

**Docket No. UG-210755 - Vol. VI**

**WUTC v. Cascade Natural Gas Corporation**

**February 27, 2023**



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BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION

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WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Plaintiffs,

v.

CASCADE NATURAL GAS CORPORATION,

Defendants.

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Docket No. UG-210755

CLARIFYING CONFERENCE

VOLUME VI

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(All participants appeared via videoconference.)

DATE TAKEN: Monday February 27, 2023, 1:00 p.m.

REPORTED BY: Danielle Schemm, CCR 3395

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2                                   (Continued.)

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11                   MELISSA CHEESMAN  
12                   ELIZABETH O'CONNELL  
13                   RYAN SMITH  
14                   BETTY ERDAHL  
15                   AARON CAHEN  
16                   KRISTEN HILLSTEAD  
17                   KEITH QUINATA  
18                   PAYTON SWINFORD  
19                   JACQUE HAWKINS-JONES

20       Present for Cascade Natural Gas:

21                   LORI BLATTNER  
22                   MIKE PARVINEN  
23                   JESSICA ANDERSON  
24                   TAMMY NYGARD

25       Also Present:

26                   JOANNA HUANG  
27                   SENGERG  
28                   STEVE HELD  
29                   SHAY BAUMAN  
30                   BRAD MULLINS  
31                   CHRIS MICKELSON  
32                   CORTNEY WAGNER  
33                   JEFF ROBERSON

1 ADMINISTRATIVE LAW JUDGE DOYLE: Good afternoon.  
2 We're here today for clarification conference in Docket  
3 UG-210755 which is captioned Washington Utilities and  
4 Transportation Commission versus Cascade Natural Gas  
5 Corporation.

6 Today is Monday February 27th, 2023, and the time  
7 is approximately 1:00 p.m. My name is Samantha Doyle. My  
8 pronouns are she/her or they/them. With me is Judge Rayne  
9 Pearson whose pronouns are she/her. We're administrative  
10 law judges with the Washington Utilities and  
11 Transportation Commission, and we're co-presiding in this  
12 matter along with the commissioners.

13 Today we also have Melissa Cheesman, Assistant  
14 Director of Policy, whose pronouns are she/her, and  
15 Elizabeth O'Connell, Policy Adviser, is on the line as  
16 well, and her -- their pronouns are she/her.

17 We're going to start by taking short appearances,  
18 and then we'll begin with the Commission's questions for  
19 Cascade. After we've gone through all of those, the  
20 company and other parties may ask follow-up and clarifying  
21 questions.

22 Let's begin with appearances with Cascade.

23 MS. BARNETT: Good afternoon, Donna Barnett with  
24 Perkins Coie representing Cascade, and my pronouns are  
25 she/her.

1 ADMINISTRATIVE LAW JUDGE DOYLE: Great. And staff?

2 THE WITNESS: Thank you, your Honor. Nash Callaghan,  
3 Assistant Attorney General for Commission Staff; my  
4 pronouns are he/him.

5 ADMINISTRATIVE LAW JUDGE DOYLE: And for, let's see,  
6 AWEC?

7 MR. STOKES: Good afternoon. Chad Stokes from Cable  
8 Huston for the Alliance of Western Energy Consumer, and my  
9 pronouns are he/him. Thank you.

10 ADMINISTRATIVE LAW JUDGE DOYLE: Thank you. And I see  
11 public counsel.

12 MS. PAISNER: Good afternoon. This is Ann Paisner,  
13 Assistant Attorney General with the Public Counsel Unit of  
14 the Washington State Attorney General's Office. And also  
15 on the line today is Shay Bauman who is a regulatory  
16 analyst with public counsel as well. Thank you.

17 ADMINISTRATIVE LAW JUDGE DOYLE: Thank you. And The  
18 Energy Project?

19 MR. ZAKAI: Good afternoon, your Honors, Yochi Zakai  
20 with Shute, Mihaly and Weinberger here today for The  
21 Energy Project.

22 ADMINISTRATIVE LAW JUDGE DOYLE: Great. Thank you.  
23 And with that, we're going to begin with the Commission's  
24 questions for Cascade. And question one, and let me know  
25 if I need to slow down or repeat anything. In Cascade's

1 2017 GRC, Docket UG-170929, Final Order Six, that was July  
2 of 2018, at paragraphs 51, 53, and 102, the Commission  
3 approved and adopted a joint settlement agreement without  
4 condition which required Cascade to pass back  
5 Protected-Plus EDIT balances using Tariff Schedule 581.

6 Referring to Cascade's motion for clarification of  
7 Order 12, this is February 2023, at paragraph 8, Cascade  
8 appears to be providing new information, stating that  
9 Cascade has not passed back to customers the \$1,190,099  
10 related to a Protected-Plus EDIT balance as of  
11 October 31st, 2022.

12 We want to confirm that in paragraph 8 of  
13 Cascade's motion for clarification of Order 12, does this  
14 or does it not introduce new information? Please clarify  
15 where in the record, either in UG -- Docket UG-210755 or  
16 Docket UG-220198, does Cascade communicate to the  
17 Commission that it stopped passing back Protected-Plus  
18 EDIT. Provide exact location, date, and document type and  
19 where specifically in the document it was stated.

20 Donna, we cannot hear you.

21 MS. BARNETT: Sorry. I must have two mute buttons  
22 here. I guess I do have some questions regarding the  
23 process today. I wasn't expecting questions and having --  
24 and was -- don't know if we have everybody on the line who  
25 is prepared to respond to.

1 ADMINISTRATIVE LAW JUDGE DOYLE: You faded out there  
2 at the end. You're saying you might not have everyone in  
3 order to be able to answer those questions?

4 MS. BARNETT: Yeah.

5 The court reporter said she couldn't hear me. Can  
6 everybody else hear me? I'm not sure if -- all right.

7 ADMINISTRATIVE LAW JUDGE DOYLE: We can now, but we  
8 couldn't before.

9 MS. BARNETT: Okay. I did stop talking about there.  
10 I just said -- because like -- okay.

11 So, yeah, I wasn't sure about the process for  
12 today, so I'm not sure if we're going to be able to  
13 address all the questions in detail and with the  
14 specificity that the Commission is requesting.

15 So I guess maybe if we could go over a little bit  
16 about what the process and what the Commission is  
17 expecting today. Usually this type of question I would be  
18 responding -- or we would be responding in a -- in a form  
19 of a bench request or -- or with some ability to be able  
20 to point to the document.

21 But I'm certain we've got folks on -- we've got  
22 folks on the line who can probably give some general  
23 answers, but it may not be with the level of specificity  
24 that you are searching for.

25 ADMINISTRATIVE LAW JUDGE DOYLE: So Donna, we can't



1 clarify and answer the motion that you had -- that the  
2 company had made without some clarifying questions of our  
3 own, which is why we brought this conference.

4           Would it perhaps help if I put the questions in  
5 the chat and take a short recess?

6           MS. BARNETT: Yeah, definitely, definitely. When  
7 you -- if you want specific paragraphs and specific  
8 quotations, that will definitely, you know, I'll need  
9 sometime to at least pull up the document, which I didn't  
10 even expect. So didn't really know what we were -- what  
11 to expect with the conference call.

12           So, sure, yeah, that would definitely be helpful.

13           ADMINISTRATIVE LAW JUDGE DOYLE: Okay. So I'm going  
14 to read the questions into the record, and then I'll put  
15 them into the chat, and then we'll take a break.

16           So that was question one. I'm not going to reread  
17 it in its entirety. I'm going to continue, and then I  
18 will put it in the chat, and then we will go for break.

19           So the next question being when did Cascade stop  
20 passing back Protected-Plus EDIT to customers? Be  
21 specific. We want to also confirm under what authority  
22 Cascade used or received to stop passing back  
23 Protected-Plus EDIT. When and in what document did  
24 Cascade request stopping the return of Protected-Plus EDIT  
25 to customers?

1           And did Cascade receive authentication from the  
2 Commission to stop passing back Protected-Plus EDIT? If  
3 yes, provide the docket number.

4           I think we should -- do you want to stop there?

5           So we will potentially have follow-up questions,  
6 but we're going to start with these. Give us just a  
7 moment to get this in the chat, and then we'll give you --  
8 do you think 15 or 20 minutes is enough of a break? Or do  
9 you need 30 because you need to get ahold of people?

10          MS. CHEESMAN: We can't hear you, Donna.

11          MS. BARNETT: Can you hear me now?

12          ADMINISTRATIVE LAW JUDGE DOYLE: Yeah, now we can hear  
13 you.

14          MS. BARNETT: Weird. It says someone in the meeting  
15 muted me. That's all I'm seeing, sorry. I'm not sure how  
16 to unmute it.

17                 So, yeah, normally I would ask for 5 days to  
18 say -- to give it the type of answer that I think, you  
19 know, we would be able to provide.

20                 With that qualification, I think maybe half an  
21 hour is more -- a little bit better, just to make sure  
22 that -- I don't even know if we have everybody available -  
23 but I think we do - that can answer all these questions.  
24 A few of these I know off the top, you know, that we can  
25 answer very quickly, but others I don't.

1           So I see them popping up in the chat now; that's  
2 very helpful. So I'd probably request half an hour, if  
3 that's possible.

4           ADMINISTRATIVE LAW JUDGE DOYLE: Okay. Great. So  
5 we're going to take a recess, and we're going to return at  
6 1:45, and with that, we are temporarily adjourned.

7                           [Off record at 1:12 p.m.]

8                           [On record at 1:46 p.m.]

9           ADMINISTRATIVE LAW JUDGE DOYLE: It is approximately  
10 1:45, and we've returned from recess. And Cascade, are  
11 you ready to answer some or all of our -- of the questions  
12 at this point?

13          MS. BARNETT: Yes, thank you for that time. Yeah, I  
14 think -- I think there might be some -- let's see -- some  
15 initial misunderstanding or confusion about the basis --  
16 let me turn on my video, sorry. Just acknowledging there  
17 may be some confusion about the basis of the 1.19 amount.

18           So I think I want to start with the company  
19 explaining where that came from and what the company has  
20 done, and then it should flow into -- I can take over and  
21 then go into a quick, I think, answer to all of the  
22 remaining questions.

23           So let me see who we have on for the company here.  
24 I think Mike Parvinen, are you able to join in here?

25          MR. PARVINEN: Yeah, hi, this is Mike Parvinen with

1 Cascade. Really quickly, the balance that we're talking  
2 about here is our current deferral balance, which is the  
3 over/under of accruing the Protected-Plus EDIT amount as  
4 well as the amortization through Schedule 581.

5 We have not stopped amortizing. We're still  
6 continuing to use 581, so the amount is continuing to  
7 amortize, and we're continuing to accrue, so we are  
8 following the UG-170929 order.

9 So we're not introducing new information. This is  
10 the balance from item 3 within the settlement document,  
11 the 1,190,000 was in the settlement document. We  
12 described it there as well as provided the supporting  
13 deferral balances as Attachment C.

14 MS. BARNETT: Right. Thanks, Mike, and I don't know  
15 if you have any other questions about the actual dollar  
16 amount, but that is the number -- I think -- sorry -- I  
17 can see you talking, but I can't hear anything -- about  
18 the -- where the dollar amount came from.

19 But I think, like Mike said, we -- that is still  
20 being accrued. We don't believe paragraph 8 introduced  
21 any new information because that information is in  
22 Attachment C to the settlement stipulation that was filed  
23 in the rate case docket.

24 The next question, when did Cascade stop passing  
25 that back, we have not stopped passing that back. They

1 just filed the compliance filing last week, and that  
2 hasn't been approved. So effectively that is still -- we  
3 haven't stopped passing back that.

4 I think we can confirm that flows into the next  
5 question, confirming asking for authority for passing that  
6 back. The authority is the 2017 rate case order.

7 MS. CHEESMAN: Okay.

8 MS. BARNETT: And I think --

9 MS. CHEESMAN: Hold on, Donna.

10 ADMINISTRATIVE LAW JUDGE DOYLE: Ms. Cheesman has a  
11 question here.

12 MS. CHEESMAN: Yeah, Melissa Cheesman, Utilities and  
13 Transportation Commission. Hi, Donna. Good afternoon,  
14 everyone.

15 MS. BARNETT: Hi.

16 MS. CHEESMAN: Okay. So just taking a step back,  
17 going back to paragraph 8 of the motion, right?

18 MS. BARNETT: Right.

19 MS. CHEESMAN: The Commission stated that it was  
20 unable to validate the claim of this -- sorry -- claim  
21 that this reversal has no impact on rates. The Commission  
22 provided no further direction as to the disposition of the  
23 1.19 million credit which is in the current year's  
24 deferral account and has not been passed back to  
25 customers.

1 MS. BARNETT: Right.

2 MS. CHEESMAN: So when I look at that, it hasn't been  
3 passed back to customers, and I look at the company's  
4 initial -- or the response where it talks about those are  
5 the values for 2022.

6 MS. BARNETT: Uh-huh. Right. That was the amount --  
7 so -- so that was the amount that was accruing in 2022  
8 based on the filing in March.

9 MS. CHEESMAN: There was no filing in March.

10 MS. BARNETT: The EDIT tariff filing.

11 MS. CHEESMAN: Okay. So 220198?

12 MS. BARNETT: Right. And since that got suspended,  
13 Cascade couldn't pass it back. I guess Cascade --

14 ADMINISTRATIVE LAW JUDGE DOYLE: So are you saying  
15 when you made that filing, you started deferring as  
16 opposed to continuing on and waiting for us to authorize a  
17 deferral?

18 MR. PARVINEN: So this is Mike again. No, we  
19 continued to defer to accrual in the deferral account, the  
20 Protected-Plus EDITs amounts, on a monthly basis as well  
21 as continued to amortize.

22 MS. CHEESMAN: Okay. So there's a lot of layering of  
23 deferral language that I just want to get straightened  
24 out. So in the 2017 docket, the company was authorized to  
25 defer both the protected and the unprotected excess

1 deferred income tax to two separate accounts, 254,  
2 correct?

3 MR. PARVINEN: Correct.

4 MS. CHEESMAN: So that's already been deferred. What  
5 is happening -- what additional deferral are we talking  
6 about in addition to those amounts that have already been  
7 moved in 2017 -- or 2018 -- the 2017 GRC; what additional  
8 deferrals are happening with the PP -- or the  
9 protected-plus excess deferred income tax?

10 MR. PARVINEN: All right. I'm going to ask Jess to  
11 jump in and help if I say this a little bit wrong. So the  
12 big amount that was deferred for the protected-plus, if I  
13 remember right, it was approximately 30 million.

14 That amount is -- is separately identified, yes,  
15 but that still gets treated as a rate base reduction in  
16 every rate case. It's that -- it's that annual  
17 rollover -- turnover -- I guess the actual term for that  
18 annually is that turns around. That amount is -- is the  
19 amount that is getting accrued that we're talking about  
20 here.

21 MS. CHEESMAN: So you're talking about the annual  
22 true-up that happens in November of every year? Or  
23 October/November of every year?

24 MR. PARVINEN: Yes, this is the account that is the  
25 basis for that annual filing.

1 MS. CHEESMAN: Okay. So in October the company  
2 updated its Tariff 258 to reflect that under and over in  
3 the prior period for new rates going forward, and that's  
4 what this amount is for?

5 MR. PARVINEN: Is that -- is that balance. Now, we  
6 did not make that filing in October of '22 because the  
7 tariff was under suspension. But we continued to still  
8 apply those rates.

9 MS. CHEESMAN: You didn't make the filing because you  
10 filed Docket 220198?

11 MR. PARVINEN: Yes. And that --

12 MS. CHEESMAN: In that filing did you make that -- I'm  
13 sorry. I didn't -- I do mean to interrupt. In that  
14 filing in 220198, was that explicitly clear to the  
15 Commission that that filing would not be happening?

16 MS. BARNETT: I don't think that we could have made  
17 that filing once the rates had been suspended.

18 MS. CHEESMAN: So the reason why I say that is because  
19 that was a -- that's a condition of the 2017 settlement  
20 agreement.

21 MR. PARVINEN: Yes. But --

22 MS. CHEESMAN: No. Yes -- yes, is the answer. Thank  
23 you. I appreciate that.

24 MR. PARVINEN: No. No, you're taking it out of  
25 context because when we filed -- made that filing, this



1 docket filing, it was well in advance. We did not expect  
2 it to get suspended the way -- the way it was.

3 It should have all been -- our expectation is it  
4 would have all been dealt with well in advance of the  
5 October filing, so then when October rolled around, that  
6 tariff was already under suspension.

7 And I can say that the rates would have changed  
8 insignificantly, which is why this balance is -- this  
9 balance is not changing, is those rates are essentially  
10 the same rates that would have gone into place. There  
11 would have been a very small adjustment, but it would have  
12 been a very small adjustment.

13 MS. CHEESMAN: So that is not -- so absent asking for  
14 that relief in the cover letter, right, asking for relief  
15 from a settlement that was approved by the Commission in  
16 2018, nobody -- we suspended the proceeding, requesting  
17 these changes, not that we suspended those tariffs that  
18 should still be in effect.

19 Just like in a GRC, when you're suspending the  
20 proposed tariff changes, you're still charging your basic  
21 charge. You're still charging your demand charge.  
22 Nothing changes until the Commission authorizes it to be  
23 changed. That is my understanding, and I'm looking at the  
24 judges.

25 ADMINISTRATIVE LAW JUDGE DOYLE: Yes.

1 MR. PARVINEN: We didn't change anything. Just like  
2 the other tariffs, we continued to apply what was -- what  
3 was already authorized by the Commission.

4 MS. CHEESMAN: Correct, but you also didn't make the  
5 October true-up filing, and I think this is where the  
6 confusion is happening is when -- when we're advising the  
7 commissioners or when the ALD is creating the orders,  
8 we're assuming that certain things are still being  
9 followed, like settlement agreements that have been  
10 authorized by the Commission.

11 Absent being told -- absent all of you telling us  
12 precisely what is happening - like, "We're not passing --  
13 we haven't true-up. We don't plan to true-up" - is kind  
14 of, I think, why we're here and needing clarification.

15 MR. PARVINEN: I'm not sure procedurally how we could  
16 have done it any differently.

17 MS. BARNETT: Yeah, I hear you. I agree, and I guess  
18 it is -- I mean, like Mike said, it was not expected to,  
19 first of all, be -- not -- let's see. It wasn't expected  
20 to last as long, so I have a hard time going back while we  
21 could have spelled out something differently in the cover  
22 letter.

23 MS. CHEESMAN: Donna, let me stop you right there. Go  
24 ahead, Judge Doyle.

25 ADMINISTRATIVE LAW JUDGE DOYLE: So we understand that

1 you didn't realize that you should -- that you could have  
2 done something differently. The fact of the matter is you  
3 should have continued with the tariff and the supplement  
4 regardless without having an explicit request and an  
5 authorization.

6 So suspending the proceeding does not change the  
7 way the tariffs are working. You've never -- you haven't  
8 -- you have to ask for and receive the authorization, and  
9 that's not the same as suspending the proceeding. So we  
10 understand that you misunderstood, and now we understand  
11 what you were operating based on --

12 MADAM REPORTER: I'm sorry. The audio cut out. Can  
13 you repeat your last sentence?

14 ADMINISTRATIVE LAW JUDGE DOYLE: Yes. So we  
15 understand that you misunderstood the process, and now we  
16 -- sorry, I'm not saying it the same way now. We  
17 understand you misunderstood, and we know what you were  
18 operating under the assumption of, that the tariff was  
19 suspended, the proceeding was suspended.

20 And so you should have made your regular true-up  
21 filing in October absent authorization from the Commission  
22 to do anything different. Now we understand what  
23 happened, and it makes sense where we're at. So this is  
24 the clarification that we needed.

25 ADMINISTRATIVE LAW JUDGE PEARSON: But it also -- I

1 want to make sure that the company is clear on what they  
2 did wrong because you should have continued to operate  
3 under the tariffs that were in effect at the time; the  
4 tariffs in effect required you to make that true-up  
5 filing.

6 Suspended the tariff in the 221098 docket, those  
7 were proposed tariff provisions that were suspended, which  
8 means you weren't authorized to do anything that was  
9 proposed. The company should have continued operating  
10 under its existing tariffs. I want to make sure the  
11 company understands that.

12 MR. PARVINEN: Well, we couldn't make changes because  
13 it was suspended. We continued to operate under that  
14 tariff.

15 ADMINISTRATIVE LAW JUDGE PEARSON: There was no change  
16 though. Were you or were you not making true-up filings  
17 every year in accordance with the 2017 settlement?

18 MR. PARVINEN: Yes.

19 ADMINISTRATIVE LAW JUDGE PEARSON: So why would you  
20 stop absent authorization from the Commission to stop?

21 MR. PARVINEN: Because the tariff was suspended.

22 ADMINISTRATIVE LAW JUDGE PEARSON: The tariff --

23 MR. PARVINEN: -- make changes --

24 ADMINISTRATIVE LAW JUDGE PEARSON: Hold on,  
25 Mr. Parvinen. The tariff that was proposed was suspended,

1 not your existing tariff. You were proposing to replace  
2 the existing tariff with something else; that was  
3 suspended. That means you operate as you always have  
4 until we resolved your proposed tariff revisions.

5 That's the way we've always done business at the  
6 commission, so I want to make sure the company very  
7 clearly understands that.

8 ADMINISTRATIVE LAW JUDGE DOYLE: Donna, is that clear,  
9 the procedural process that should have been followed? Do  
10 you have any follow-up questions?

11 MS. BARNETT: I don't. Do you have any follow-up  
12 questions with -- I think we went -- I think I -- I think  
13 we understand each other, and I would just want to make  
14 sure I answered all the questions in the chat. And I  
15 don't have anything, unless any Cascade folks have any  
16 questions.

17 MS. ANDERSON: Are you able to hear me now?

18 MS. BARNETT: Yeah, Jess.

19 ADMINISTRATIVE LAW JUDGE DOYLE: Yes.

20 MS. BARNETT: Sorry for the technical issues. Thank  
21 you for your patience.

22 ADMINISTRATIVE LAW JUDGE DOYLE: No problem.

23 MS. CHEESMAN: It happens here too.

24 ADMINISTRATIVE LAW JUDGE PEARSON: Yeah, all the time.

25 MS. ANDERSON: I'll try one more time. Can you hear

1 me now?

2 MADAM REPORTER: Yes.

3 MS. ANDERSON: Okay. I'll leave my video off and see  
4 if that's part of the issue.

5 I'm Jessica Anderson. I'm the director of  
6 finance. Just one clarification I wanted to make, the  
7 tariff did continue in place. We were continuing to  
8 credit those amounts back to customers on their bills, and  
9 we were continuing to -- the tariff itself was you would  
10 compare what your actual ARAM amortization each year is to  
11 the rates that you're giving back to customers, and you  
12 continually track whatever that difference is between the  
13 rates that you're returning to customers versus what the  
14 ARAM calculation would have come up with.

15 So that part never really -- that never did end,  
16 and it's continuing today. We are continuing to credit  
17 back to customers through Tariff 581, and we are  
18 continuing to track the difference. So I understand  
19 the -- the compliance filing for October should have been  
20 made, but it doesn't change what the balance that was  
21 being tracked would have been.

22 MS. CHEESMAN: All right. Thank you, Jessica. The  
23 compliance filing, you're right, the fact that the -- that  
24 Cascade didn't do what it was supposed to do per  
25 Commission order, you're right.

1 I mean, like, you have -- you haven't done it.  
2 You haven't done it, and it doesn't change the balance,  
3 but part of this need for clarification is the Commission  
4 was operating under the fact that we were assuming that  
5 Cascade was following process; does that make sense?

6 And we just want to get some acknowledgement that  
7 that was the process that wasn't followed, and that going  
8 forward, when there are issues like this, that we're going  
9 to follow the process.

10 Just like I wouldn't expect Cascade to stop  
11 charging its basic charge just because it has a general  
12 rate case in the door, and I get that that's a little bit  
13 different than not passing back the credits, which you all  
14 were; you just didn't make the true-up filing in October.

15 I recognize that, but that was still a term and  
16 condition that was approved in the 2018 -- '17 settlement.

17 MS. ANDERSON: Correct. And that's also the provision  
18 that is creating the normalization violation that we are  
19 in. So clarification on that as well.

20 It appears you guys are on mute.

21 ADMINISTRATIVE LAW JUDGE PEARSON: Yeah, we're just  
22 conferring. Please give us a minute.

23 MS. CHEESMAN: All right. So thank you so much. So  
24 the first thing is does this balance need to be updated at  
25 all?

1 MS. ANDERSON: Yes, this balance continues through the  
2 end of Schedule 581, which would be March 1st if the  
3 compliance filing were to be approved. So it will  
4 continue to accrue and -- and be returned to customers  
5 through bills through whenever that compliance filing is  
6 approved.

7 MS. CHEESMAN: The 1.19 million, that's the balance  
8 you're talking about being that is being passed back to  
9 customers right now?

10 MS. BARNETT: That is the over/under recovery balance  
11 in Schedule 581.

12 MS. CHEESMAN: Perfect.

13 MS. BARNETT: So that gets updated every single month,  
14 and it would be different on February 28th.

15 MS. CHEESMAN: Okay. So now that I know that that is  
16 wrapped into the 250 -- sorry, the -- 5s and 2s -- 581  
17 Schedule, going now to order 0 -- sorry -- Order 12,  
18 paragraph 15, where the Commission says "Any remaining  
19 balance" -- sorry, I had it right in front of me.

20 "Any remaining balance that has been deferred  
21 needs -- needs to go back to the appropriate deferred  
22 income tax accounts," does that not resolve -- does  
23 paragraph 15 of Order 12 in 210755, does that not -- does  
24 that not resolve this issue; shutting down the Tariff  
25 Schedule 581 and then restoring those balances back to



1 their accumulated deferred income tax accounts, which is  
2 where they were before?

3 MS. ANDERSON: Hold on. Let me pull up the -- so  
4 paragraph 12 talks about how this would not impact  
5 customer rates. So the reason it wouldn't --

6 ADMINISTRATIVE LAW JUDGE DOYLE: Excuse me. This is  
7 Judge Doyle. I muted the wrong one. I got too excited.  
8 So we were referring to paragraph 15 which is the order  
9 that directs you. Paragraph 12 was stating the lack of  
10 clarity in your compliance filing, in the company's  
11 compliance filing.

12 MS. CHEESMAN: If you go to Order 12, paragraph 14  
13 requires the company to eliminate Schedule 581, and then  
14 paragraph 15 says now take the remaining balance in 254  
15 and essentially restore accumulated deferred income tax,  
16 restore these amounts to the respective accumulated  
17 deferred income tax accounts.

18 MS. BARNETT: Jessica or Mike, maybe you can clarify,  
19 but to me that would still leave a gap, or at least with  
20 the -- it ordered -- the way I read this, it ordered to  
21 eliminate the Schedule 581 and then restore the remaining  
22 deferred amounts from 254. But the part that had not --  
23 that was in 581 that had not been returned, to me, that  
24 is -- I don't see that as addressing that, but maybe  
25 I'm -- maybe it's just --

1 ADMINISTRATIVE LAW JUDGE DOYLE: So I see that there's  
2 a conceptual disconnect here.

3 MS. BARNETT: Yeah.

4 ADMINISTRATIVE LAW JUDGE DOYLE: We're saying to you  
5 right now, the over/under value, this extra value needs to  
6 go back into the appropriate account, and then you can  
7 shut off the tariff. What is -- what is your team -- does  
8 your team have any misunderstanding about what that means?

9 MS. BARNETT: And I'm not going to speak for them  
10 without, let's see, being able to -- oh, Lori, your video  
11 is on.

12 MS. BLATTNER: Hi, Donna. Lori Blattner, Director of  
13 Regulatory Affairs for Cascade. Can you give us just,  
14 like, a couple minutes so that we can kind of just chat  
15 internally for just a minute, and then we'll get back to  
16 you? I think that it fixes things, but I just want to  
17 confirm that before we definitively say.

18 ADMINISTRATIVE LAW JUDGE DOYLE: I understand. We've  
19 had to confer a little bit here. Do you need five or  
20 ten minutes?

21 MS. BLATTNER: Yeah, give us five. Would that work?

22 ADMINISTRATIVE LAW JUDGE DOYLE: Well, I guess it's --  
23 let's take a short recess. We'll come back at 2:20.

24 [Off record at 2:13 p.m.]

25 [On record at 2:26 p.m.]

1 ADMINISTRATIVE LAW JUDGE DOYLE: Okay. And with that,  
2 it's 2:26, and we're back on the record. Lori, go ahead,  
3 you had some clarification.

4 MS. BLATTNER: Yeah. So I think -- so we talked it  
5 through, and I think in -- so Order 12, 210755, paragraph  
6 15, if the intent of that was that the over/under balance  
7 as of February 28th of 2023 be restored to the appropriate  
8 account and eliminate the 254 deferred regulatory  
9 liability, then we think that solves the issue.

10 ADMINISTRATIVE LAW JUDGE DOYLE: I am confirming that  
11 that -- that is the order; that is the intent of the  
12 order.

13 MS. BARNETT: Okay. And I just wanted to -- part of  
14 the reason we took a little longer was I do -- I did have  
15 a problem with the -- some of the language in Order 3 from  
16 Docket 220198 in paragraph 16 where it says "Finally we  
17 reject the party's proposal to reverse the 2022 deferred  
18 PP EDIT balance as of October 31, 2022."

19 So we did see some inconsistency there with that  
20 interpretation of Order 12.

21 ADMINISTRATIVE LAW JUDGE PEARSON: Okay. Hold on.  
22 We're going to let Elizabeth O'Connell speak to that.

23 MS. BARNETT: Okay.

24 ADMINISTRATIVE LAW JUDGE PEARSON: If you can get in  
25 the frame.

1 MS. BARNETT: Thanks.

2 MS. O'CONNELL: Hi, this is Elizabeth O'Connell, and I  
3 just wanted to reiterate we just didn't understand the  
4 language that was in that, in that proposal, and that's  
5 why you saw that rejection. It was because we didn't  
6 understand where that part of your proposal would fit in,  
7 in how we understood the process was happening.

8 But now that we understand, and that I think we  
9 have a common -- a common level here, common level of  
10 understanding, I think we all know what needs to happen,  
11 and we don't think that, you know, we should make any  
12 additional clarifications. So I think you already have  
13 instructions on what to do going forward.

14 MS. BARNETT: And I'm satisfied with that. Anybody  
15 from my -- from Cascade have any lingering questions or  
16 concerns?

17 MS. BLATTNER: No, I think that's really helpful and  
18 good to kind of sort that out.

19 MS. BARNETT: Yeah.

20 MS. BLATTNER: We're good with that moving forward.

21 ADMINISTRATIVE LAW JUDGE DOYLE: So it sounds like we  
22 don't need anything further. The company feels like they  
23 know what they need to do. Were there any other follow-up  
24 questions before we end for today?

25 MS. BARNETT: Not from me.

1 MS. BLATTNER: Not from the company.

2 MR. PARVINEN: I'm sorry. This is Mike Parvinen.

3 Just to clarify, what's the next step then? I mean, I  
4 think we've all got a mutual understanding of where we're  
5 at, but procedurally what's the next step?

6 ADMINISTRATIVE LAW JUDGE DOYLE: So the next step is  
7 your compliance filing with the appropriate documentation,  
8 and then is there -- is there anything else that you need?  
9 We can issue an order.

10 ADMINISTRATIVE LAW JUDGE PEARSON: No, we don't need  
11 to issue an order.

12 ADMINISTRATIVE LAW JUDGE DOYLE: No, we don't need to.  
13 Sorry. We wouldn't need to issue an order at that point.

14 MS. BARNETT: I was thinking, and you don't need to  
15 issue an order on the motion for clarification, just  
16 saying that we've tied this up?

17 ADMINISTRATIVE LAW JUDGE DOYLE: We have everything  
18 that's in the record that's here today, and it's all been  
19 transcribed, and I believe our procedural rules provide  
20 that we can do it by order or by conference. Because  
21 we've all come to an understanding of today, this would  
22 resolve the motion for clarification, and the next step  
23 would be for the company to make its compliance filing  
24 consistent with what we talked about today.

25 MS. BARNETT: I understand. That works for me. Thank

1 you.

2 MS. BLATTNER: And I guess our compliance filing is  
3 already -- so maybe just to take this one step further.  
4 So our compliance filing that eliminates Schedule 581 and  
5 embeds -- embeds the going-forward pieces into rates was  
6 filed last week. So I don't think that we need any other  
7 sort of filing to fix or, I guess, to reverse this piece  
8 that we're talking about today, correct? I mean, I think  
9 the information that we filed in the compliance filing  
10 takes care of that.

11 ADMINISTRATIVE LAW JUDGE DOYLE: Okay. Just one  
12 second. We have a question from Elizabeth O'Connell about  
13 that.

14 MS. O'CONNELL: Yes. Lori, I just wanted to confirm  
15 with you, did the compliance filing that you filed last  
16 week has all the information about the accounts subchange  
17 in rate base, all of the schedules that were effected by  
18 any movement of accounts, and all of the revenue  
19 requirements, supporting documentation, that supports  
20 shutting down 581?

21 MS. BLATTNER: Like, it wouldn't show the journal  
22 entry, I guess, to shut down 581.

23 MS. CHEESMAN: Just real quickly, in the final order  
24 in Docket 210755, the Commission asked for an updated  
25 revenue requirement with highlighted cells where the

1 original change was made to effectuate the decision to  
2 include, going forward, protected-plus excess deferred  
3 income tax -- I'm trying not to use the acronyms -- back  
4 into rate base, not separate from accumulated deferred  
5 income but rolled back into accumulated deferred income  
6 tax, and there was going to be a slight increase in rates  
7 related to that.

8 That's what Elizabeth is referring to is that  
9 work -- sorry -- that updated revenue requirement  
10 reflecting the decisions made by the Commission.

11 MR. PARVINEN: This is Mike again. Yes, but you won't  
12 see it because the rate base doesn't actually change. The  
13 deferred income tax is just a single line in the revenue  
14 requirement calculation, and that doesn't change. So in  
15 other words, the protected-plus balance, the rate base is  
16 already reduced by that amount, so the rate base doesn't  
17 change at all.

18 MS. CHEESMAN: Okay. So but you're also -- you're  
19 increasing rates to reflect that going-forward piece;  
20 isn't that correct? Wouldn't there be an adjustment to  
21 the revenue requirement to show what the new revenue  
22 requirement would be for eliminating that schedule?

23 MR. PARVINEN: Yeah, so there's actually a revenue  
24 requirement reduction because you're rolling -- taking  
25 that, what's in 581, you're taking that amount and putting

1 it into base rates. So you're reducing your base rates by  
2 that amount; it's 1.7M. Then when you take and eliminate  
3 581, that's a supplemental schedule that goes away, so  
4 that's essentially a rate increase.

5 There's that \$250,000 difference. The only  
6 difference is due to the volumes that were used when the  
7 581 set rate was set versus what was used in the rate  
8 case.

9 MS. CHEESMAN: So the company provided an updated  
10 revenue requirement --

11 MR. PARVINEN: Yes.

12 MS. CHEESMAN: -- highlighting those changes?

13 MR. PARVINEN: It will show those rate reduction going  
14 into base rates. The supplemental schedule doesn't go  
15 into a revenue requirement calculation. So it's separate.

16 MS. CHEESMAN: That is -- that's a question for  
17 another -- so we've had conversations in other  
18 adjudications about that, and if you're -- like  
19 particularly like CRM, right, cost recovery mechanisms, if  
20 you're going to make adjustments, they need to actually be  
21 done in the revenue requirements so the Commission  
22 understands the entire revenue requirement change for that  
23 year.

24 So it's not something that's done in a compliance  
25 filing. It's something that should be done in the revenue



1 requirement itself. So that, like I said, whatever the  
2 revenue is going to be, that's -- the calculations reflect  
3 that; does that make sense?

4 And so why would we treat Schedule 581 any  
5 differently, if -- so that we need to make sure that the  
6 revenue requirement that's -- that the order is given,  
7 that the company says "These are the numbers," then we  
8 know what the incremental increase or decrease in revenue  
9 is; does that make sense?

10 MR. PARVINEN: Only sort of. Because your revenue  
11 requirement is what your base rates are set at.  
12 Therefore, like, we've been ordered to take all of our  
13 supplemental schedules, when we file our case, the  
14 supplemental schedule get pulled out, so the revenues and  
15 expenses, which generally net to zero, get pulled out, so  
16 that you're only dealing with what's getting set into base  
17 rates.

18 So if we update our revenue requirement, that  
19 component wasn't there to put in or take out, if that  
20 makes sense.

21 MS. CHEESMAN: All right. So without seeing all of  
22 those -- without seeing those spreadsheets in front of me,  
23 I can't say one way or the other, but I think I understand  
24 what you're saying. But I think we're kind of not  
25 speaking the same.

1           So when a -- when the company provides its  
2 compliance filing, I expect the revenue requirement to  
3 match what general rates should be recovering, right? But  
4 in a compliance filing related to other schedules, if  
5 you're going to, like, roll in the CRM into base rates,  
6 which doesn't happen, that doesn't in compliance filing;  
7 that needs to happen in revenue requirement itself, so  
8 that everyone sees -- not everyone -- parties in this case  
9 as well as decision makers understand what the company's  
10 request is and what the impact on rates will be.

11           And does that make sense? Because now we're  
12 rolling 581 into base rates, it's not going to be  
13 separate. Revenue requirements should look a little  
14 different.

15           ADMINISTRATIVE LAW JUDGE DOYLE: And to follow up, we,  
16 in the original final order, I believe it was 9, we asked  
17 the company to go and talk to the other parties and  
18 finalize something that would affect the final revenue  
19 requirement, which is why we're requiring an updated  
20 revenue requirement.

21           MR. PARVINEN: Okay.

22           ADMINISTRATIVE LAW JUDGE DOYLE: We need to see the  
23 final work product, which would have been in that  
24 initial -- not initial -- not to confuse terms. Would  
25 have been understood at that final order, except for this

1 condition. So does that make sense?

2 MR. PARVINEN: Yeah, and I think that's exactly what  
3 we did.

4 MS. CHEESMAN: Mike, I totally agree, if the  
5 supplemental schedule is not being -- it has nothing to do  
6 with base rates; you're right. It should be absolutely  
7 separate and distinct, and any adjustments that need to be  
8 made thereof should be made.

9 MR. PARVINEN: Great. Thank you. No, that's what we  
10 did. So we did provide a revenue requirements calculation  
11 showing the impact of rolling it into the base rate.

12 ADMINISTRATIVE LAW JUDGE PEARSON: Okay. So if the  
13 company made the filing last week, it sounds like, then I  
14 think what we're waiting for then is a letter from staff  
15 letting us know that the compliance filing complies with  
16 the Commission's final order, and then the -- once we hear  
17 from staff, then the commission will issue its letter  
18 accepting the compliance filing.

19 MS. BLATTNER: So I think the company is fine with  
20 that plan. So I guess we don't need to file anything else  
21 as long as the compliance filing looks the way you guys  
22 expect it to.

23 ADMINISTRATIVE LAW JUDGE PEARSON: Yeah, provided that  
24 the compliance filing that Cascade already made is  
25 consistent with what we discussed here today and what

1 we've clarified here today and provided all of the  
2 documentation that the Commission requested in Order 12.

3 We're looking here now for that filing. Do you  
4 remember what date?

5 MS. BLATTNER: We filed it on Thursday. We followed  
6 up on it today, and they said that they were behind -- the  
7 filing center said they were behind on getting stuff  
8 processed.

9 ADMINISTRATIVE LAW JUDGE PEARSON: Okay. So it's  
10 possible the records center hasn't posted it yet?

11 MS. BLATTNER: Yeah.

12 ADMINISTRATIVE LAW JUDGE PEARSON: Or on our end?

13 MS. BLATTNER: So this morning they said -- Cortney  
14 Wagner said it hadn't been processed. They had very low  
15 staff on the 23rd and 24th, so they're playing catch up  
16 and should be processing the filing today before the end  
17 of day.

18 ADMINISTRATIVE LAW JUDGE PEARSON: Okay. So sounds  
19 like staff will get it today or tomorrow.

20 MR. PARVINEN: Yes, and it was provided to staff as a  
21 courtesy when we filed on Thursday.

22 ADMINISTRATIVE LAW JUDGE PEARSON: Okay. And is --  
23 does staff -- if staff already has a copy of it, does  
24 staff have a time estimate? Staff is entitled to five  
25 business days from the date it's filed, but if staff has

1 already been reviewing it, I guess it's possible we could  
2 expedite it, but I would defer to staff on that.

3 MR. CALLAGHAN: Your Honor, this is Nash Callaghan,  
4 for the record. I would have to confer with staff, but I  
5 know that Joanna Huang was out on Friday, as was I, so I  
6 don't know how much, if at all, we could expedite it  
7 sooner than the five business days.

8 ADMINISTRATIVE LAW JUDGE PEARSON: Okay. No problem.  
9 Just wanted to check.

10 MR. CALLAGHAN: Thank you.

11 ADMINISTRATIVE LAW JUDGE DOYLE: All right. Anything  
12 else that we need to address? Okay. Hearing nothing,  
13 thank you all for convening here today. I think this was  
14 extremely helpful, and I'm glad that we were able to  
15 resolve everything.

16 MS. BARNETT: Yes, thank you.

17 ADMINISTRATIVE LAW JUDGE DOYLE: All right. Thank you  
18 so much, and with that let's adjourn.

19 [This matter concluded at 2:41 p.m.]

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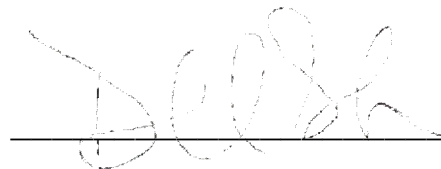
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