



SUZANNE PRINSEN
Direct (503) 290-3927
suzanne@mrg-law.com

February 28, 2022

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Filing Center
P.O. Box 1088
201 High Street SE, Suite 100
Salem, Oregon 97308-1088

Re: Docket UG 435 - Northwest Natural Gas Company's Application for a General Rate Revision.

Attention Filing Center:

Attached for filing in the above-referenced docket is Northwest Natural Gas Company's Response to Petition to Intervene.

Please contact this office with any questions.

Sincerely,

Suzanne Prinsen
Legal Assistant

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 435

In the Matter of

NORTHWEST NATURAL GAS COMPANY,
dba NW Natural,

Request for a General Rate Revision.

**NW NATURAL’S RESPONSE TO PETITION TO
INTERVENE BY COALITION OF COMMUNITIES
OF COLOR, CLIMATE SOLUTIONS, VERDE,
COLUMBIA RIVERKEEPER, OREGON
ENVIRONMENTAL COUNCIL, COMMUNITY
ENERGY PROJECT, AND SIERRA CLUB**

1 Pursuant to OAR 860-001-0300(5), Northwest Natural Gas Company (“NW Natural”)
2 respectfully submits this response (“Response”) to the petition to intervene (“Petition”) of the
3 Coalition of Communities of Color, Climate Solutions, Verde, Columbia Riverkeeper, Oregon
4 Environmental Council, Community Energy Project, and Sierra Club (collectively, “Petitioners”)
5 filed on February 16, 2022. NW Natural does not object to these Petitioners’ intervention in this
6 case, but requests that the Commission determine that two of the specific interests stated in the
7 Petition are outside the scope of this case. Specifically, Petitioners state their interests as
8 including concern that NW Natural filed this rate case before implementing differential rates for
9 low-income customers in accordance with House Bill (“HB”) 2475, and concern regarding NW
10 Natural continuing to build out its infrastructure “during the climate crisis when the State of Oregon
11 is seeking to dramatically reduce its carbon emissions and transition away from reliance on fossil
12 fuels.”¹

13 *First*, HB 2475 provides statutory authority for differential rates for low-income customers,
14 but does not prohibit utilities from filing rate cases or include any mandate that utility rate case
15 filings must be delayed pending implementation of differential rates.² Moreover, there is currently

¹ Petition to Intervene by Coalition of Communities of Color, Climate Solutions, Verde, Columbia Riverkeeper, Oregon Environmental Council, Community Energy Project, and Sierra Club at 5 (Feb. 16, 2022) (“Petition”).

² House Bill 2475, Or. State Legislature (2021).

1 a process for implementation of HB 2475 in Docket UM 2211, which contemplates both near-term
2 filings for interim differential rates and a longer-term investigation and study of the new authority
3 for permanent differential rates. NW Natural is engaged in this proceeding and is making progress
4 on both fronts, but that work is occurring outside of this rate case.

5 *Second*, Petitioners appear to question whether the Company should be continuing to
6 invest in its natural gas distribution system. However, the Company has a statutory obligation to
7 provide safe and adequate service at just and reasonable rates, in accordance with ORS
8 757.020—and must continue to invest in its system to do so. In a rate case, Petitioners—and all
9 parties—may appropriately raise concerns about whether particular investments are prudent.
10 Here, however, it appears that the issue Petitioners seek to raise is actually whether NW Natural
11 should continue to invest in its system at all, even though NW Natural has a statutory obligation
12 to do so to provide safe and adequate service. This argument is contrary to current law and
13 addressing it in this case would serve only to burden the record with irrelevant testimony.

14 For these reasons, NW Natural respectfully requests that the Commission define the
15 scope of Petitioners' participation to exclude these two issues that are not appropriately raised in
16 this case.

17 **I. LEGAL STANDARD**

18 In accordance with ORS 756.525(2) and OAR 860-001-0300(6), the Commission may
19 grant a petition to intervene, provided that doing so will not unreasonably broaden the issues,
20 burden the record, or delay the proceedings. Additionally, the Commission may grant a petition
21 to intervene subject to conditions to ensure that the party's participation will not unreasonably
22 broaden the issues or burden the record, and otherwise may deny the petition.³ The Commission
23 has denied a petition where, in addition to being untimely filed, the intervention would broaden

³ ORS 756.525(2).

1 the issues and burden the proceeding.⁴

2 **II. ARGUMENT**

3 As discussed in greater detail below, the Petitioners seek to raise two issues that are
4 outside the scope of this rate case. NW Natural respectfully requests that Petitioners’ participation
5 should be limited in scope to avoid unreasonably broadening the issues and burdening the record
6 in this proceeding.

7 **A. There is No Requirement that NW Natural Wait to File a Rate Case Until After**
8 **Implementation of Differential Rates Pursuant to HB 2475, and Differential Rates Are**
9 **Being Addressed Outside this Rate Case.**

10 Petitioners state their interest as including “NW Natural’s failure to wait for differential rate
11 requirements for low-income ratepayers as set out in HB 2475,”⁵ which appears to question the
12 timing for the rate case filing. However, while HB 2475 provides authority for utilities to adopt
13 differential rates for low-income customers, it does not prohibit utilities from filing rate cases before
14 such rates are implemented. Accordingly, the stated interest that the timing for the rate case
15 should have been informed by the schedule for implementation of differential rates is not
16 appropriately raised in this case.

17 Moreover, in tandem with this rate case, NW Natural has both short-term and longer-term
18 plans for providing differential rates—both of which are occurring outside of this rate case. In the
19 immediate term, NW Natural is working on an interim differential rate offering and related filings.
20 On February 28, 2022, NW Natural filed an application for deferred accounting for the costs and
21 revenues associated with implementation of HB 2475, including the interim differential rate
22 offering, which is a prerequisite step to filing NW Natural’s interim differential rate offering. NW
23 Natural plans to informally share its proposed interim differential rate offering with all of its
24 stakeholders, including the Petitioners, in late March or early April and will file this tariff by mid-

⁴ *In the Matter of the Revised Tariff Schedules in Or. filed by PacifiCorp, dba Pac. Power and Light Co.*,
Docket UE 111, Order No. 00-427 at 3 (Aug. 7, 2000).

⁵ Petition at 5.

1 April 2022 and request implementation on November 1, 2022 to correspond with the timing for
2 the rate change in this proceeding. Thus, if Petitioners are concerned that the implementation of
3 rates from this case may occur before interim differential rates are in place, that concern is
4 unwarranted.

5 Consistent with the longer-term investigation process contemplated in UM 2211,
6 stakeholders are discussing the key design elements of a differential rate offering, including
7 eligibility, level of relief, tracking and accounting, bundling, and outreach and engagement.
8 Stakeholders have only just begun to provide comments in this proceeding, and NW Natural
9 expects that Staff will be convening stakeholders to participate in additional workshops and
10 provide opportunities for comment in this proceeding over the course of 2022, culminating in
11 recommendations to inform permanent differential rate offerings. Additionally, while the UM 2211
12 investigation is pending, NW Natural is conducting its own Low Income Needs Assessment
13 (“LINA”) to better understand the current customer needs. Through the LINA, NW Natural hopes
14 to learn more about the needs of its customers—including both low-income customers and those
15 that may not be considered low-income but still struggle to pay utility expenses. After the
16 resolution of Docket UM 2211 and after completing the LINA, NW Natural expects to prepare a
17 permanent low-income differential rate offering.

18 NW Natural looks forward to working with its stakeholders—including Petitioners—in the
19 UM 2211 docket and in the proceeding investigating the Company’s upcoming interim differential
20 rate offering. In those proceedings, all interested stakeholders will have an opportunity to
21 participate in the development of NW Natural’s differential rate offerings in a forum that is
22 specifically focused on the pertinent issue.

23 Based on the foregoing, NW Natural asks that the ALJ clarify that HB 2475 does not
24 prohibit a utility from filing a rate case filing prior to the implementation of differential rates.

1 **B. NW Natural Has a Statutory Obligation to Continue to Invest in its System to Ensure**
2 **Safe and Adequate Service.**

3 Petitioners framed their interest as questioning whether the Company should continue
4 investing in its natural gas infrastructure. However, the Company has a statutory obligation to
5 provide safe and adequate service at just and reasonable rates, in accordance with ORS 757.020.
6 While it is expected that parties evaluate the prudence of particular investments in the natural gas
7 system, the question Petitioners apparently seek to raise—whether any investment in natural gas
8 infrastructure should be made at all—is not appropriate and outside the scope of NW Natural’s
9 rate case. NW Natural’s infrastructure is critical to serving its customers both now and in the
10 future, as the Company seeks to add renewable fuels to its supply consistent with the Company’s
11 voluntary carbon savings goals⁶ and its vision of a carbon-neutral energy system by 2050. The
12 Company must continue to invest in its system to provide safe and adequate service and believes
13 it would be an imprudent use of resources for parties in this rate case to litigate the question of
14 whether the Company should continue investing in its system.

15 The Company acknowledges that there are on-going policy discussions regarding the
16 State of Oregon’s decarbonization goals as they relate to natural gas utilities, including the
17 Commission’s Natural Gas Fact-Finding proceeding, docketed as UM 2178. NW Natural expects
18 these discussions to continue to unfold over the coming months and years as the Company works
19 to meet its aggressive emissions reduction goals. The Company looks forward to continuing to
20 engage with stakeholders on those topics in the appropriate fora, and respectfully requests that
21 the Commission clarify that whether the Company should continue investing in its natural gas
22 infrastructure is not properly within the scope of this proceeding.

⁶ In 2016, NW Natural established a 30 percent carbon savings goal to be achieved by 2035, based on 2015 emissions associated with our own operations and the use of our product by our customers. This is an emissions savings goal equivalent to 30 percent of the weather-normalized carbon emissions from our customers’ gas use and company operations in 2015, or about 1.3 million metric tons annually by 2035. Based on our 2020 results, we are currently ahead of our target pace to meet our voluntary goal. NW Natural/100, Anderson-Kravitz/12.

1 **C. The Scope of Petitioners' Participation Should be Clearly Defined.**

2 Based on their stated interests, Petitioners' participation would unreasonably broaden the
3 scope of issues and delay this proceeding absent a clear statement of the appropriate scope of
4 issues that Petitioners may raise, consistent with ORS 756.525(2). Accordingly, if the
5 Commission grants the Petition, NW Natural recommends that the Commission expressly limit
6 the scope of Petitioners' participation in this case as described above. Absent clarification of the
7 scope of issues in this case, NW Natural expects that substantial Commission and party
8 resources will needlessly be expended litigating issues the Commission should not, or could not,
9 appropriately consider in this case.

10 **III. CONCLUSION**

11 For the foregoing reasons, NW Natural respectfully requests that the Commission define
12 the scope of Petitioners' participation in this case as described above to avoid unreasonably
13 broadening the issues and burdening the record in this proceeding.

DATED this 28th day of February, 2022.

MCDOWELL RACKNER GIBSON PC



Lisa F. Rackner
Jocelyn Pease
McDowell Rackner Gibson PC
419 SW 11th Ave., Suite 400
Portland, OR 97205
503-595-3925
dockets@mrg-law.com

Attorneys for Northwest Natural Gas Company