

Docket No. UG-220198 - Vol. I

In the Matter of Cascade Natural Gas Corporation

April 14, 2022



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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Cascade Natural Gas Corporation's Tariff WN U-3 Revisions) Docket UG-220198
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VIRTUAL STATUS CONFERENCE
 ADMINISTRATIVE LAW JUDGE SAMANTHA DOYLE

(All participants appeared remotely via
videoconference.)

Washington Utilities and Transportation Commission
621 Woodland Square Loop Southeast
Lacey, Washington 98503

DATE TAKEN: April 14, 2022
REPORTED BY: Sarah K. Webb, RSR, CCR #5567

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1 LACEY, WASHINGTON

2 2:00 p.m.

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4 P R O C E E D I N G

5

6 JUDGE DOYLE: Good afternoon. We're here
7 today for a status conference in Docket UG-210755, which
8 is captioned: Washington Utilities and Transportation
9 Commission versus Cascade Natural Gas Corporation.

10 Today is Thursday, April 14th, 2022 and the time is
11 approximately 2:00 p.m.

12 My name is Samantha Doyle, and I use she/her or
13 they/them pronouns. And with me is Rayne Pearson, who
14 uses she/her pronouns. We are administrative law judges
15 with the Washington Utilities and Transportation
16 Commission and we are copresiding in this matter along
17 with the commissioners.

18 Let's start by taking appearances and then
19 address the status of the notice to consolidate dockets
20 UG-210755 and UG-220198.

21 Let's begin with Cascade; please state your
22 name and feel free to provide your pronouns as well.

23 MS. BARNETT: Thank you, Judge Doyle.

24 This is Donna Barnett; I use she/her pronouns.

25 I'm with Perkins Coie representing Cascade in this

1 matter and with me is Megan Lin.

2 JUDGE DOYLE: Thank you.

3 And for Staff?

4 MR. CALLAGHAN: Good afternoon, Your Honors.

5 My name is Nash Callaghan, I'm the assistant attorney
6 general appearing on behalf of Commission Staff today.

7 My pronouns are he/him and I believe that Joanna Huang
8 is joining me, although I didn't see her name on the
9 list.

10 Joanna, are you here?

11 MS. HUANG: Yes, I'm here.

12 MR. CALLAGHAN: Thank you.

13 JUDGE DOYLE: Thank you.

14 And for public counsel?

15 MS. PAISNER: Afternoon, Judge Doyle. My
16 name is Ann Paisner and I'm an assistant attorney
17 general with the public counsel unit of the Washington
18 Attorney General's Office.

19 JUDGE DOYLE: Thank you so much.

20 And for Alliance of Western Energy Consumers or
21 AWEC?

22 MR. MULLINS: Your Honor, this is Brad
23 Mullins; I'm a consultant with AWEC. And Chad Stokes,
24 our attorney, should be on the line and I'm emailing him
25 right now to see if he's coming on shortly.

1 JUDGE DOYLE: Thank you.

2 Let's see. For The Energy Project?

3 MR. ZAKAI: Good afternoon, Judge Doyle.
4 This is Yochi Zakai for The Energy Project. And I use
5 he/him pronouns.

6 JUDGE DOYLE: Thank you.

7 Do we need to give AWEC a little bit more time
8 or are we good to continue?

9 MR. MULLINS: Why don't we go ahead and
10 hopefully he joins soon.

11 JUDGE DOYLE: Okay, thank you, all right.

12 Well, we issued a notice of intent to
13 consolidate proceedings and a notice of bench request on
14 March 29, 2022. After receiving all of the parties'
15 responses and the Company's response to the bench
16 request, you should have noticed for the status
17 conference with the following options for the Company.

18 Option 1, Cascade withdraws its filing in
19 Docket UG-220198 and makes a new tariff filing that will
20 pause Schedule 581. The mechanism put in place in
21 Docket UG-170929 to amortize a historical level of
22 protected EDIT each year and throughout each year to the
23 actual amortization amount, until the conclusion of the
24 Company's next general rate case.

25 If this is the preferred option, do the parties

1 believe that halting the EDIT reversals and filing an
2 accounting petition to track revenues consistent with
3 normalization rules in the interim will prevent
4 normalization violations from occurring?

5 No. 2, Cascade extends the effective date of
6 its current GRC and the Commission consolidates the
7 dockets.

8 And the final -- Option 3, the Commission
9 suspends the tariff revision filed in Docket UG-220198
10 and sets the matter of the hearing.

11 Let's begin with Cascade and their response to
12 these options.

13 MS. BARNETT: Thank you, Your Honor. And I
14 want to begin by thanking the presiding officers for
15 holding this status conference and considering other
16 options besides consolidation. I feel very heard and I
17 appreciate the opportunity to present Cascade's
18 positions on these.

19 So I'll just summarize -- and we have several
20 people from the Company who can elaborate and go into
21 any detail you would like. But just in summary going
22 through the options, the first option seems reasonable,
23 but it will not fix the normalization violation soon
24 enough if it's before the next rate case. The IRS gave
25 clear direction that it has to be fixed as soon as

1 possible, so Cascade does not feel that Option 1 is
2 appropriate.

3 Option 2, they are not inclined to extend the
4 statutory deadline. And so that leaves Option No. 3 as
5 the preferred option for Cascade. And I know Lori
6 Blattner is on the line -- and you've heard from her
7 before, but she can go into some more detail and
8 present -- some other folks from Cascade who can answer
9 any questions you have if you want to do that now or at
10 a later time.

11 JUDGE DOYLE: I think what we'll do is hear
12 the responses from the other parties and then if we have
13 more follow-up --

14 MS. BARNETT: Very good, thank you.

15 JUDGE DOYLE: -- unless -- Judge Pearson, do
16 you have any questions before we move on? I'm sorry.

17 JUDGE PEARSON: No, not at this time.

18 JUDGE DOYLE: Okay, great.

19 And we'll go with Staff next.

20 MR. CALLAGHAN: I'm sorry. Judge Doyle, I'm
21 having a lot of -- I don't know if you -- were you
22 calling on me?

23 JUDGE DOYLE: Yes, I was. Would it be
24 better for you to -- if -- to take a moment and call
25 back in --

1 MR. CALLAGHAN: Your Honor, I don't know if
2 you can hear me, but -- but I'm going to try to call in.
3 I'll be as quick as possible.

4 JUDGE DOYLE: Okay, great. We'll just take
5 a moment here.

6 MR. CALLAGHAN: Your Honor, can you hear me?

7 JUDGE DOYLE: Yes, thank you, that's better.
8 Go right ahead.

9 MR. CALLAGHAN: I apologize.
10 So -- and you were about to call on me?

11 JUDGE DOYLE: (Moves head up and down.)

12 MR. CALLAGHAN: Okay, thank you.

13 So Your Honor -- so Staff's preferences in
14 order is -- that Staff's first preference is for Option
15 3, our second preference is for Option 1 and our last
16 preference is for Option 2.

17 So Staff's response to the question in Option
18 1, is no. I don't know if you wanted that answered
19 given that it wasn't Staff's first preference, but
20 Staff's response to the question in 1 is no.

21 JUDGE DOYLE: Did you want to elaborate as
22 to why it would not prevent the normalization violations
23 to occur?

24 MR. CALLAGHAN: I'd have to defer to Joanna
25 Huang on that.

1 JUDGE PEARSON: It's okay. We're not
2 prepared to take testimony from Staff right now, so
3 we'll just move on.

4 JUDGE DOYLE: Okay.

5 And for public counsel?

6 MS. PAISNER: Thank you, Judge Doyle.

7 I guess I'll just go through these three
8 options sequentially and provide input on behalf of
9 public counsel. For the first option, public counsel
10 would not support this option because halting the EDIT
11 passback would have the effective increasing rates. I
12 know that a number of factors would have to also exist
13 in order to sort of deal with that issue. And so in
14 general, we don't support this -- the increase on rates
15 that would happen by pausing that tariff.

16 So moving on to the second option, "Extending
17 the Effective Date," public counsel could support this
18 only if the current schedule was revisited. And in
19 particular for filing testimony, we would prefer to see
20 a testimony filing date of May 16th -- Monday, May 16th,
21 which is currently for the UG-210755 docket. We have a
22 testimony filing date of April 25th, so that would be
23 really the only condition. We just need more time in
24 order to deal with this filing -- the 220198 filing, if
25 they are going to be consolidated. So that's really the

1 situation in which we would be able to support that
2 option.

3 The third option -- we sort of view this issue
4 as something that's typically addressed in a GRC.
5 However, to the extent this issue is already sort of
6 being trued up and tracked separately, we could support
7 the third option on its own, even though it's typically
8 something that it seems like it should be addressed in a
9 GRC. And so we do have concerns regarding that EDIT in
10 how it's being addressed in the current filing; we think
11 it sort of raises issues.

12 So to sum up, we would -- public counsel would
13 not support the first option. The second option, if the
14 schedule is extended, revisited and testimony dates are
15 pushed back. Also, if the second option were pursued,
16 we would like to see the discovery response turnaround
17 time reduced to a five-day turnaround instead of a
18 ten-day turnaround. So those are the conditions under
19 which public counsel would be able to support the second
20 option. And the third option, it seems like there are
21 complications with how EDIT is dealt with in the current
22 proceeding, but it does seem like it's possible to
23 pursue the third option keeping it separate from 210755,
24 thank you.

25 JUDGE DOYLE: Thank you.

1 And did AWEC have a response? Is there anybody
2 available that would like to speak for them?

3 MR. STOKES: Yes, Your Honor. Chad Stokes
4 for the Alliance With Energy Consumers. I apologize for
5 being late to the conference; I was having trouble
6 logging in for some reason.

7 So going in order: Option 1, we find to be
8 problematic and actually think that if you pause
9 Schedule 581, it's an automatic rate increase to
10 customers and you actually created another normalization
11 issue because you're not addressing the historical
12 prospect of EDIT and base rates. And that's actually an
13 adjustment that AWEC had proposed to make in the current
14 rate case, is to put the historical, protected EDIT into
15 base rates, which is how it should be dealt with. So
16 Option 1 we find very problematic.

17 For Option 2, we prefer this. It's a little
18 troubling to me that Cascade won't extend the effective
19 date of its GRC seeing how this is their filing and
20 they're asking for a May 1 effective date. And, you
21 know, they did argue that it was undue hardship to
22 respond to testimony, but it's their filing, so I'm not
23 really sure why that's a big hardship.

24 The third option we also find to be problematic
25 because these sort of issues should be teed up in the

1 general rate case. There's a lot of moving parts here,
2 and to have a single-issue rate filing outside of a GRC
3 when you have a GRC ongoing is bad policy in our view.

4 And if the Commission is inclined to go with
5 Option 3, I just want to be clear that parties should
6 not be prohibited about arguing about the protected EDIT
7 in this current rate case because that is an adjustment
8 that we will be discussing in our testimony.

9 JUDGE DOYLE: Thank you very much.

10 MR. STOKES: Thank you.

11 JUDGE DOYLE: And finally with The Energy
12 Project, would you like to discuss options?

13 MR. ZAKAI: Yes, thank you. I'd like to
14 just express support for the concern that AWEC raised
15 about single-issue rate filings while a general rate
16 case proceeding is ongoing. You know, it really is a
17 vast regulatory practice to deal with all of the revenue
18 issues of a utility within the context of a general rate
19 case and it could present serious concerns and set --
20 you know, TEP believes a pretty bad precedent if
21 utilities are able to continually make filings at the
22 same time as a general rate case proceeding is ongoing.

23 So TEP encourages the Commission to consider
24 the regulatory implications and the precedent that it
25 would set to allow, you know, the -- you know, this type

1 of filing to go without consolidation or addressing it
2 in some way within the general rate case proceeding.

3 That said, TEP doesn't have a particular
4 opinion on the options and we don't have a -- you know,
5 a revenue requirement witness in this case, but, you
6 know, if, you know -- public counsel and the other
7 interveners that do have revenue required witnesses --
8 you know, need an expedited discovery timeline or
9 additional time to, you know, complete their review, we
10 would encourage the Commission to consider that so that
11 there is a complete record for the Commission's
12 consideration, thank you.

13 JUDGE PEARSON: Okay, thank you.

14 And just to be clear, you know, the Commission
15 has reviewed the filing and shared the concerns related
16 to single-issue rate making. The problem is the
17 Commission can't force Cascade to extend its effective
18 date. Our choice would be to set up for a hearing, but
19 of course a possible outcome could be that we find -- we
20 cannot make this change outside the context of a general
21 rate case. So that's just something for the parties to
22 consider as well.

23 So I guess with that, I would ask Cascade one
24 last time if they're willing to make any accommodation
25 to the schedule or the effective date. And if not, then

1 we will set the matter for prehearing conference.

2 MS. BARNETT: I guess the simple answer is
3 no. I just -- I'm unclear about setting up for the
4 prehearing conference. You're talking about the -- so
5 the other docket for the prehearing conference we can do
6 that -- we're doing that right now, then?

7 JUDGE PEARSON: We wouldn't do that right
8 now; we would issue a notice. But yes, we would suspend
9 it and set it for prehearing conference on the 11-month
10 timeline for tariff filings.

11 MS. BARNETT: So -- okay. I think -- yeah,
12 absolutely because Cascade is not willing to extend the
13 deadline for that. So I think that's appropriate if
14 that's the only other option.

15 JUDGE PEARSON: It is the only option the
16 Commission has. So unless the parties have other
17 options that they want to present, that's how we'll
18 proceed.

19 So anything else? All right, hearing nothing.
20 Then we will set this matter for prehearing conference
21 and put it on an adjudication schedule.

22 Thank you all for coming today and we're
23 adjourned.

24 (Hearing adjourned at 2:20 p.m.)

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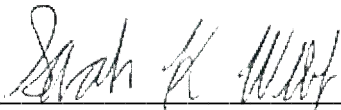
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C E R T I F I C A T E

STATE OF WASHINGTON
COUNTY OF KING

I, Sarah K. Webb, a Certified Court Reporter in
and for the State of Washington, do hereby certify that
the foregoing transcript 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 April 25th, 2022.



Sarah K. Webb, RSR, CCR #5567