

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

LC 71

In the Matter of:

NORTHWEST NATURAL GAS
COMPANY dba NW NATURAL

2018 Integrated Resource Plan

Alliance of Western Energy Consumers’
Comments on Staff’s Final Comments
and Recommendations

The Alliance of Western Energy Consumers (“AWEC”) appreciates the work and analysis done by the parties in Northwest Natural Gas Company’s (“NW Natural”) 2018 Integrated Resource Plan (“2018 IRP”). AWEC has the following comments on Staff’s Final Comments and Recommendations.

A. Distribution System Planning.

Distribution system upgrades can be a significant driver in increasing customer rates. In the 2018 IRP, NW Natural proposes six pipeline reinforcement projects in Oregon which, combined, would cost between \$45 and \$65 million dollars. Due to the significant impact these projects would have on customer rates, NW Natural has the burden to demonstrate that all of the projects are needed. While Staff is comfortable recommending acknowledgment of the Hood River and South Oregon City projects, Staff believes that additional steps should be taken to verify the need for the projects in other locations. AWEC generally agrees with Staff’s recommendation and believes that further evaluation of the remaining projects should take place before they are acknowledged.

B. Renewable Gas Supply Resource Evaluation Methodology.

In its initial application, NW Natural requested acknowledgment of its Renewable Gas Supply Resource Evaluation Methodology to evaluate Renewable Natural Gas (“RNG”) resources against conventional sources of gas. In initial comments, both Staff and CUB were supportive of an RNG pilot program that would identify sources, technologies, and best practices that might be required to bring RNG onto the system. AWEC believes that in light of the legislation currently being proposed in Oregon and sponsored by NW Natural, an RNG pilot program is premature.

Senate Bill 98 (“SB 98”) in the current legislative session proposes to allow Oregon gas utilities to voluntarily pursue purchases of RNG for their core customers as an alternative to traditional natural gas that is produced either from wells or from shale. AWEC is not opposed to a voluntary effort to get biogas on the system to substitute for a portion of the portfolio currently used to serve core customers. AWEC does have a concern that the aggressive goals set forth in SB 98 may create an unrealistic expectation as to the degree to which renewable gas can replace traditional gas without simply driving up the overall cost of gas and without any tangible benefit directly tied to the utility’s customers who pay those costs.

With those cautions, AWEC does not oppose allowing NW Natural and other Oregon Local Distribution Companies (“LDC”) on a voluntary basis to fill a small portion of their core portfolio with RNG. AWEC is, however, very concerned with proposals to authorize LDCs to spend up to 5% of their revenue requirement on infrastructure investments that would be used to connect renewable gas sources to the gas distribution grid, and to automatically pass through those costs through a tracking mechanism without the offsetting aspects of a general rate case. This would create an almost-guaranteed profit stream for the LDCs regardless of how they are

managing the rest of their system. Such a remarkable increase in spending could occur year after year and will fall to the utility's customers.

While SB 98 is not the proposal in the IRP, AWEC, like the other parties, has questions and concerns about the implications of acknowledging a methodology for future use without clear guidelines, goals, cost limitations and prudence reviews, and without knowing how that methodology will be incorporated into the changes in state law if SB 98 passes. Further detail of an RNG pilot program should be explored after the legislation session is completed.

Dated this 8th day of February 2018.

Respectfully submitted,



Chad M. Stokes, OSB No. 004007
Tommy A. Brooks, OSB No. 076071
Cable Huston LLP
1001 SW Fifth Ave., Suite 2000
Portland, OR 97204-1136
Telephone: (503) 224-3092
Facsimile: (503) 224-3176
E-Mail: cstokes@cablehuston.com
tbrooks@cablehuston.com

Of Attorneys for
Alliance of Western Energy Consumers