that we have an opinion out of your division that

16 they are unavailable in non-8177 cases because that's

17 the only industry that got covered by so -- and this is

18 a pending issue that we do need to talk about in terms

19 of how -- and maybe we will bring it to you. But

20 financial information going into the public domain,

21 either for the applicant or the protestant aside from

22 the financial showing that they have to make in the

23 record, is problematic without a protective order. So,

24 you know, I don't know what we are going to do.

25 JUDGE FRIEDLANDER: Okay. Should the need

0008

1 arise, then I guess we will just address it at that

2 time.

3 Mr. Schmidt, were you going to add anything?

4 MR. SCHMIDT: No, I was not.

5 JUDGE FRIEDLANDER: Okay.

6 MR. BENTSON: Your Honor, if I could on that

7 front with respect to the protective order, MEI and I

8 would assume Arrow Launch would be willing to work

9 cooperatively to see if we can't stipulate to some sort

10 of terms of a protective order in the event that

11 discovery that's problematic arises.

12 JUDGE FRIEDLANDER: I think the problem

13 then, though, would be if you file the information

14 because it becomes a matter of public record.

15 MR. BEATTIE: And even more than that, since

16 Staff is a party, any information that flows through the

17 Staff --

18 JUDGE FRIEDLANDER: Right, it also becomes

19 considered a public record.

20 MR. BEATTIE: Somebody issued a public

21 records request for that and it was lying in Mr. Young's

22 file or my file --

23 JUDGE FRIEDLANDER: It would be able --

24 MR. BEATTIE: Yeah. And that's why, you

25 know, a judge can issue a protective order, but I think

0009

1 it would be trumped by the Public Records Act. And so

2 it's really hard to keep this sort of stuff from the

3 public.

4 MR. WILEY: In Title 81 cases right now,

5 this is a very current, hot issue. We'd love it if you

6 would issue a protective order, but I think if you went

7 back and talked to Judge Kopta, he may disabuse you of

8 that. That's another reason why discovery in Title 81

9 cases get kind of dicey, and the salt waste industry

10 addressed it legislatively with the Staff's --

11 Commission Staff's very strong support.

12 I hope that we can continue to do that for

13 other industries. I think maybe from what I am hearing

14 from my colleague that on the financial issues, we could

15 talk about how we could -- and then we would, of course,

16 talk to Staff because if it's an issue that they might

17 want to be involved in opining on, they got to know, but

18 hopefully we can work around it.

19 JUDGE FRIEDLANDER: There is always the

20 option, I believe, of inspection of documents without

21 taking notes.

22 MR. WILEY: Yes.

23 JUDGE FRIEDLANDER: So Staff may be able to

24 go look at documents, audit potentially without taking

25 any -- without creating a record of their own. I don't

0010

1 know, just a suggestion.

2 MR. WILEY: As you well know from rape

3 cases, which you do a lot of, that creates problems on

4 the record too. I mean, if we have documents that are

5 proprietary that are coming into issue in the hearing,

6 they can't -- you can't protect it from the record, from

7 the evidentiary record of the hearing.

8 JUDGE FRIEDLANDER: Sure.

9 MR. WILEY: So we have got some issues here.

10 JUDGE FRIEDLANDER: Sure.

11 MR. BENTSON: And understood there's some

12 unique features there, but my thought would just be

13 that, you know, it's best to instead of trying to craft

14 any sort of protective order now or make a blanket

15 decision, it probably makes sense for us to see if there

16 is a request that will involve the disclosure of

17 confidential and sensitive information, at which point

18 we can try to craft a creative and mutually agreeable

19 solution since obviously both -- at least I think both

20 of our clients, there potentially would be sensitive

21 information that could come up that they wouldn't want

22 part of public records.

23 JUDGE FRIEDLANDER: That's fine. I'm

24 amenable to that solution. I don't think we have to

25 have one right now. Once the need arises, though,

0011

1 please give me some lead time as far as trying to get

2 some solution for all of you to continue to conduct

3 discovery of potentially proprietary or sensitive

4 information.

5 So, Mr. Schmidt, there won't be a protective

6 order at this point, and then should you or any of the

7 others need it, you will need to come to me as soon as

8 possible.

9 MR. SCHMIDT: Okay. Thank you.

10 JUDGE FRIEDLANDER: Sure.

11 Now, we've been starting to ask if the

12 parties are willing to consent to electronic service

13 amongst each other. Do the parties agree to that?

14 MR. WILEY: Yes for the Protest.

15 MR. BENTSON: Yes for MEI, Your Honor.

16 JUDGE FRIEDLANDER: Thank you.

17 MR. SCHMIDT: Yes.

18 JUDGE FRIEDLANDER: I'm sorry, Mr. Schmidt?

19 MR. SCHMIDT: Yes for us.

20 JUDGE FRIEDLANDER: Okay. Thank you.

21 And Staff?

22 MR. BEATTIE: For Staff, yes.

23 JUDGE FRIEDLANDER: Okay. Thank you.

24 I'm not going to require it of service of --

25 consent of service from the Commission to be electronic.

0012

1 We usually designate one representative and one attorney

2 on behalf of each party who receive hard copy service.

3 If each of the parties can get me, and with the

4 exception of Staff, unless you have someone other than

5 Mr. Young who wants to be lead on this and receive the

6 hard copy.

7 MR. YOUNG: I will do it.

8 JUDGE FRIEDLANDER: Okay. That's fine.

9 So if each of the parties stave -- Staff

10 will get me by email, one attorney physical address for

11 service of process, and one Company or entity

12 representative service of process physical address, that

13 would be excellent. I can put those in the prehearing

14 conference order, and they will be available for the

15 parties to reference at the back of the order in the

16 appendixes.

17 For purposes of document filing with the

18 Commission, please submit and file an original and three

19 copies, and with a courtesy copy I should mention to the

20 judge, to me, with each filing you make with the

21 Commission.

22 Are there any other issues that we need to

23 address at this prehearing conference before we adjourn?

24 MR. BEATTIE: Have you read the procedural

25 schedule into the record yet?

0013

1 JUDGE FRIEDLANDER: I'm sorry. That's a

2 very good reminder. Thank you. I was saving that until

3 last, and it was going to be absolutely last.

4 So the procedural schedule as agreed to by

5 the parties would be direct testimony from the Company,

6 MEI, due October 4th, response testimony from all

7 parties who wish to file with the exception of MEI due

8 on November 1st, rebuttal testimony and any

9 cross-answering testimony from parties would be due

10 December 5th, discovery cutoff, the end of discovery,

11 would be December 9th, 2016, the evidentiary hearing

12 would be scheduled for January 5th and 6th, if

13 necessary, December -- I am sorry, of 2017, and

14 simultaneous initial briefs would be due on

15 February 17th, 2017.

16 Is there anything else before we adjourn?

17 All right. Hearing nothing, we are adjourned. Thank

18 you.

19 (Adjourned at 2:14 p.m.)

20

21

22

23

24

25

0014

1 C E R T I F I C A T E

2

3 STATE OF WASHINGTON

4 COUNTY OF THURSTON

5

6 I, Tayler Russell, a Certified Shorthand Reporter

7 in and for the State of Washington, do hereby certify

8 that the foregoing transcript is true and accurate to

9 the best of my knowledge, skill and ability.

10

11

12 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Tayler Russell, CCR

13

14

15

16

17

18

19

20

21

22

23

24

25