

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS  
CORPORATION,

Respondent.

DOCKET UG-170929

COMMISSION STAFF’S MOTION  
FOR LEAVE TO REVISE THE  
TESTIMONY AND EXHIBITS OF  
DAVID J. PANCO, KRISTEN M.  
HILLSTEAD, AND BETTY A.  
ERDAHL

**I. INTRODUCTION**

1 Pursuant to WAC 480-07-460(1)(a)(i), Commission Staff (Staff) of the Washington Utilities and Transportation Commission (Commission) moves for leave to submit revised testimony for Staff witnesses David J. Panco, Kristen M. Hillstead, and Betty A. Erdahl, as well as revised Exhibits DJP-2, KMH-2, and BAE-9.

2 The revisions correct an error in the testimony of Mr. Panco that propagates through the testimonies of Ms. Hillstead and Ms. Erdahl. In short, Mr. Panco erroneously excluded from Staff’s proposed Adjustment P-3 three projects that actually met the criteria for inclusion in the adjustment. That error materially affected his testimony. Because Ms. Hillstead and Ms. Erdahl testified about Adjustment P-3’s effects on Cascade’s net operating income or revenue requirement, or both, the error in Mr. Panco’s testimony also necessitates corrections to portions of their testimony.

3 For administrative efficiency, Staff also seeks leave in this same motion to correct some clerical errors in Mr. Panco’s testimony. These include his misstatement of the number

of projects involved in Cascade's pro forma plant addition adjustment and a mislabeling of one of Mr. Panco's exhibits, which also affected the table of exhibits in this testimony.

4 Staff seeks leave to make these corrections to ensure that the Commission has a complete and accurate record on which to make its decision in this matter.

5 Staff has contacted the other parties and intervenors; none object to Staff filing revised testimony as explained herein.

## II. BACKGROUND

6 On August 31, 2017, Cascade filed with the Commission revisions to its currently effective Tariff WN U-3 in order to increase the rates and charges associated with its provision of natural gas service in Washington.<sup>1</sup> The Commission suspended the filing pending its determination on the fairness, justness, reasonableness, and sufficiency of the proposed tariff revisions.<sup>2</sup>

7 Per the prehearing order, Staff, the Public Counsel Unit of the Attorney General's Office (Public Counsel) and the intervenors in this docket filed response testimony on February 15, 2018. Staff's filing included testimony and exhibits from witnesses David J. Panco, Kristen M. Hillstead, and Betty Erdahl.<sup>3</sup>

8 In his testimony, Mr. Panco addressed, among other issues, Cascade's proposed pro forma plant additions.<sup>4</sup> Mr. Panco examined whether projects Cascade sought to include in rates were used and useful for the provision of service in Washington by reviewing

---

<sup>1</sup> *Wash. Utils. & Transp. Comm'n v. Cascade Nat. Gas Corp.*, Docket UG-170929, Order 01, 1, ¶ 1 (Sep. 14, 2017).

<sup>2</sup> *Id.* at 1, ¶ 2.

<sup>3</sup> See generally Panco, Exh. DJP-1T, Hillstead, Exh. KMH-1T, Erdahl, Exh. BAE-1T.

<sup>4</sup> Panco, Exh. DJP-1T at 3:9-8:13.

Cascade’s answer to Public Counsel Data Request No. 45.<sup>5</sup> Unfortunately, Mr. Panco misread that answer. As a result, he incorrectly believed that three projects would have otherwise met the criteria for inclusion in rates as pro forma plant additions were not in service, and therefore not used and useful. He excluded them from Staff’s pro forma plant adjustment, P-3, on that basis. Cascade identifies those projects in its answer to Public Counsel Data Request No. 45 as “FP-315607 – RF; 6” STEEL HP MAIN, KENNWICK/RICH,” “FP-315709 – RP; ZILLAH 6” TRAN,” and “FP-315710 – YEW ST, PIPE REPLACEMENT.”<sup>6</sup>

9           The failure to include the three projects identified above had a material impact on Mr. Panco’s testimony. Mr. Panco testified that Staff’s proposed Adjustment P-3 resulted in a \$248,145 increase to net operating income; the increase is \$160,212 after inclusion of the three projects. Mr. Panco also testified that Staff’s proposed Adjustment P-3 reduced rate base by \$10,394,170; the decrease is \$4,954,376 after inclusion of the three projects.

10           Mr. Panco’s testimony also contains a table listing its associated exhibits. That table mislabels Exh. DJP-2 as “Staff’s Proposed Pro Forma Major Plant Additions.”<sup>7</sup> The correct title of the exhibit is “Cascade’s Response to Public Counsel Data Request No. 45.” The exhibit itself is mislabeled and requires a similar correction.

11           Ms. Hillstead summarized Staff’s adjustments on Cascade’s net operating income and revenue requirement, thus incorporating the adjustments discussed by other Staff members into her testimony.<sup>8</sup> The error in Mr. Panco’s testimony introduced an error into

---

<sup>5</sup> See Panco, Exh. DJP-1T at 6:9-12. Mr. Panco testified that Cascade sought the inclusion of 60 projects. The number is actually 59; this motion seeks leave to correct the testimony in this regard. Panco, Exh. DJP-1T at 6:4-7.

<sup>6</sup> Panco, Exh. DJP-2 (Cascade’s answer to Public Counsel Data Request No. 45).

<sup>7</sup> Panco, Exh. DJP-1T at i.

<sup>8</sup> See generally, Hillstead, Exh. KMH-1T.

Ms. Hillstead's calculation of the pro forma interest adjustment, one of the adjustments she discussed, as well as introducing an error into Ms. Hillstead's calculation of Cascade's net operating income.<sup>9</sup> This affected Exh. KMH-2. Staff's revision will update Ms. Hillstead's testimony and Exh. KMH-2.

12 Ms. Erdahl presented Staff's ultimate revenue requirement recommendation.<sup>10</sup> The error in Mr. Panco's testimony thus affected Ms. Erdahl's testimony by way of its inclusion into Ms. Hillstead's testimony.

13 Staff has contacted the other parties and intervenors to ask whether they object to Staff's revisions. None do.

### **III. RELIEF REQUESTED**

14 Staff requests that the Commission grant it leave to file revised versions of the testimonies of David J. Panco, Kristen M. Hillstead, and Betty Erdahl, as well as revised Exhibits DJP-2 and KMH-2.

### **IV. ARGUMENT**

15 A party may substantively revise prefiled testimony with leave from the presiding officer. WAC 480-07-460(1)(a)(ii). Any party seeking leave to make such revisions must do so as soon as practicable after discovering the need for the revisions. WAC 480-07-460(1)(b).

16 The Commission should grant Staff leave to substantively revise the testimony of Mr. Panco, Ms. Hillstead, and Ms. Erdahl, as well as the relevant associated exhibits. Staff has determined that it improperly excluded from its adjustment P-3 three projects that all

---

<sup>9</sup> Hillstead, Exh. KMH-1T at 9:1-4 & Tables 7 & 8.

<sup>10</sup> Erdahl, Exh. BAE-1T at 6:9-7:5.

satisfy the criteria that the Commission uses to determine the propriety of including pro forma plant adjustments in rates. The exclusion has a material effect on Staff's calculation of Cascade's net operating income and revenue requirement. Granting leave for Staff to make these corrections ensures that the Commission will have a complete and accurate record on which to base its decision about the fairness, justness, reasonableness, and sufficiency of Cascade's propose revisions to its Washington tariffs.

17           The Commission should also allow Staff to make clerical corrections to Mr. Panco's testimony. As noted, one of his exhibits is mistitled, an error that affects his table of exhibits. He also incorrectly stated that Cascade sought to include 60 projects in its pro forma plant adjustment rather than 59. Again, allowing Staff to make these changes will ensure an accurate record for the Commission's determination in this matter.

18           Staff filed its testimony on Thursday, February 15, 2018. It submits this motion and the associated revised testimony four working days later, on February 22, 2018, which was as quickly as Staff could file revised testimony. The other parties and intervenors will have approximately four weeks to review and respond to Staff's revised testimony as rebuttal and cross-answering testimony is due March 23, 2018. Staff does not believe granting its request would result in hardship being placed on the other parties because ample time exists to review Staff's limited, but important, revisions. Lastly, Staff has consulted with the other parties and none object to Staff's request to file revised testimony.

//

//

//

//

#### IV. CONCLUSION

19 Staff requests that the Commission allow it to correct Mr. Panco's testimony, Ms. Hillstead's testimony, and Exhibits DJP-2 and KMH-2 in the interests of a complete and accurate record.

DATED this 22nd day of February 2018.

Respectfully submitted,

ROBERT W. FERGUSON  
Attorney General

---

JEFF ROBERSON, WSBA No. 45550  
Assistant Attorney General  
Counsel for Washington Utilities and  
Transportation Commission Staff  
1400 S Evergreen Park Drive SW  
P.O. Box 40128  
Olympia, WA 98504-0128  
360-664-1188  
jroberso@utc.wa.gov