

Exhibit No. ____ (Joint-1T)

Docket UG-080546

Witnesses: C. Alex Miller

Kevin S. McVay

Timothy W. Zawislak

Ann M. C. LaRue

David E. Dismukes

Steven Weiss

Paula E. Pyron

Charles M. Eberdt

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

NORTHWEST NATURAL GAS COMPANY,

Respondent.

DOCKET UG-080546

JOINT TESTIMONY OF

C. ALEX MILLER,

KEVIN S. MCVAY

ANN M. C. LARUE

TIMOTHY W. ZAWISLAK,

DAVID E. DISMUKES,

STEVEN WEISS,

PAULA E. PYRON,

AND CHARLES M. EBERDT

SUPPORTING FULL SETTLEMENT

OCTOBER 31, 2008

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I. INTRODUCTION AND PURPOSE OF JOINT TESTIMONY

Q. Please state your names and positions.

A. My name is C. Alex Miller. I am the Assistant Treasurer and Managing Director of Regulatory Affairs at Northwest Natural Gas Company (“NW Natural” or “the Company”). My qualifications are included in my prefiled testimony in this proceeding, Exhibit No. ___(CAM-1).

My name is Kevin S. McVay. I am a financial consultant to the Rates and Regulatory Affairs Department and Finance Department of NW Natural. My qualifications are included in my prefiled testimony in this proceeding, Exhibit No. ___(KSM/NCS-1).

My name is Timothy W. Zawislak. I am employed as member of the staff of the Washington Utilities and Transportation Commission (“UTC Staff”) as a Regulatory Analyst in the Regulatory Services Division. My qualifications are provided in Exhibit No. ___(TWZ-1), filed concurrently with this testimony.

My name is Ann M. C. LaRue. I am employed as member of UTC Staff as a Regulatory Analyst in the Regulatory Services Division. My qualifications are provided in Exhibit No. ___(AMCL-1), filed concurrently with this testimony.

My name is David E. Dismukes. I am employed by Acadian Consulting as a Consulting Economist. I am appearing on behalf of the Public Counsel Section of the Washington State Attorney General’s Office (“Public Counsel”) in support of the Full Settlement in this proceeding. My qualifications are included in my

1 prefiled testimony in this proceeding, Exhibit No. ____ (DED-1), filed concurrently
2 with this testimony.

3 My name is Steven Weiss. I am employed by the NW Energy Coalition
4 (“NWEC”) as Senior Policy Associate. My qualifications are shown in Exhibit
5 No. ____ (SW-1), filed concurrently with this testimony.

6 My name is Paula E. Pyron. I am the Executive Director of the Northwest
7 Industrial Gas Users (“NWIGU”). My qualifications are provided in Exhibit
8 No. ____ (PEP-1).

9 My name is Charles M. Eberdt. I am Director of The Energy Project. My
10 qualifications are provided in Exhibit No. ____ (CME-1), filed concurrently with
11 this testimony.

12 **Q. What is the purpose of this Joint Testimony?**

13 A. The purpose of this Joint Testimony is to demonstrate that the settlement
14 stipulation filed October 21, 2008 (“Full Settlement”) is consistent with the public
15 interest and should be approved by the Washington Utilities and Transportation
16 Commission (“Commission”).

17 **Q. Who are the parties to the Full Settlement?**

18 A. The Full Settlement was entered into by NW Natural; UTC Staff; Public Counsel;
19 NWEC, NWIGU; and The Energy Project; (collectively referred to hereinafter as
20 the “Parties” and each individually as a “Party”).

21 **Q. What topics will the Parties cover in this joint testimony?**

1 A. This testimony describes the procedural background and process prior to
2 settlement, and the provisions of the Full Settlement related to: (1) revenue
3 requirement, (2) delay on filing next general rate case, (3) gains related to
4 property sales, (4) the Company's cost of service study and rate spread, (5)
5 conservation program, (6) decoupling and weather-adjustment rate mechanisms
6 (7) low-income assistance, (8) customer charge and rate design, (9) effective date,
7 and (10) compliance tracking.

8 **II. BACKGROUND AND SCOPE OF THE UNDERLYING**
9 **PROCEEDING**

10 **Q. Please describe the filing that gave rise to this proceeding.**

11 A. On March 28, 2008, NW Natural filed with the Commission revisions to its
12 currently effective Tariff WN U-6. The proposed revisions would implement a
13 general rate increase of \$4,342,062, or 4.75 percent. On April 3, 2008, the
14 Commission suspended the filing and set the matter for hearing (referred to
15 hereinafter as the "General Rate Case").

16 A Prehearing Conference in the General Rate Case was held on April 24, 2008,
17 before Administrative Law Judge Adam E. Torem. Judge Torem granted the
18 petitions to intervene in this docket of The Energy Project, NWIGU, and NWECC.
19 These parties, UTC Staff and Public Counsel conducted extensive discovery on
20 NW Natural's supporting evidence.

21 **Q. How did the Full Settlement develop?**

22 A. The Parties participated in a settlement conference on October 1, 2008. At this
23 settlement conference and over subsequent days, the Parties presented proposals

1 and counter-proposals that eventually resulted in agreement among them to
2 resolve the issues addressed by the Full Settlement. The Full Settlement was filed
3 on October 21, 2008. In accordance with WAC 480-07-740(2), the parties now
4 present this joint testimony in support of the Full Settlement.

5 **Q. Do all Parties to the proceeding join in support of the Full Settlement?**

6 A. Yes. All Parties have agreed to the Full Settlement, which resolves all issues in
7 this proceeding.

8 **III. THE SCOPE OF THE FULL SETTLEMENT AND ITS**
9 **PRINCIPLE ASPECTS**

10 **Q. Please briefly describe the main components of the Full Settlement.**

11 A. This Full Settlement recommends an increase in natural gas revenue requirement
12 of \$2,724,959, which is \$1,617,241 less than the Company requested in its initial
13 filing. NW Natural's revenue requirement is based on a return on equity of 10.10
14 percent. This revenue requirement is supported in Exhibit A to the Full
15 Settlement. Additionally, the Parties agree to implement an advisory group with
16 the objective of developing an energy conservation program. Further, the
17 Company agrees to begin investigating the implementation of a residential low-
18 income bill payment assistance program to benefit customers in its Washington
19 service territory. The Parties also agree that the proposed effective date for new
20 rates is January 1, 2009.

21 **A. Revenue Requirements**

22 **Q. Please describe how the agreed revenue requirement was determined.**

1 A. The agreed revenue requirement was determined using the revenue requirement
2 model supporting the Company's prefiled direct testimony and exhibits, but with
3 the following agreed adjustments:

4 **Cost of Capital:** The Parties agree to a return on equity of 10.10 percent. The
5 capital structure and debt rates proposed by the Company in its direct case shall
6 remain unchanged. The overall rate of return is 8.40 percent.

7 **Bonuses:** The Parties agree to exclude from rates (1) all executive bonuses, and
8 (2) fifty percent (50%) of bonuses of all non-bargaining unit (NBU) employees.
9 This feature attributes the excluded bonuses to the sole responsibility of
10 shareholders, and decreases the expense amount by \$378,259 and the rate base by
11 \$137,829.

12 **Investor Supplied Working Capital:** The Parties agree that the calculation of
13 working capital shall reflect an increase in the rate base by \$6,325,365.

14 **Marketing and Communications:** The Parties agree that no costs related to the
15 Company's Smart Energy program shall be recovered through rates. The
16 Marketing and Communication expense amount will be decreased by \$352,984 in
17 order to remove contested expenses. Prospectively, the Parties agree that upon
18 approval of the Company's energy efficiency programs, reasonable and prudent
19 advertising that relates to a specific, approved energy efficiency program may be
20 included as part of such program's cost and recovered through the existing annual
21 deferral mechanism for energy efficiency-related expenses, subject to WAC 480-
22 90-223. Nothing in this paragraph prevents or precludes any party from

1 challenging the prudence or reasonableness of advertising expenditures sought for
2 recovery by the Company through the deferral mechanism.

3 ***Automated Meter Reading (AMR):*** The Parties agree to the proposed treatment
4 of AMR in the Company's direct case; provided, however, that no Oregon costs
5 or "lingering" meter reader-related costs or related overhead will be included in
6 rates and that all current cost-savings are reflected in rates.

7 ***Depreciation:*** The Parties agree to decrease the expense amount by \$1,019,967.

8 ***Pre-1981 Tax Adjustment:*** The Parties agree to the pre-1981 tax adjustment as
9 proposed by the Company and UTC Staff.

10 **Q. Have the Parties provided depreciation parameters and rates in support of**
11 **the depreciation adjustment described above?**

12 A. Yes. The Parties have agreed to revise the Full Settlement by adding an exhibit to
13 the agreement showing depreciation parameters and rates. This exhibit is Exhibit
14 B to the Full Settlement, and is filed concurrently with this testimony. Exhibit B
15 to the Full Settlement was inadvertently omitted from the settlement agreement
16 filed on Oct. 21, 2008.

17 **B. Next General Rate Case Filing**

18 **Q. Does the Full Settlement include a moratorium on future rate case filings?**

19 A. Yes. The Company agrees that it will not file another general rate case prior to
20 January 1, 2010.

21 **C. Gains on Property Sales**

1 **Q. Please explain the Parties' agreement regarding gains related to sales of NW**
2 **Natural's real property.**

3 A. NW Natural has realized gains related to the sale of two properties. One property,
4 is located in Vancouver, Washington, and the other is located in Albany, Oregon.
5 The Parties agree that the Company will pass through to customers the deferred
6 gains on these properties, as referenced in Commission Docket UG-081317.
7 These gains, the allocated portion attributed to Washington of which is \$17,973
8 for the Albany property and \$102,104 for the Vancouver property, will be
9 returned to all customers, with interest, on an equal margin basis over a one-year
10 period through a tariff rider that will coincide with the implementation of the rate
11 increases resulting in this General Rate Case and expire upon completion of the
12 pass through.

13 **D. Cost of Service Study and Rate Spread**

14 **Q. Please explain the Parties' agreement regarding the Company's cost of**
15 **service study and rate spread.**

16 A. The Parties agree to accept the cost of service study and rate spread presented in
17 the prefiled direct testimony and exhibits of Mr. David Heintz in the Company's
18 direct case.

19 **E. Conservation**

20 **Q. Please explain the provision of the Full Settlement related to energy**
21 **conservation.**

1 A. The Parties agree that the Company will convene an Energy Efficiency Advisory
2 Group (“EEAG”) of all interested parties, including the Parties. The Company
3 shall develop energy efficiency programs in consultation with the EEAG. Not
4 earlier than six (6) months after approval of the tariff filings to implement such
5 energy efficiency programs, the Company may seek approval of a mechanism to
6 address the issue of lost margins associated with reduced usage attributable to
7 energy efficiency.

8 **Q. Will the Company directly operate the conservation program mentioned**
9 **above?**

10 A. No. Subject to the resolution of any outstanding issues regarding the legal
11 capacity of the Energy Trust of Oregon (“ETO”) to deliver the Company’s energy
12 efficiency programs in Washington, the parties anticipate that ETO will operate
13 the Company’s energy efficiency programs in a cost-effective manner. The
14 Parties agree to support the Company retaining ETO for this purpose on a pilot
15 basis for a one-year period. Following this pilot period, the Company will, in
16 consultation with the EEAG, evaluate the cost-effectiveness of continued use of
17 ETO for delivering the Company’s energy efficiency programs in Washington.
18 At the one year review, the EEAG will assess the ETO’s first year work as it
19 compares to other energy efficiency delivery options. Public Counsel takes no
20 position with respect to the retention of the ETO.

21 **Q. Will NW Natural’s energy efficiency programs require additional**
22 **administrative resources?**

1 A. Yes. The Parties agree that the Company has demonstrated a prima facie case
2 supporting the need for one full-time equivalent (“FTE”) to administer its energy
3 efficiency programs in Washington, and they do not oppose the recovery of costs
4 associated with such FTE through the existing deferral mechanism for energy
5 efficiency-related expenses. Public Counsel and The Energy Project take no
6 position with respect to the necessity of an FTE.

7 **F. Decoupling and Weather-Adjustment Rate Mechanisms**

8 **Q. In its initial filing, the Company proposed to implement decoupling and**
9 **weather-adjustment mechanisms.¹ Will NW Natural be implementing**
10 **either?**

11 A Not at this time. Under the Full Settlement, the Company’s adjustment
12 mechanism proposals are withdrawn. However, no earlier than six (6) months
13 after approval of the tariff filings to implement such energy efficiency programs,
14 the Company may seek approval of a mechanism to address the issue of lost
15 margins associated with reduced usage attributable to energy efficiency. The
16 Company shall not propose to implement a decoupling mechanism in Washington
17 prior to the filing of the evaluation required under Avista’s pilot decoupling
18 program (expected no later than March 31, 2009).. Additionally, the Parties agree
19 that the Company will not pursue a weather-adjusted rate mechanism (“WARM”)
20 in this proceeding.

¹ See Exh. No. ____ (CAM-1).

1 **G. Low-Income Programs**

2 **Q. Please explain the provisions of the Full Settlement with regard to low-**
3 **income assistance.**

4 A. The Company will immediately begin an investigation into implementing a
5 residential low-income bill payment assistance program in its Washington service
6 territory.

7 **Q. Please explain the process for implementing this low-income provision.**

8 A. The Parties acknowledge that the Company faces unique challenges due to the
9 structure of the local low-income agencies and organizations that currently
10 operate or oversee low-income energy assistance programs in its service territory.
11 The Company agrees to report to the Parties the results of its investigation into
12 low-income assistance programs within thirty (30) days after the Commission
13 approves the Full Settlement. The Company agrees to convene a low-income rate
14 assistance working group to review the results of the investigation and to
15 determine the appropriate design of a rate assistance program for the Company.
16 The working group shall include the Parties, low-income advocates, and those
17 agencies or organizations that currently operate or oversee low-income energy
18 rate assistance programs in the Company's Washington service territory. Based
19 on the finding of the working group, the Company will file a rate assistance
20 program with the Commission by April 1, 2009. The existing low-income
21 weatherization program shall be reviewed, evaluated and modified as necessary in
22 consultation with the EEAG.

1 **H. Customer Charge and Rate Design**

2 **Q. Please explain the provisions in the Full Settlement regarding customer**
3 **charges and rate design.**

4 A. The Parties agree to the elimination of Schedule 21 and to the following changes
5 to the rate design in the Company's current tariffs:

	Current Rates	Revised Rates
01. General Sales Customer Charge	\$2.00 per month	\$3.47 per month
02. Residential Sales Customer Charge	\$5.00 per month	\$7.00 per month
03. Basic Firm Sales Customer Charge	\$10.50 per month	\$15.00 per month
27. Residential Heating Dry-Out Customer Charge	None	\$6.00 per month
41. Non-Residential Sales and Transport Service Customer Charge	\$195.16 per month	\$250 per month
42. Large Volume Non-Residential Sales & Transport Service Sixth Block		Revise current block structure to carry the same percent margin increase as other blocks of Schedule 42.

6 **Q. Is there an exhibit that illustrates the implementation of the Parties' rate**
7 **spread and rate design recommendations?**

8 A. Yes. Exhibit No. ____ (Joint-2) shows the rate impacts assuming the adoption of
9 the revenue requirement increase recommended in the Full Settlement.

10 **I. Effective Date**

11 **Q. What is the Parties' agreement with respect to a proposed effective date for**
12 **the new rates?**

13 A. The Parties agree to an effective date of January 1, 2009 for new rates.

1 **J. Compliance Tracking**

2 **Q. What do the Parties recommend as the compliance tracking action list for**
3 **inclusion in the Commission’s order (if the settlement is approved)?**

4 A. The Parties recommend that Exhibit No. ____ (TWZ-2) be used as a tool for
5 compliance tracking and that the action list outlined in Exhibit No. ____ (TWZ-2)
6 be appended to the Commission’s order if this settlement is approved.

7 **IV. INDIVIDUAL STATEMENTS OF SUPPORT FOR THE**
8 **FULL SETTLEMENT**

9 **Q. Please explain why the Full Settlement satisfies the public interest and the**
10 **interests of NW Natural.**

11 A. NW Natural believes the Full Settlement satisfies the public interest because it
12 reflects a fair and reasonable compromise of several significant issues in this
13 proceeding, particularly regarding revenue requirement and rate spread and rate
14 design. The Company is eager to begin developing new energy conservation
15 measures in its Washington territory and was concerned about the cost-
16 effectiveness of hiring staff to design, administer, and operate an energy
17 efficiency program, given the relatively small size of its service territory in
18 Washington and the fact that it does not currently retain such staff to operate its
19 energy efficiency program in Oregon, due to its relationship with the Energy
20 Trust of Oregon (“ETO”). The Company believes the ETO, which for several
21 years has been successful in developing cost-effective energy conservation
22 measures in Oregon, will provide quality conservation programs to NW Natural’s
23 Washington customers. The Company believes operating on a pilot basis will not

1 only allow us to proceed quickly with program implementation, but will also
2 provide for near-term program review and evaluation. Finally, NW Natural is
3 eager to begin exploring a residential low-income bill payment assistance
4 program for its customers residing in Washington.

5 In order to reach a compromise acceptable to all parties, NW Natural has
6 agreed, for purposes of this case only, not to seek a weather-adjusted rate
7 mechanism or a decoupling mechanism. The Company is free, however, to
8 propose implementation of a decoupling mechanism in Washington six (6)
9 months after the effective date of the tariff filings to implement its new energy
10 efficiency programs and after the filing of the evaluation required under Avista's
11 pilot decoupling program, which is expected no later than March 31, 2009. NW
12 Natural believes that the Full Settlement will result in rates, terms, and conditions
13 of service that are fair, just, reasonable, and sufficient, and that the Full
14 Settlement is good for the Company, its customers, and its shareholders. NW
15 Natural recommends approval of the Full Settlement.

16 **Q. Please explain why the Full Settlement satisfies the public interest and the**
17 **interests of UTC Staff.**

18 A. UTC Staff believes that the Full Settlement is in the public interest based on its
19 comprehensive review of NW Natural's filing, which included a review of the
20 Company's per book numbers, test-year results of operations, cost of service
21 models, the proposed rate spread and rate design, capital structure and rate of
22 return. Staff sent a total of 87 data requests and also reviewed responses to
23 discovery requests submitted by other parties. In addition, Staff performed on-

1 site visits to NW Natural covering several aspects of this case. The Full
2 Settlement is the result of compromises by all parties and was negotiated as a
3 comprehensive package. The revenue requirement contained in the settlement is
4 significantly lower than that contained in the Company's original filing, yet
5 remains fair to the Company. Staff believes the agreement as a whole provides an
6 outcome that satisfies the public interest, and will result in rates, terms, and
7 conditions of service that are fair, just, reasonable and sufficient.

8 The Settlement also contains several other provisions that address both
9 Staff's interest and the public interest. First, issues pertaining to conservation and
10 the development of energy efficiency programs will be addressed through the
11 Energy Efficiency Advisory Group (EEAG), in conjunction with all interested
12 parties. Second, NW Natural's decoupling proposal is not included in the
13 Settlement, and the Company may not propose to implement decoupling prior to
14 the filing of the evaluation required under Avista's pilot decoupling program.
15 Third, the Settlement does not include NW Natural's proposed Weather-Adjusted
16 Rate Mechanism, which would have shifted weather-related risks to ratepayers.
17 Finally, the settlement provides for the implementation of a new low-income rate
18 assistance program, as well as an evaluation and modification (as necessary) of
19 the Company's existing low-income weatherization program, in an attempt to
20 mitigate the effect of rate increases for those most in need. For all of these
21 reasons, Staff recommends that the Commission approve the Full Settlement.

22 **Q. Please explain why the Full Settlement satisfies the public interest and the**
23 **interest of Public Counsel.**

1 A. Public Counsel supports the Full Settlement as a reasonable resolution of the
2 disputed issues in this case. There are many aspects of this settlement that are in
3 the interest of NW Natural's Washington residential and small business
4 customers. First, the overall reduction to the Company's proposed revenue
5 requirement minimizes the rate impact for residential and small business
6 customers while allowing the company a sufficient revenue increase to cover
7 additional costs. Specifically, the Full Settlement reflects a more proper
8 allocation of expenses related to executive bonuses and promotional advertising to
9 shareholders, rather than ratepayers. Additionally, Public Counsel supports the
10 return of gains (with interest) related to the sale of the Vancouver and Albany
11 properties to ratepayers because ratepayers funded the original purchase of these
12 properties and are thus entitled to the gains from their sale.

13 Public Counsel supports implementation of energy efficiency programs in
14 Washington. Public Counsel supports development of these programs in
15 conjunction with the EEAG, although it expresses no position on NW Natural's
16 retention of the ETO or need for an additional FTE. Public Counsel also supports
17 the creation of low-income bill assistance program because there is currently no
18 Commission-approved program available to NW Natural's Washington
19 customers.

20 The withdrawal of NW Natural's partial decoupling and WARM
21 proposals is important to Public Counsel because the Company has not shown that
22 either is justified at this time. In general, Public Counsel has concerns about
23 whether such mechanisms are ever proper. However, withdrawal here is

1 particularly appropriate because evaluations of existing pilot programs have yet to
2 occur and because NW Natural has essentially no energy efficiency programs in
3 Washington at this time.

4 The settlement of rate spread issues is also in the interest of residential and
5 small business customers because it includes a smaller increase to the fixed
6 customer charges for these classes than the Company originally requested.
7 Minimizing fixed charges encourages conservation and ensures that low-income
8 residential customers are not more heavily burdened. Finally, Public Counsel
9 supports the agreement to delay the timing of the next general rate case because it
10 will minimize regulatory burdens and ensure rate stability for NW Natural
11 Washington customers for the coming year.

12 **Q. Please explain why the Full Settlement satisfies the public interest and the**
13 **interests of NWECC.**

14 A. NW Energy Coalition believes the Full Settlement is a fair compromise that
15 satisfies our interests in this proceeding. Those interests include:

- 16 a) expansion of the Company's very limited conservation programs in
17 Washington. We are satisfied that the ETO is a good choice for
18 implementing this program. We appreciate the "pilot" nature of the
19 first year and understand that parties will have the opportunity to
20 evaluate and suggest modifications to the program. We believe that
21 characterization of this first year as a pilot is important in
22 understanding that certain start-up costs may be necessary that would

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otherwise perhaps not be considered cost-effective in a mature program;

- b) the introduction of a low-income bill assistance program, which is a critical need of customers facing ever-increasing utility bills;
- c) the proposed process to improve the Company’s essentially dormant low-income weatherization program;
- d) the option for the Company to propose lost margin or decoupling mechanisms in the future, relying upon the upcoming Avista evaluation for guidance; and,
- e) the retention of a relatively modest customer charge, which helps to maintain a good marginal volumetric price signal to consumers.

For these reasons, NWECA recommends approval of the Full Settlement.

Q. Please explain why the Full Settlement satisfies the public interest and the interests of NWIGU.

A. NWIGU recommends the Commission adopt the Full Settlement Stipulation because the best interests of NW Natural’s customers are served by the underlying fair compromise on all revenue requirement issues. While the signing parties may each hold different positions on the individual components of NW Natural’s natural gas revenue requirement adjustments, NWIGU has based its assessment upon the compromises of various revenue requirement issues that brought down the overall gas revenue requirement increase by \$1.6 million to \$2.7 million. This

1 reduction is in part resulting from a reduced cost of capital that incorporates a fair
2 compromise between NW Natural and its customers in current financial markets.

3 NWIGU also finds this Full Settlement Stipulation to be in the public
4 interest as the spread of the gas rate increase is done in a manner that is consistent
5 with the results of the Company's cost of service analysis. Under the Full
6 Settlement Stipulation, it is important from NWIGU's perspective that all
7 schedules move toward their relative cost of service.

8 NWIGU also supports this Full Settlement because the rate increases
9 within Schedule 42 industrial customers have been applied in a fair and
10 reasonable manner to the rate blocks to minimize the range of varying actual
11 customer impact. As part of the Full Settlement, NW Natural has agreed that it
12 will not file a general rate proceeding before January 1, 2010, providing some rate
13 relief to all customers. In addition, NW Natural has agreed to share the deferred
14 gains with interest from the sale of two properties (one in Oregon and one in
15 Washington) on an equal margin basis to all customers over a one-year period
16 through a tariff rider. In recommending Commission approval of this Full
17 Settlement Stipulation, NWIGU is not seeking Commission approval of any new
18 process or ratemaking method as part of the Full Settlement Stipulation and
19 reserves the right to raise all issues compromised in this proceeding in any future
20 natural gas rate case.

21 **Q. Please explain why the Full Settlement satisfies the public interest and the**
22 **interests of The Energy Project.**

1 A. The Energy Project supports the full settlement of the disputed issues in this case.
2 The Energy Project's primary focus is on NW Natural's low income customers.
3 An increase in the cost of a necessity like natural gas is especially difficult to
4 accept in these economic times for low income customers. The Energy Project
5 entered this settlement because the Company has agreed to support the creation of
6 a UTC approved low income bill assistance program, as well as a new energy
7 efficiency program. These commitments allow NW Natural to join with all other
8 WUTC regulated gas and electric utilities in Washington that have such programs.
9 The existing low income weatherization program shall be reviewed and modified
10 as necessary to enhance its effectiveness. The Energy project believes that this
11 full settlement is in the public interest

12 **Q. Are there any other legal points that bear on the proposed settlement?**

13 A. No.

14 **V. CONCLUSION**

15 **Q. Does this conclude your joint testimony?**

16 A. Yes.