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February 4, 2022

Public Utility Commission of Oregon  
Attn: Filing Center  
550 Capitol Street, N.E., #215  
P.O. Box 2148  
Salem, Oregon 97308-2148

Re: In the Matter of NW Natural's Request for Rate Revision  
(Docket No. UG 435)  
**Proposed Issue Fund Budget of the Alliance of Western Energy Consumers**

Dear Filing Center:

Pursuant to OAR 860-001-0120 and the Fourth Amended and Restated Intervenor Funding Agreement ("IFA"), approved by the Public Utility Commission of Oregon ("Commission") in Order No. 18-017 (January 17, 2018), Alliance of Western Energy Consumers (AWEC) hereby respectfully submits an issue fund budget of \$120,000.00, which after 20% match by AWEC (\$24,000.00), would result in a maximum net requested issue fund grant of \$96,000.00. To the extent AWEC's actual costs exceed the maximum issue fund grant amount, AWEC will either seek to amend this budget or seek matching funds. *AWEC has coordinated this request with the request made by Oregon Citizens' Utility Board (CUB), and will be sharing a cost of capital witness with CUB.*

NW Natural has requested a \$73.5 million increase to its annual Oregon jurisdictional revenues, which is a 9.9 percent increase over current rates. NW Natural's request is equivalent to more than a 16 percent margin increase. This case also presents new issues and challenges for the parties, because NW Natural has included compliance costs associated with the newly enacted Climate Protection Plan (CPP), which will have a significant impact to customer rates.

Article 6.3 of the IFA provides that precertified intervenors seeking an issue fund grant must submit a proposed budget to the Commission. Accordingly, AWEC has attached a detailed budget as Appendix A. AWEC's proposed budget is based on AWEC's full participation in this proceeding, including time and expenses that have already been incurred to date.

The IFA also requires the following information:

**1. A Statement of the Work to be Performed.**

AWEC has participated and will continue to participate in all stages of this proceeding. This includes: (a) a review of the initial filing, testimony and workpapers of Northwest Natural Gas Company, dba NW Natural (“NW Natural”); (b) drafting discovery and reviewing discovery responses; (c) drafting testimony and reviewing the testimony of other parties; (d) drafting briefs and reviewing briefs of other parties; (e) participating in the scheduled workshop; (f) participating in multiple settlement conferences and reviewing and revising any stipulation and supporting testimony; and (g) preparing for and participating in the evidentiary hearing. AWEC has retained a consultant to assist legal counsel in this proceeding. AWEC will also share a cost of capital expert with CUB.

**2. A Description of the Areas to be Investigated.**

AWEC has and will focus on all aspects of NW Natural’s requested increase to natural gas distribution rates. This includes a review and analysis of the requested revenue requirement, including capital additions, rate base, working capital, taxes, depreciation, wages and salaries, memberships and dues, directors’ fees, operations and maintenance costs; CPP compliance; SB 98 and renewable natural gas issues; review of the long run incremental cost study and rate spread and rate design.

**3. A Description of the Particular Customer Class(es) That Will Benefit from the Intervenor’s Participation.**

AWEC is a nonprofit association of end users of natural gas with major facilities in the states of Oregon, Washington, and Idaho. AWEC’s gas members include diverse industrial and commercial interests, including food processing, pulp and paper, wood products, electric generation, aluminum, steel, chemicals, electronics, and aerospace. AWEC members take service from local distribution companies under industrial rate schedules. Accordingly, AWEC’s advocacy will benefit the industrial rate class. AWEC’s focus on the overall revenue requirement and cost of capital will benefit all customers, including residential customers.

**4. Identification of the Specific Fund Accounts from Which the Intervenor is Seeking Monies.**

AWEC identifies the NW Natural Issue Fund Account as the account from which AWEC is seeking monies. As of the date of this submittal, the uncommitted balance of that fund is approximately \$287,500.00. To the extent AWEC incurs costs that exceed this request, it will seek to either amend the budget or seek Matching Funds. AWEC has coordinated its request with CUB.

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**5. A Budget Showing Estimated Attorney, Consultant and Expert Witness Fees, Which May Include the Cost for Appropriate Support Staff and Operations Support.**

AWEC has attached a detailed budget for AWEC's participation in this proceeding as Appendix A.

**6. Representation that Intervenor will use matching funds in the form of either in-house resources or outside funding to account for or pay at least 20 percent of the Eligible Expenses.**

AWEC represents that it will use matching funds in the form of either in-house resources or outside funding to account for or pay at least 20 percent of the Eligible Expenses.

**CONCLUSION**

AWEC respectfully requests that the Commission approve its Issue Fund Budget in the amount of \$120,000.00. AWEC further requests approval of an Issue Fund Grant in an amount of \$96,000.00 from 2022 funds in the NW Natural Issue Fund account.

Should you have any questions regarding this filing, please call.

Very truly yours,



Chad M. Stokes

**APPENDIX A**

**UG 435  
AWEC PROPOSED BUDGET FOR ISSUE FUND**

**Legal Counsel**

<u>Work to be Performed</u>	<u>Personnel</u>	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Review of initial filing and workpapers, preparation of and review of discovery, work with consultant to develop analysis of case and attend prehearing	Partner	40	\$310	\$12,400
Attend workshop and prepare for and attend multiple settlement conferences; review and revise any settlement and supporting testimony	Partner	40	\$310	\$12,400
Assist with the preparation of opening and cross answering testimony and review testimony from other parties	Partner	40	\$310	\$12,400
	Associate	20	\$250	\$5,000
Drafting briefs and reviewing briefs of other parties	Partner	40	\$310	\$12,400
	Associate	20	\$250	\$5,000
Develop cross examination statement and exhibits; prepare witness for cross examination; prepare to cross examine other witnesses; and prepare for and attend evidentiary hearing	Partner	30	\$310	\$9,300
<b>Total AWEC Budget for Legal Services</b> (Cable Huston)				<b>\$68,900</b>
<b>Total AWEC Budget for UG 435 Expert Witness Fees</b> (Bradley Mullins, Consultant, \$224/hr) (Cost of Capital Expert shared with CUB)				<b>\$51,100</b>

<b>Total Budget</b>	<b>\$120,000</b>
Less 20% Match Using In-house Resources	\$24,000
<b>Total Issue Fund Grant Request</b>	<b>\$96,000</b>

**Estimated Expert Witness Budget for Issue Fund Grant**

AWEC has already retained Brad Mullins to assist with AWEC's analysis in this matter.

<u>Personnel</u>	<u>Title</u>	<u>Rate</u>
Bradley Mullins	Consultant	\$236/hour

Review filing, testimony, exhibits, workpapers, assistance with the preparation of data requests; review of the utility's books, records and other relevant materials; analysis of responses to discovery requests and assistance with preparation of additional discovery, preparation of testimony; review and analysis of direct and rebuttal testimony; preparation of final testimony and assistance with preparation for cross-examination; attendance at hearings to testify and assist with cross-examination; assist with preparing the briefs.

AWEC will also hire a cost of capital expert to assist on return on equity, rate of return, debt costs, capital structure and other cost of capital issues. AWEC will share the cost of capital expert with CUB.

AWEC may also use other expert witnesses in this proceeding to address other issues as appropriate.

Estimated Expert Witness Fees (Budget)	\$51,100
20 Percent In-House Resources	\$10,220
<b>Total AWEC Request for Expert Witness Fees (Grant)</b>	<b>\$40,880</b>

<b>Total AWEC Budget for Legal Services (Cable Huston)</b>	<b>\$68,900</b>
20 Percent In-House Resources	\$13,780
<b>Total AWEC Request for Legal Services(Grant)</b>	<b>\$55,120</b>

<b>Total Budget (Legal + Expert)</b>	<b>\$120,000</b>
Less 20% Match Using In-house Resources	\$24,000
<b>Total Issue Fund Grant Request (Budget – 20% in-house)</b>	<b>\$96,000</b>