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September 10, 2012

VIA ELECTRONIC FILING AND FIRST CLASS MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: Docket UG 221 – Northwest Natural Gas Company Application for a General Rate Revision

Attention Filing Center:

Enclosed for filing in the above captioned docket are an original and two copies of Northwest Natural's Response to Bench Request. Attachment A and B to the Response are confidential and will be sent in a separate sealed envelope pursuant to Modified Protective Order 12-058. A copy of this filing has been served on all parties to this proceeding as indicated on the enclosed Certificate of Service.

Please contact this office with any questions.

Very truly yours,

Wendy McIndoo
Office Manager

Enclosure

cc: Service List

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in UG 221 on the following named person(s) on the date indicated below by email addressed to said person(s) at his or her last-known address(es) indicated below.

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Dated: September 10, 2012



Wendy McIndoo
Office Manager

1 b. In response to Request 1(b), NW Natural respectfully offers Confidential Attachment B,
2 which identifies each of NW Natural's insolvent insurers; the policy numbers of each of
3 the insolvent policies; the respective stated per occurrence limits of each those policies; and
4 other relevant information.

5 c. In response to Request 1(c), NW Natural states that it has not filed any claims
6 regarding its insolvent insurers with the Oregon Insurance Guaranty Association ("OIGA")
7 because of certain restrictions and limitations in the OIGA statute. NW Natural has submitted
8 claims to, or otherwise has been in communication with, the liquidators or other official
9 representatives for the following insolvent insurers: Integrity Insurance Company, Pine Top
10 Insurance Company, Highlands Insurance Company and certain of the London Market
11 insurance companies that are in liquidation.

12 **Bench Request No. 2:**

13 Ms. Hart states in her testimony: "Based on the language of its policies, controlling Oregon
14 law and the underlying facts, NW Natural believes that each of its historical policies provide
15 coverage for the costs related to the environmental damage that NW Natural is investigating
16 and remediating." Please identify the policies and coverage limits.

17 **NW Natural Response:**


18 In response to Request 2, please see Confidential Attachment A. By way of further response,
19 the Commission quotes a portion of Sandra K. Hart's testimony in Request 2. The question
20 giving rise to that portion of Ms. Hart's testimony, as well as her complete answer to that
21 question, are as follows:

22 **"Q. What is the potential of obtaining coverage for NW Natural's environmental**
23 **liabilities from the policies issued by still-solvent insurers?"**

24 A. Based on the language of its policies, controlling Oregon Law and the underlying
25 facts, NW Natural believes that each of its historical policies provide coverage for
26

1 the costs related to the environmental damage that NW Natural is investigating
2 and remediating. However, many of the insurers that issued the policies to NW
3 Natural have refused to provide coverage for the environmental sites and have
4 asserted various defenses to coverage. Nationally, coverage claims relating to
5 remediation costs at environmental sites have been resolved in litigation with
6 mixed results-in some instances the policyholder has prevailed in whole or part
7 and in other cases the insurer has prevailed in whole or part. Most cases settle
8 prior to verdict because of the uncertainty for each side. In this case, NW Natural
9 cannot predict the outcome of its coverage efforts with certainty.”

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11 DATED: September 10, 2012.

MCDOWELL RACKNER & GIBSON PC


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13 Lisa F. Rackner
Amie Jamieson

14 **NORTHWEST NATURAL GAS COMPANY**

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