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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 THE WASHINGTON UTILITIES AND)
4 TRANSPORTATION COMMISSION,)

5 Complainant,)

6 vs.)

7 DOCKET NO. UG-070332
8 Volume I

9 CASCADE NATURAL GAS)
10 CORPORATION,)

11 Respondent.)

12 -----
13 In re Notification of Contract)
14 and Arrangement between)

15 CASCADE NATURAL GAS CORPORATION,) DOCKET NO. UG-070639
16 And its Subsidiary) Volume 1

17 CGC ENERGY, INC.) Pages 1 - 11
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20 A prehearing conference in the above matter

21 was held on November 20, 2007, at 2:34 p.m., at 1300

22 South Evergreen Park Drive Southwest, Olympia,

23 Washington, before Administrative Law Judge THEODORA

24 MACE.

25 The parties were present as follows:

26 CASCADE NATURAL GAS CORPORATION, by
27 LAWRENCE REICHMAN, Attorney at Law, Perkins Coie, 1120
28 Northwest Couch Street, Tenth Floor, Portland, Oregon
29 97209; telephone, (503) 727-2000.

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31 WASHINGTON UTILITIES AND TRANSPORTATION
32 COMMISSION, by GREGORY J. TRAUTMAN, Assistant Attorney
33 General, 1400 South Evergreen Park Drive Southwest,
34 Post Office Box 40128, Olympia, Washington 98504;
35 telephone, (360) 664-1187.

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37 Kathryn T. Wilson, CCR, Court Reporter

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1 PUBLIC COUNSEL, by SIMON J. FFITCH, Assistant
Attorney General, 800 Fifth Avenue, Suite 2000,
2 Seattle, Washington 98104; telephone, (206) 464-6595.

3 NORTHWEST INDUSTRIAL GAS USERS, by EDWARD A.
FINKLEA (via bridge), Attorney at Law, Cable, Huston,
4 Benedict, Haagensen & Lloyd, LLP, 1001 Southwest Fifth
Avenue, Suite 2000, Portland, Oregon 97204; telephone,
5 (503) 224-3092.

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1 P R O C E E D I N G S

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3 JUDGE MACE: Let's be on the record in
4 Dockets UG-070332 and UG-070639. These cases are
5 styled Washington Utilities and Transportation
6 Commission against Cascade Natural Gas Corporation;
7 and, In re Notification of Contract and Arrangement
8 between Cascade Natural Gas Corporation And its
9 Subsidiary, CGC Energy, Inc., respectively.

10 Today's date is November 20th, 2007. My name
11 is Theodora Mace. I'm the administrative law judge who
12 has been assigned to this case. Is this the first time
13 on the record in this case?

14 MR. REICHMAN: Yes, it is, Your Honor.

15 JUDGE MACE: Then I need the long form of
16 your appearances. Mr. Reichman, why don't you begin.

17 MR. REICHMAN: Lawrence Reichman, Perkins
18 Coie, 1120 Northwest Couch Street, Tenth floor,
19 Portland, Oregon, 97209. Telephone is (503) 727-2019.
20 Fax is (503) 346-2019. E-mail is
21 lreichman@perkins.coie.com.

22 JUDGE MACE: Mr. Trautman?

23 MR. TRAUTMAN: Gregory J. Trautman, assistant
24 attorney general for Commission staff. My address is
25 1400 South Evergreen Park Drive Southwest, Post Office

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1 Box 40128, Olympia, Washington, 98504. My telephone
2 number is area code (360) 664-1187. My fax number is
3 area code (360) 586-5522, and my e-mail address is
4 gtrautma@wutc.wa.gov.

5 JUDGE MACE: Mr. ffitch?

6 MR. FFITCH: Simon ffitch, assistant attorney
7 general, Public Counsel office, 800 Fifth Avenue, Suite
8 2000, Seattle, Washington. The e-mail address is
9 simonf@atg.wa.gov. Phone number is (206) 389-2055, and
10 Your Honor, we've changed our fax number and I don't
11 have that committed to memory.

12 JUDGE MACE: So it's not 389-2079?

13 MR. FFITCH: No, Your Honor. So I would have
14 to provide those separately along with the -- I want to
15 confirm our zip code, which has changed within the last
16 year, and I don't have that memorized either, so I
17 apologize. I can provide both of those.

18 JUDGE MACE: That would be helpful, thanks.
19 Mr. Finklea?

20 MR. FINKLEA: Yes, Your Honor. Edward
21 Finklea representing the Northwest Industrial Gas
22 Users. I'm with the law firm Cable Huston. Our
23 mailing address is Suite 2000, 1001 Southwest Fifth
24 Avenue, Portland Oregon, 97204. My phone number is
25 (503) 224-3092, and our fax is (503) 224-3176. My

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1 e-mail is efinklea@cablehouston.com, and also appearing
2 with me in this proceeding is Chad M. Stokes of the
3 same address, and Your Honor, we filed notice of
4 appearance as well as a petition to intervene.

5 JUDGE MACE: Thank you. Are there any other
6 appearances? Anyone else on the conference bridge?
7 Then let's proceed next to the matter of petitions to
8 intervene. I have received a petition to intervene
9 filed on behalf of the Northwest Industrial Gas Users.
10 Is there any objection to the granting of that petition
11 to intervene.

12 MR. REICHMAN: No objection by Cascade, Your
13 Honor.

14 JUDGE MACE: I hear no objection. I will
15 rule on the petition to intervene in the prehearing
16 conference order, but most likely, it will be granted.

17 MR. FINKLEA: Thank you, Your Honor.

18 JUDGE MACE: Let's turn next to the issue of
19 discovery. Will the parties seek to have the discovery
20 rule invoked?

21 MR. TRAUTMAN: I don't know if we need it.

22 JUDGE MACE: Will you be conducting
23 discovery?

24 MR. TRAUTMAN: Not initially. I suppose we
25 could invoke the rule and just as a safeguard, just as

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1 a backdrop.

2 MR. REICHMAN: We certainly don't intend to
3 be pursuing any discovery. We talked in the hall about
4 having some settlement discussions and then perhaps
5 convening again for a prehearing conference along a
6 similar schedule, so perhaps I might suggest we not
7 invoke it until the second prehearing conference?

8 MR. TRAUTMAN: That's what I would prefer at
9 this point, and if we need it earlier, we will make a
10 motion.

11 JUDGE MACE: Very well. How about a
12 protective order? If you are not conducting discovery,
13 perhaps you won't at this point need a protective
14 order. That's usually -- well, I guess it would also
15 cover testimony as well. We could wait until the next
16 prehearing conference if you would like to do that.

17 MR. REICHMAN: I think that's fine. We might
18 wind up turning material over without formal discovery,
19 in which case we might need a protective order at that
20 point, but I think if we can have the ability to come
21 back and ask for that, I don't think we need that right
22 now.

23 MR. TRAUTMAN: That would be fine.

24 JUDGE MACE: Then the final item is the
25 question of a schedule. Have you had a chance to talk

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1 about that?

2 MR. TRAUTMAN: We have, Your Honor. I
3 believe we were envisioning a schedule very similar to
4 that in 061256, the prior prehearing conference, with
5 the exception there would not be a date for amending
6 the complaint, but the other dates -- and with the
7 addition of at least an initial settlement conference,
8 and I spoke briefly with Mr. Ffitch. I wasn't able to
9 talk to Mr. Reichman. Staff was suggesting December
10 11th, which is a Tuesday. Does that work?

11 MR. REICHMAN: Let me have one moment to
12 consult. December 11th is fine for Cascade.

13 JUDGE MACE: Mr. Finklea, if you will be
14 involved in the settlement conference, is December 11th
15 an acceptable date for you?

16 MR. FINKLEA: Yes, Your Honor.

17 MR. TRAUTMAN: Then the other dates would be
18 Staff serving an initial investigative report on the
19 other parties on December 28th, 2007; parties
20 submitting written comments to Staff regarding the
21 investigative report on January 25th, 2008; Staff
22 filing its final report with the Commission after
23 review of the parties' comments on February 15th, 2008,
24 and a prehearing conference -- I guess we could do that
25 on March 7th as well.

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1 JUDGE MACE: That seems fair enough.

2 Everybody is in agreement with that schedule?

3 MR. REICHMAN: It's fine with Cascade.

4 JUDGE MACE: Very well then. Is there
5 anything else we need to address with regard to this
6 proceeding?

7 MR. FFITCH: Just to supplement, our
8 appearance for Public Counsel, I have determined the
9 zip code for the Public Counsel address is 98104-3188,
10 and we would also like to include an additional
11 attorney in the appearance, Sarah Shifley, and that
12 phone number is (206) 464-6595.

13 MR. TRAUTMAN: Your Honor, I think there was
14 one other item in the order. I believe the Commission
15 indicated that they expected that Cascade would either
16 choose to pursue the tariff filing or make sales
17 through an affiliate. I'm looking at Paragraph 29 of
18 Order 03.

19 JUDGE MACE: I recall that from the order.
20 Mr. Reichman?

21 MR. REICHMAN: As we informed the parties
22 outside of this formal hearing, Cascade's preference
23 would be to make these sales under the tariff, not with
24 an affiliate, but that final decision is based upon
25 what terms the tariff will have, so we will need to go

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1 through the settlement process before we finally commit
2 to that.

3 JUDGE MACE: So when would you be able to
4 make some type of commitment one way or the other, at
5 what point?

6 MR. REICHMAN: I would like to think at the
7 point that, and I'm an optimist, at the point we have a
8 settlement as to what the terms of the tariff would be.
9 It would make that commitment subject to Commission
10 approval of the settlement.

11 JUDGE MACE: So it sounds to me like you are
12 thinking there will be a settlement as a result of the
13 settlement conference then?

14 MR. REICHMAN: As I said, I'm an optimist.
15 If not the first conference, we certainly intend to
16 follow that up with additional conferences if that
17 seems that it's a productive idea, and it's Cascade's
18 desire to accomplish that as quickly as possible.

19 JUDGE MACE: So to the extent that we will be
20 holding another prehearing conference in this case,
21 let's say your optimistic tendencies don't play out
22 here, you will make a choice by the time of the second
23 prehearing conference?

24 MR. REICHMAN: If we've not reached a
25 settlement at that point, I think we would still leave

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1 it open.

2 JUDGE MACE: But you would be able to make a
3 commitment by the time of the second prehearing
4 conference one way or the other, or does a failure to
5 arrive at a settlement mean that you are jettisoning
6 the idea of a tariff.

7 MR. REICHMAN: I don't think we would be
8 jettisoning it, but it seems at that point that the
9 terms of the tariff would have to be determined by the
10 Commission, and we would still pursue what we think are
11 fair and reasonable terms for the tariff before the
12 Commission, and if the Company were comfortable with
13 what the Commission finally ordered if we were not able
14 to settle, then we would proceed to make those sales
15 through the utility under tariff, but I think until the
16 point that the tariff terms are known, the Company
17 would like to still have the option of utilizing an
18 affiliate.

19 JUDGE MACE: Any comment on that?

20 MR. TRAUTMAN: Only reiterating what Staff
21 read the order as saying, they would make a choice, I
22 would assume, reasonably soon.

23 MR. REICHMAN: I'm not sure, Your Honor, what
24 the Commission intended. It just said that, "We expect
25 Cascade to make a choice whether to pursue the tariff

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1 filing or make retail sales through an affiliate."

2 I would read that to say that at some point,
3 we would decide this is how we are going to do it. We
4 are not going to do both, but I think it's difficult
5 for the Company to say it absolutely will go through
6 the tariff until we know what those terms --

7 MR. TRAUTMAN: It also says that this will
8 allow the parties to more efficiently evaluate
9 Cascade's retail gas supply practices going forward, so
10 I would think at the time of the prehearing conference
11 we would be able to know that.

12 JUDGE MACE: If there is going to be
13 testimony filed, your testimony is going to have to
14 indicate something that the parties can then respond
15 to, and I think then at that point, you would have to
16 make a choice. It sounds like for right now you are
17 pursuing the tariff.

18 MR. REICHMAN: That's our intention, to
19 pursue the tariff.

20 JUDGE MACE: Anything else?

21 MR. REICHMAN: That's what we will discuss
22 during the settlement conference.

23 JUDGE MACE: Very well. We are adjourned.
24 Thank you very much.

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