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November 16, 2017

VIA ELECTRONIC FILING

Attention: Filing Center
Public Utility Commission of Oregon
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Docket UM 1720: Joint Motion to Close Docket

Attention Filing Center:

Attached for filing in the above-captioned docket is the Parties' Joint Motion to Close the Docket.

Please contact this office with any questions.

Very truly yours,

Alisha Till
Administrative Assistant

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1720

In the Matter of

NW NATURAL GAS COMPANY,
dba NW NATURAL

Investigation into Long-Term Hedging
Policy.

JOINT MOTION TO CLOSE DOCKET

1

I. INTRODUCTION

2 In accordance with OAR 860-001-0420, Northwest Natural Gas Company (“NW
3 Natural”), Avista Corporation (“Avista”), Cascade Natural Gas Corporation (“Cascade”), Public
4 Utility Commission of Oregon Staff (“Staff”), the Oregon Citizens’ Utility Board (“CUB”) and
5 the Northwest Industrial Gas Users (“NWIGU”) (together, the “Parties”) submit this joint motion
6 recommending that the Public Utility Commission of Oregon (“Commission”) close this
7 investigation into long-term hedging policies specific to local distribution companies (“LDCs”).
8 This recommendation is made subject to the Parties’ agreement that they will, at the request
9 of an LDC, review and comment on any long-term hedge that the LDC believes is in the
10 interests of its customers and into which the LDC proposes to enter. All active parties to this
11 proceeding support this joint motion.¹

12

II. BACKGROUND

13 This docket was initiated pursuant to the Commission’s Order No. 15-064 to provide a
14 forum for the Commission to examine LDCs’ long-term hedging policies, and for the Parties

¹ Portland General Electric Company (“PGE”) also intervened this proceeding, but was not an active party. PGE has indicated that it does not oppose this motion.

1 to exchange ideas about how to best analyze and evaluate long-term hedging opportunities.²
2 The Parties engaged in several workshops addressing the LDCs' current hedging practices,
3 the analysis needed to evaluate a hedging opportunity, the LDCs' customers' interest in
4 hedging, and stakeholder concerns with long-term hedging. The Parties spent several months
5 working to draft guidelines for LDC long-term hedging, but ultimately found that the diverse
6 hedging instruments available, and the optionality of the duration and timing of hedges, did
7 not lend itself to a "one size fits all" approach. For this reason, the Parties agreed to terminate
8 their efforts to develop hedging guidelines, and instead to commit to a process for the LDCs
9 to engage with stakeholders to receive feedback about specific potential long-term hedging
10 opportunities.

11 III. AGREEMENT OF PARTIES

12 Accordingly, the Parties agree as follows:

- 13 1. If an LDC identifies a long-term hedge instrument that it considers in the interests
14 of customers, and that it intends to enter into (subject to appropriate regulatory
15 review processes), the LDC may request a meeting with stakeholders, including
16 OPUC Staff, CUB, and NWIGU.
- 17 2. The Parties agree to hold the meeting within 30 days of the LDC's request.
- 18 3. At the meeting, the LDC will present the proposal and any supporting analyses
19 and documentation.

² This investigation stems from NW Natural's 2014 Integrated Resource Plan ("IRP"), which included a proposal that NW Natural plan to increase its long-term hedging from 10 percent to up to 25 percent, subject to additional information and analyses that would be submitted by NW Natural. During the review of its IRP, NW Natural proposed to conduct separate workshops to more thoroughly address long-term hedging, and filed a motion requesting a bifurcated procedural schedule. When Staff presented the hedging issue at the February 24, 2015 Special Public Meeting on the IRP, the Commission expressed interest in investigating hedging, and decided to open a new docket. At the meeting NW Natural expressed its preference that a bifurcated docket focus on NW Natural's IRP proposal, and although the procedural path was not completely resolved at that time, the Commissioners suggested that they may want to examine the issue more broadly. This docket was opened by the Commission to provide the forum for investigating hedging by the LDCs, and determined that it would be processed pursuant to contested case procedures.

1 4. Within 30 days of the meeting, each Party will provide a written response to the
2 LDC's proposal indicating whether the Party (a) believes that the LDC should
3 proceed to enter into the transaction or continue making progress towards
4 executing the transaction, or (b) has reservations or concerns about the
5 proposal, and a description of those reservations or concerns.

6 5. In the event that one or more Parties believe that the proposal needs further
7 review by the Commission, the Parties agree to use the above-described
8 process to establish an appropriate forum for review of any proposals for long-
9 term hedges.

10 The Parties agree that the above-described agreement on process should be
11 incorporated into the Natural Gas Portfolio Development Guidelines, established in Docket
12 No. UM 1286, through the Commission's normal public meeting process.

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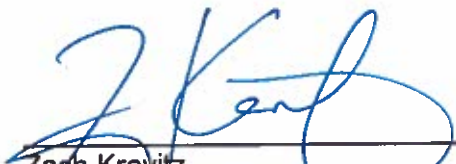
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IV. CONCLUSION

For the foregoing reasons, the Parties respectfully request that the Commission enter an order closing Docket No. UM 1720.

Dated this 16th day of November, 2017.



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IV. CONCLUSION

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Joseph Pease for Mike Parvinen

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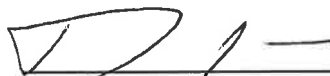
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Dated this 13 day of November, 2017.

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1 IV. CONCLUSION

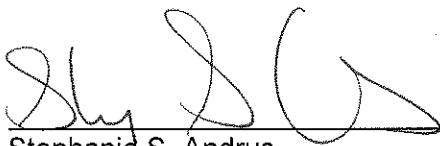
2 For the foregoing reasons, the Parties respectfully request that the Commission
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4 Dated this 14th day of November, 2017.

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