

McDowell Rackner & Gibson PC



LISA RACKNER
Direct (503) 595-3925
lisa@mcd-law.com

July 23, 2015

VIA EMAIL AND OVERNIGHT DELIVERY

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
1300 S Evergreen Park Drive SW
Olympia WA 98504-7250

Re: In the Matter of Washington Utilities and Transportation Commission v. Cascade Natural
Gas Corporation
Docket No. UG-151309

Dear Mr. King:

Enclosed for filing in the above proceeding are an original and twelve copies of Cascade Natural Gas Corporation's Answer to NWIGU and Public Counsel Petition for Suspension of Cascade Rate Filing and to the Energy Project's Petition for Suspension of Cascade Rate Filing.

Please do not hesitate to call if you have any questions or concerns. Thank you for your assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lisa Rackner".

Lisa Rackner

Enclosures

cc: Service List

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,
Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,
(Advice No. CNG/W15-06-01),

Respondent.

.....

In the Matter of the Petition of

CASCADE NATURAL GAS
CORPORATION

For a Waiver from WAC 480-07-505 –
General Rate Proceedings.

DOCKET UG-151309

**CASCADE NATURAL GAS
CORPORATION’S ANSWER TO
NWIGU AND PUBLIC COUNSEL
PETITION FOR SUSPENSION OF
CASCADE RATE FILING AND TO
THE ENERGY PROJECT’S PETITION
FOR SUSPENSION OF CASCADE
RATE FILING**

1. Cascade Natural Gas Corporation (“Cascade” or “Company”), submits this Answer to Petition for Suspension of Cascade Rate Filing filed by Northwest Industrial Gas Users (“NWIGU”) and the Public Counsel Unit of the Washington State Attorney’s Office (“Public Counsel”)¹ and the Answer to the Petition for Suspension of Cascade

¹ Northwest Industrial Gas Users and the Public Counsel Unit of the Washington State Attorney’s Office Petition for Suspension of Cascade Rate Filing (July 9, 2015).

Rate Filing filed by the Energy Project.² NWIGU, Public Counsel and Energy Project will be collectively referred to as “Petitioners.” Cascade files this Answer consistent with the Commission’s Notice of Opportunity to Respond to Petitions due by Friday, July 24, 2015,³ and requests that the Washington Utilities and Transportation Commission (“Commission”) deny Petitioners’ motion to suspend Cascade’s rate filing.⁴

I. INTRODUCTION

2. Cascade filed this case to provide the Commission an opportunity to modify rates in a *non-GRC* proceeding expeditiously and fairly, utilizing information already filed and audited, in an effort to reduce regulatory lag, avoid unnecessary litigation expenses, and produce a result that is fair, just and reasonable. Petitioners toss aside the non-GRC/GRC distinction and argue that even if the waiver is granted, the Commission should nevertheless suspend Cascade’s rate change request, as the Commission would customarily do in a GRC proceeding.

3. However, it is important to evaluate Cascade’s unique, non-GRC request on its own merits and beyond the confines of the GRC structure. As detailed below, the Commission has discretion to approve Cascade’s request without a suspension period or a hearing.⁵ The Commission should utilize its discretion and address Cascade’s relatively

² The Energy Project’s Petition for Suspension of Cascade Rate Filing (July 10, 2015). The Energy Project filed its Petition after NWIGU and Public Counsel and supported NWIGU and Public Counsel’s Petition in its pleading.

³ Notice of Opportunity to Respond to Petitions (July 14, 2015).

⁴ Cascade’s proposal is based upon the premise that the Commission is not required to treat Cascade’s rate filing as a general rate case (“GRC”).⁴ If the Commission determines otherwise, Cascade will withdraw its filing.

⁵ The Commission’s actions are limited by its duty to regulate in the public interest, and as part of that duty the Commission must set just, fair, reasonable, and sufficient rates. *See*, RCW 80.01.040 and RCW 80.28.0010.

minor rate request as proposed by Cascade. Cascade's proposal benefits the Commission, other parties, and serves the public interest because it avoids the procedures and expenses associated with a GRC. Furthermore, Cascade's proposal is not an attempt to avoid all review or inquiry. To the contrary, Cascade has responded fully to all discovery requests and will continue to do so as promptly as possible.

4. Finally, Cascade understands that the Petitioners are prepared to offer a shorter schedule than normal for a suspended rate case. While Cascade appreciates the Petitioners' offer, the offer does not address the fundamental purpose of Cascade's filing, i.e., a rate increase that does not require the procedures generally associated with a GRC, including suspension. If the Commission determines a suspension period is necessary, Cascade will withdraw its filing and will, as necessary, proceed with another rate filing in the near future.

5. Accordingly, Cascade requests that the Commission deny Petitioners' motion to suspend Cascade's rate filing.

II. ARGUMENT

A. The Commission has Broad Discretion to Regulate in the Public Interest.

6. The Commission has the statutory duty to act in the public interest.⁶ As part of this duty the Commission must establish rates that are fair, just, reasonable and sufficient.⁷ The Supreme Court has explained that the fixing of just and reasonable rates is a balance between consumer and investor interests.⁸ As explained by the Commission:

⁶ RCW 80.04.040.

⁷ RCW 80.28.010(1) and RCW 80.28.020.

⁸ *Fed. Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).

“In the final analysis, it is the end results, or overall results that matter, not the methods by which they are determined.”⁹ The “end results test,” and its connection to the public interest, is a cornerstone of public utility regulation.¹⁰

7. The Courts, in support of this premise, give substantial deference to a regulatory agency’s judgment about how best to serve the public interest.¹¹ Furthermore, in order to facilitate the Commission’s ability to reach a decision consistent with the public interest, the Courts have repeatedly held that the Commission has broad generalized powers in making rate-setting decisions to establish just and reasonable rates.¹²

8. Cascade’s proposal serves the public interest by pursuing alternatives to the GRC that promote efficiency and savings, especially where the rate changes sought are relatively modest. The Commission has held that the public interest may be best served by departing from standard GRC procedures.¹³ The Company’s filing is also consistent with the Commission’s goal to explore mechanisms to streamline regulatory processes and respond and adapt to a dynamic environment.¹⁴ The Commission has discretion to evaluate Cascade’s filing, determine whether it is in the public interest and if the proposal could ultimately result in rates that are just and reasonable.

⁹ *WUTC v. Avista*, Docket No. UE-050482 and Docket No. UG-050483 (consolidated), Order No. 5, Approving and Adopting Settlement with Conditions at 11, ¶23 (Dec. 21, 2005).

¹⁰ RCW 80.28.010(1) and RCW 80.28.020.

¹¹ *Pub. Counsel v. Washington Utilities & Transp. Comm’n*, 128 Wn. App. 818, 824, 116 P.3d 1064, 1067 (2005).

¹² *U.S. West Communications, Inc. v. Washington Utilities & Transp. Comm’n*, 134 Wn.2d 74, 86, 949 P.2d 1337, 1343 (1997).

¹³ See, *In the Matter of the Petition of Puget Sound Energy, Inc. and Northwest Energy Coalition For an Order Authorizing PSE to Implement Electric and Natural Gas Decoupling Mechanism and to Record Accounting Entries Associated with the Mechanisms*, Dockets UE-121697/UG-1211705, Order 07 (June 25, 2013).

¹⁴ See, Washington Utilities and Transportation Commission 2015-2017 Strategic Plan at 11-12.

B. Not All Rate Increases are GRCs.

9. The Commission’s rules distinguish between different types of rate increases. Importantly, under the WAC not all rate increases are GRCs.¹⁵ Larger or more significant rate increases or changes are subject to GRC requirements designed to standardize presentations, clarify issues, and speed and simplify processing.¹⁶ As detailed in Cascade’s Reply Brief, the Commission may determine that Cascade’s rate increase does not need to be treated as a GRC.¹⁷

10. It is reasonable for the Commission to treat Cascade’s request differently if the Commission decides Cascade’s filing is not a GRC. For significant rate increases the standardized requirements and procedures for a GRC may serve the public interest by clarifying issues and ensuring that all parties have sufficient opportunity to investigate the many issues generally presented in such filings. However, it does not necessarily hold true that GRC procedures serve the public interest when a rate increase is not significant enough to automatically trigger a GRC proceeding. Cascade does not dispute that the Commission has authority to suspend Cascade’s rate request and set the request for hearing.¹⁸ Nor does Cascade contest that the Commission customarily suspends rate increases, even if the rate increase does not meet the requirements of a GRC.¹⁹ Instead, Cascade contends here that

¹⁵ WAC 480-07-500.

¹⁶ WAC 480-07-500(3).

¹⁷ It is beyond dispute that the Commission may require that any filing or proposal to increase or restructure rates is subject to the GRC procedures. WAC 480-07-505(4).

¹⁸ RCW 80.04.130(1) and *see also*, WAC 480-07-505(4).

¹⁹ Petitioners cite two orders from Puget Sound Energy (“PSE”) cases that show that the Commission suspended rate increases that were not defined as a GRC. Here, Cascade is not disputing what is customary, but rather Cascade is proposing a different way to process its non-GRC request. *WUTC v. PSE*, Docket No. UG-101644, Order No. 1 (Oct. 28, 2010) and *WUTC v. PSE*, Docket Nos. UE-130137/130138, Order No. 1 (Mar. 14, 2013).

the Commission should exercise its discretion and determine that suspension is unnecessary and Cascade's proposal results in fair, just, reasonable and sufficient rates.

C. Cascade's Filing Fairly and Expeditiously Adjusts Rates.

11. Cascade believes that the 1.59 percent rate adjustment is not significant enough to justify a GRC proceeding, and that it has proposed a reasonable process to effectuate a modest rate increase. In past decisions the Commission has indicated it has the authority and flexibility to accommodate different rate proposals, specifically stating that it has "discretion to shape its process to accommodate the needs of each case...."²⁰

12. While the process Cascade proposes is significantly shorter than a typical GRC, the Company has provided substantial support for its filing, and allowed for broad discovery. Cascade's rate increase is supported by the Company's recently filed Commission Basis Report ("CBR").²¹ The CBR was originally filed on April 24, 2015, and Staff extensively audited the filing in anticipation of Cascade's rate filing.²² After discussions with Staff regarding aspects of the filing Cascade refiled its CBR on June 19, 2015. Moreover, to expedite review of this filing Cascade is providing every data request and response to all parties that participated in Cascade's most recent GRC. Additionally, Cascade met with Petitioners in May to discuss this filing, as well as other issues and at that time provided Petitioners the initial CBR filing and supporting documentation.

13. Cascade has responded to Staff's discovery requests and will continue to do so throughout the proceeding. No other party has made a discovery inquiry. Cascade's

²⁰ *WUTC v. PSE*, Docket UG-101644, Order No. 1, ¶ 4 (Oct 28, 2010).

²¹ Advice No. CNG/W15-06-01 at 1 (June 23, 2015).

²² Advice No. CNG/W15-06-01 at 1 (June 23, 2015).

utilization of the CBR, in conjunction with a minor rate increase, provides the Commission an opportunity to efficiently and fairly implement a rate increase without the GRC procedures and associated expenses and delay. A September 1, 2015 effective date allows Staff and parties to continue their review of the filing, request and receive supporting documentation, make follow-up inquiries and provide proper notice to Cascade's customers.

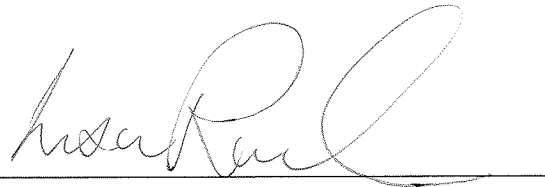
D. Cascade will Withdraw its Request if the Commission Grants the Petitioners' Request for Suspension.

14. The intent of Cascade's filing is to change rates expeditiously and fairly, utilizing information already filed and audited in an effort to reduce regulatory lag, avoid unnecessary litigation expenses, and produce a result that is just and reasonable. Cascade's proposal is premised upon the Commission approving Cascade's waiver request and proceeding with the filing as a non-GRC and without a suspension period. If the Commission orders a suspension period that decision would modify a key component of Cascade's proposal and Cascade's proposal as filed would no longer be feasible. Cascade would then request to withdraw its rate request.

III. CONCLUSION

15. For the reasons stated above, Cascade respectfully requests that the Commission deny Petitioners' motion to suspend Cascade's rate filing.

Respectfully submitted July 23, 2015,



Lisa Rackner
McDowell Rackner & Gibson PC
419 SW 11th Avenue, Suite 400
Portland, OR 97205
Telephone: (503) 595-3925
Fax: (503) 595-3928
Email: lisa@mcd-law.com

Attorneys for Cascade

CERTIFICATE OF SERVICE

I hereby certify that I have this 23rd day of July 2015, served the true and correct original, along with the correct number of copies, of the foregoing document upon the WUTC, via Overnight and electronic mail, properly addressed as follows:

Steven V. King	_____	Hand Delivered
Acting Secretary and Executive Director	_____	U.S. Mail (first-class, postage prepaid)
Washington Utilities and Transportation	<u> x </u>	Overnight Mail (UPS)
Commission	_____	Facsimile (360) 586-8203
1300 S Evergreen Park Drive SW	<u> x </u>	Email (records@utc.wa.gov)
PO Box 47250		
Olympia, WA 98504-7250		

I hereby certify that I have this 23rd day of July 2015, served a true and correct copy of the foregoing document upon parties of record, via electronic mail and U.S. Mail, properly addressed as follows:

On Behalf Of Commission Staff:

Brett P. Shearer	_____	Hand Delivered
Office of the Attorney General	<u> x </u>	U.S. Mail (first-class, postage prepaid)
Utilities and Transportation Division	_____	Overnight Mail (UPS)
1400 S. Evergreen Park Drive SW	_____	Facsimile
P.O. Box 40128	<u> x </u>	Email (bshearer@utc.wa.gov)
Olympia, WA 98504-0128	<u> x </u>	(kgross@utc.wa.gov)

On Behalf of Public Counsel

Simon ffitc	_____	Hand Delivered
Lisa W. Gafken	<u> x </u>	U.S. Mail (first-class, postage prepaid)
Office of the Attorney General	_____	Overnight Mail (UPS)
800 5th Avenue – Suite 2000	_____	Facsimile
Seattle WA 98104-3188	<u> x </u>	Email (simonf@atg.wa.gov)
	<u> x </u>	(lisaw4@atg.wa.gov)
	<u> x </u>	(lead@atg.wa.gov)
	<u> x </u>	(carolw@atg.wa.gov)

On Behalf of Northwest Industrial Gas Users

Tommy A Brooks	_____	Hand Delivered
Chad M Stokes	<u> x </u>	U.S. Mail (first-class, postage prepaid)
Cable Huston LLP	_____	Overnight Mail (UPS)
1001 SW Fifth Ave Suite 2000	_____	Facsimile
Portland OR 97204 1136	<u> x </u>	Email (tbrooks@cablehuston.com)
	<u> x </u>	(cstokes@cablehuston.com)

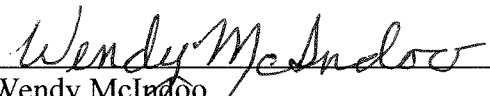
On Behalf of The Energy Project

Brad M Purdy
Attorney At Law
2019 N 17th Street
Boise, ID 83702

Hand Delivered
 U.S. Mail (first-class, postage prepaid)
 Overnight Mail (UPS)
 Facsimile
 Email (bmpurdy@hotmail.com)

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

DATED this 23rd day of July 2015, at Portland, Oregon.



Wendy McDowell
Office Manager
McDowell Rackner & Gibson PC
419 SW 11th Avenue, Suite 400
Portland, OR 97205
Telephone: (503) 595-3922
Facsimile: (503) 595-3928