

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET UG-111233
TRANSPORTATION COMMISSION,)	
)	
Complainant,)	ORDER 04
)	
v.)	
)	PREHEARING CONFERENCE
NORTHWEST NATURAL GAS)	ORDER;
COMPANY,)	
)	NOTICE OF HEARING
Respondent.)	(Set for May 8 and 9, 2012)
.....)	

1 **NATURE OF PROCEEDING.** On July 7, 2011, Northwest Natural Gas Company (NW Natural or Company) filed with the Washington Utilities and Transportation Commission (Commission) a revision to its Tariff WN U-6. NW Natural filed a revised Schedule P “Determination of Company’s Purchased Gas Cost Adjustments and Weighted Costs of Gas,” with a stated effective date of August 6, 2011. The filed revisions to Schedule P, if allowed to become effective, would change the definition of gas commodity costs to include the costs of developing gas reserves NW Natural acquired through a joint venture with Encana Oil and Gas (USA) Inc. (Encana). NW Natural requests that the Commission make an express finding that the Company’s decision to enter into the transaction with Encana was prudent, allow the Company to recover in rates the associated costs, and approve the proposed revisions to Schedule P. The Commission suspended operation of the as-filed tariff on July 28, 2011.

2 The Commission scheduled and gave notice of a prehearing conference to be held on August 22, 2011. At NW Natural’s request, the Commission cancelled the prehearing conference to give the parties an opportunity to complete an alternative dispute resolution process. On September 23, 2011, NW Natural and Staff filed their Joint Motion To Allow Withdrawal of Tariff Filing. The Joint Motion stated that as a condition of its agreement to withdraw, NW Natural required:

A clear statement that the Commission will not at some later date seek to include in Washington rates, directly or indirectly, either the costs or the benefits of the Transaction, so long as all of the costs and benefits

continue to be reflected in rates approved by the [Oregon Public Utilities Commission].

3 The Commission, by entry of Order 02 on October 12, 2011, granted the Joint Motion to the extent of giving NW Natural leave to withdraw its tariff filing, but declined to make the commitment the Joint Motion proposed as a condition for withdrawal. Order 02 required NW Natural to state whether it wished to withdraw, or go forward with, its tariff filing. NW Natural, by letter filed with the Commission on October 19, 2011, elected to go forward.

4 **CONFERENCE/PRESIDING OFFICER.** The Commission issued a second notice and convened a prehearing conference at Olympia, Washington on December 1, 2011, before Administrative Law Judge Dennis J. Moss, whom the Commission appointed as presiding officer in this proceeding.

5 **PARTY REPRESENTATIVES:** Lisa Rackner, McDowell Rackner & Gibson PC, Portland, Oregon, represents NW Natural. Chad M. Stokes and Tommy A. Brooks, Cable Huston Benedict Haagensen & Lloyd, Portland, Oregon, represent the Northwest Industrial Gas Users (NWIUGU). Simon ffitch, Assistant Attorney General, Seattle, Washington, represents the Public Counsel Section of the Washington Office of Attorney General (Public Counsel). Sally Brown, Senior Assistant Attorney General, Olympia, Washington, represents the Commission's regulatory staff (Commission Staff or Staff).¹ Contact information provided at the conference for the parties' representatives is attached as Appendix A to this order.

6 **PETITIONS FOR INTERVENTION.** The Commission grants Northwest Industrial Gas Users' petition to intervene.

7 **PROTECTIVE ORDER.** The Commission entered Order 03 on December 2, 2011. Order 03 is a standard form of protective order under RCW 34.05.446, RCW

¹ In formal proceedings, such as this, the Commission's regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners' policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. See RCW 34.05.455.

80.04.095, WAC 480-07-420 and WAC 480-07-423, entered in the interest of facilitating discovery.

8 **DISCOVERY.** Discovery will continue pursuant to the Commission's discovery rules, WAC 480-07-400 – 425. The response time for data requests is ten business days.

9 **PROCEDURAL SCHEDULE.** Staff presented an agreed procedural schedule, which anticipates a Commission Final Order by the existing suspension date of July 27, 2012. The Commission acknowledges the concerns expressed by Public Counsel with regard to the foreshortened period during which this proceeding must now be completed, absent waiver by NW Natural of the suspension date. This is due, of course, to the delay occasioned by cancellation of the first scheduled prehearing conference at NW Natural's request and the subsequent Joint Motion To Allow Withdrawal of Tariff Filing, as previously described.

10 The Commission shares Public Counsel's concerns, particularly with respect to the relatively short time provided under the proposed schedule for the preparation of a Final Order between the date for answering briefs and the suspension date. It appears at this juncture, however, that all parties agree to the proposed schedule. In addition, NW Natural is on notice that it may be necessary for the Commission to request a waiver to obtain an extension of the suspension date, if circumstances require it. The Commission accordingly adopts the parties' proposed procedural schedule, as set forth in Appendix B to this Order.

11 **NOTICE OF HEARING.** The Commission will hold evidentiary hearings in this matter beginning **May 8, 2012, at 9:30 a.m., and continuing thereafter, as necessary, on May 9, 2012**, in the Commission's Hearing Room, Second Floor, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. The Commission may alter this schedule by subsequent notice.

12 **PUBLIC COMMENT HEARINGS.** The Commission does not at this time expect to hold public comment hearings in this matter.

- 13 **DOCUMENT PREPARATION AND FILING REQUIREMENTS.** Parties must file the original plus **ten (10)** copies of the unredacted versions of all pleadings, motions, briefs, and other prefiled materials. Parties must also file the original and one copy of any redacted version(s). These materials must conform to the format and publication guidelines in WAC 480-07-395 and WAC 480-07-460. The Commission prefers that materials be three-hole punched with *oversized* holes to allow easy handling. The Commission may require a party to refile any document that fails to conform to these standards.
- 14 All filings must be mailed or delivered to the Executive Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, 1300 S. Evergreen Park Drive, S.W. Olympia, Washington 98504-7250. Both the post office box and street address are required to expedite deliveries by the U.S. Postal Service.
- 15 An electronic copy of all filings must be provided through the Commission's Web Portal (www.utc.wa.gov/e-filing) or by e-mail delivery to (records@utc.wa.gov). Alternatively, parties may furnish an electronic copy by delivering with each filing a 3.5-inch IBM-formatted high-density diskette or CD including the filed document(s). Parties must furnish electronic copies in MS Word 6.0 (or later) supplemented by a separate file in .pdf (Adobe Acrobat) format. Parties must follow WAC 480-07-140(5) in organizing and identifying electronic files.
- 16 **ELECTRONIC SUBMISSION OF DOCUMENTS.** The presiding officer granted a one-day extension of the paper-filing requirement under WAC 480-07-145(6), allowing electronic submission of documents with the Commission on the deadlines established by the procedural schedule. Parties must submit documents through the Commission's Web Portal (www.utc.wa.gov/e-filing) or by e-mail to (records@utc.wa.gov), and file an original, plus **ten (10)** paper copies, of the documents with the Commission by the following business day. Parties must provide courtesy copies of their electronic submissions to the presiding administrative law judge and the parties to the proceeding.
- 17 The Commission requires parties to submit documents in adjudicative proceedings no later than 2:00 p.m. on the deadline date to give Records Center personnel adequate time to post and distribute them.

- 18 **ALTERNATE DISPUTE RESOLUTION.** The Commission supports the informal settlement of matters before it. Parties are encouraged to consider means of resolving disputes informally. The Commission does have limited ability to provide dispute resolution services; if you wish to explore those services, please call the Director, Administrative Law Division, at 360-664-1355.
- 19 **NOTICE TO PARTIES: A party who objects to any portion of this Order must file a written objection within ten (10) calendar days after the service date of this Order, pursuant to WAC 480-07-430 and WAC 480-07-810. The service date appears on the first page of the order in the upper right-hand corner. Absent such objection, this Order will control further proceedings in this matter, subject to Commission review.**

Dated at Olympia, Washington, and effective December 23, 2011.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DENNIS J. MOSS
Administrative Law Judge

APPENDIX A				
PARTIES' REPRESENTATIVES DOCKET UG-111233				
PARTY	REPRESENTATIVE	PHONE	FACSIMILE	E-MAIL
Northwest Natural Gas Company	Lisa Rackner McDowell Rackner & Gibson PC 419 Southwest 11 th Ave Suite 400 Portland, OR 97205-2605	503 595-3925	503 595-3928	Lisa@mcd-law.com
Commission Staff	Sally Brown 1400 S. Evergreen Park Dr. SW P.O. Box 40128 Olympia, WA 98504-0128	360 664-1193	360 586-5522	sbrown@utc.wa.gov
Public Counsel	Simon ffitich Public Counsel Section Office of Attorney General 800 Fifth Avenue, Suite 2000 Seattle, WA 98104-3188	206 389-2055	206 389-2079	simonf@atg.wa.gov
	Lea Daeschel Regulatory Analyst			LeaD@atg.wa.gov
	Carol Williams Legal Assistant			CarolW@atg.wa.gov
Northwest Industrial Gas Users	Chad M. Stokes Cable Huston Benedict Haagensen & Lloyd 1001 SW Fifth Avenue Suite 2000 Portland, OR 97204-1136	503 224-3092	503 224-3176	cstokes@cablehuston.com
	Tommy A. Brooks			tbrooks@cablehuston.com

APPENDIX B
PROCEDURAL SCHEDULE
DOCKET UG-111233

<u>EVENT</u>	<u>DATE</u>	<u>INTERVAL</u>
Answering testimony from Staff and Public Counsel	March 20, 2012	
Rebuttal (Company) and cross-rebuttal (others)	April 17, 2012	28 days
Prehearing Conference (if needed)	May 4, 2012, 9:30 a.m.	17 days
Hearing to begin (two days reserved for use if needed)	May 8, 2012, 9:30 a.m.	4 days
Simultaneous initial briefs	June 15, 2012	38 days
Simultaneous answering briefs	July 2, 2012	17 days
Suspension date	July 27, 2012	25 days