

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION

Respondent.

DOCKET UG-151309

COMMISSION STAFF'S ANSWER
TO PETITIONS FOR
SUSPENSION OF CASCADE
RATE FILING

I. INTRODUCTION

1 On July 14, 2015, the Washington Utilities and Transportation Commission (“Commission”) issued a Notice of Opportunity to Respond to petitions submitted in the most recent tariff filing of Cascade Natural Gas Corporation (“Cascade” or “Company”).¹ Commission Staff (“Staff”) now submits this Answer to the joint petition of the Public Counsel Division of the Washington State Attorney General’s Office (“Public Counsel”) and the Northwest Industrial Gas Users (“NWIGU”) and the petition filed by the Energy Project.

II. STAFF IS CONDUCTING ITS REVIEW

2 The Commission and all interested parties should recognize that Staff has not made any final decisions. Cascade, similar to many utilities who appear before the Commission,

¹ Docket UG-151309

filed a tariff requesting an increase in rates. Staff, as it always does, initiated the auditing process with the goal of making a formal recommendation to the Commission. Staff's recommendation to accept, reject, or suspend Cascade's tariff filing will rely on the results of its audit.

III. THE PROPOSED PROCESS IS NOT CATEGORICALLY IMPROPER

3 Regulatory lag and the expense of a full rate proceeding are both legitimate concerns. The Commission established an expedited rate filing process within the past decade² and has documented concern over the current impacts of regulatory lag.³ Given that general context and the recent history in this state,⁴ no party should feign surprise at Cascade's attempt to expedite its proposal through the use of a tariff filing and waiver request. Although non-traditional and potentially too abbreviated in the current case, there is nothing inherently improper with a tariff filing and the review process set out in statute.⁵ Therefore, Cascade's proposal is at least worth exploring as an alternative ratemaking process.

IV. PETITIONERS SHOULD PARTICIPATE IN THE CURRENT PROCESS

4 From Staff's perspective, it is beneficial for all parties to explore alternative ratemaking mechanisms in the current regulatory environment. Staff thus continues to audit Cascade's filing with the goal of providing a recommendation to the Commission at the August 27, 2015, open meeting. The Petitioners in this case have refused to review

² See WAC 480-07-505(1) (effective 1/1/2004)

³ E.g., *Wash. Util. & Transp. Comm'n. v. Puget Sound Energy, Inc.*, Dockets UE-111048/UG-111049 (consolidated) Order 08 ¶¶507 (May 7, 2012)

⁴ See, e.g., *supra* footnote 3; *Wash. Util. & Transp. Comm'n. v. Puget Sound Energy, Inc.*, Dockets UE-130137/UG-130138 (PSE ERF, consolidated), Order 04 ¶¶15-19 (Apr. 10, 2014) (overruling objections to Order 02 and explaining the general policy and history surrounding expedited filings); Washington Utilities and Transportation Commission 2015-2017 Strategic Plan at 11-12

⁵ RCW 80.28.060

Cascade's filing based on their objections to the proposed procedure. Staff believes that a more significant effort to engage in some type of substantive discovery and review process is appropriate. Simply refusing to participate in a review and then claiming a lack of process is impractical and does not comport with recent Commission policy.

5 Each of the unique factors Petitioners cite are well-suited to discovery in the current review process.⁶ The Petitioners were aware of the Company's proposal in May and have had the opportunity for nearly a month to ask for supporting cost of capital calculations, allocations from Cascade's parent company Montana Dakota Utilities ("MDU"), or investments related to the cost recovery mechanism, conservation programs, and low income programs. If the Company's responses are inadequate or the review is incomplete at the effective date, Petitioners would then have specific reasons to support additional review and process. At the very least, and regardless of whether a more traditional process is necessary in this case, the Commission should again reiterate a directive that all parties approach ratemaking processes in good faith and make reasonable efforts to participate.

**V. STAFF RECOGNIZES THERE MAY BE A NEED FOR
ADDITIONAL PROCESS IN THIS CASE**

6 Staff recognizes that Cascade's proposed process is untraditional for non-water utilities. Staff also recognizes that the Petitioners may require more information and time to fully protect their constituents' interests. Staff itself may require additional time and process. But concerns over potential process should not excuse participation in the ongoing review. After all, some level of substantive review is necessary to reasonably determine whether to ask for further process and specify its scope. Petitioners should thus engage in some reasonable and meaningful review of the Company's filing *before* asking the Commission to

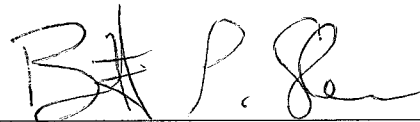
⁶ Public Counsel and NWIGU Petition for Suspension of Cascade Rate Filing, pp. 3-4 ¶4.

establish further process. Alternatively, if the Commission determines that the Petitioners have already made a sufficient case to suspend Cascade's filing and schedule a prehearing conference, Staff respectfully requests the Commission inform the Parties as soon as practicable.

DATED this 24th day of July 2015.

Respectfully submitted,

ROBERT W. FERGUSON
Attorney General

A handwritten signature in black ink, appearing to read "Brett P. Shearer", written over a horizontal line.

BRETT P. SHEARER
Assistant Attorney General
Counsel for Washington Utilities and
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