

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1720

I In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURAL,

Investigation into Long-Term Hedging
Policy.

PREHEARING CONFERENCE
MEMORANDUM

On April 6, 2015, the Public Utility Commission of Oregon held a prehearing conference in this docket. Representatives appeared on behalf of Northwest Natural Gas Company, dba NW Natural, Citizens' Utility Board of Oregon (CUB), Northwest Industrial Gas Users (NWIGU), and Commission Staff.

Petitions to Intervene

Before the conference, a petition to intervene was filed by NWIGU. No party attending the conference objected to the petition. Upon review of the petition, I find that NWIGU has sufficient interest in the proceedings to participate and that its participation will not unreasonably broaden the issues, burden the record, or delay the proceedings.¹ The petition to intervene is therefore granted. In addition, CUB filed a notice of intervention as permitted by ORS 774.180.

Procedural Expectations for this Docket

This investigation stems from NW Natural's 2014 Integrated Resource Plan (IRP), which included a proposal that NW Natural increase its long-term hedging from 10 percent to 25 percent. 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.

¹ See OAR 860-001-0300.

This memo serves to update the parties that the Commission's expectation for this docket is that the Commission will broadly examine the local distribution companies' overall hedging policies (long-term, and also short-term and medium-term hedges). The Commission does not expect to set a prescriptive standard, but aims to set guidelines that will allow the utilities to establish flexible policies that can be adjusted to meet changing conditions. Considering these goals, this docket will proceed as a formal investigation that will result in a Commission order. Included in this investigation will be NW Natural's IRP proposal to increase long-term hedging to 25 percent, but the Commission will not consider the proposal in isolation.

Schedule

At the prehearing conference, the parties presented a procedural schedule that anticipated a narrow focus on NW Natural's hedging policy and a Commission decision at a public meeting. Given the Commissioner's intention for a broader investigation conducted using contested case procedures, I do not adopt the parties' proposed procedural schedule. Instead, I direct the parties to jointly develop a new procedural schedule and file it in this docket. The docket should include a Commissioner workshop and an opportunity for hearing. To determine dates for a Commissioner workshop, parties should contact Becky Beier in the Commission office at (503) 378-6600.

Pro Hac Vice

Parties are reminded that attorneys not licensed in Oregon wanting to appear before the Commission in this docket must file an application for admission to appear pro hac vice.²

Dated this 14th day of April, 2015, at Salem, Oregon.



Sarah Rowe
Administrative Law Judge

Attachment: Notice of Contested Case Rights and Procedures

² See UTCR 3.170, OAR 860-001-0320.

NOTICE OF CONTESTED CASE RIGHTS AND PROCEDURES

Oregon law requires state agencies to provide parties written notice of contested case rights and procedures. Under ORS 183.413, you are entitled to be informed of the following:

Hearing: The time and place of any hearing held in these proceedings will be noticed separately. The Commission will hold the hearing under its general authority set forth in ORS 756.040 and use procedures set forth in ORS 756.518 through 756.610 and OAR Chapter 860, Division 001. Copies of these statutes and rules may be accessed via the Commission's website at www.puc.state.or.us. The Commission will hear issues as identified by the parties.

Right to Attorney: As a party to these proceedings, you may be represented by counsel. Should you desire counsel but cannot afford one, legal aid may be able to assist you; parties are ordinarily represented by counsel. The Commission Staff, if participating as a party in the case, will be represented by the Department of Justice. Generally, once a hearing has begun, you will not be allowed to postpone the hearing to obtain counsel.

Administrative Law Judge: The Commission has delegated the authority to preside over hearings to Administrative Law Judges (ALJs). The scope of an ALJ's authority is defined in OAR 860-001-0090. The ALJs make evidentiary and other procedural rulings, analyze the contested issues, and present legal and policy recommendations to the Commission.

Hearing Rights: You have the right to respond to all issues identified and present evidence and witnesses on those issues. *See* OAR 860-001-0450 through OAR 860-001-0490. You may obtain discovery from other parties through depositions, subpoenas, and data requests. *See* ORS 756.538 and 756.543; OAR 860-001-0500 through 860-001-0540.

Evidence: Evidence is generally admissible if it is of a type relied upon by reasonable persons in the conduct of their serious affairs. *See* OAR 860-001-0450. Objections to the admissibility of evidence must be made at the time the evidence is offered. Objections are generally made on grounds that the evidence is unreliable, irrelevant, repetitious, or because its probative value is outweighed by the danger of unfair prejudice, confusion of the issues, or undue delay. The order of presenting evidence is determined by the ALJ. The burden of presenting evidence to support an allegation rests with the person raising the allegation. Generally, once a hearing is completed, the ALJ will not allow the introduction of additional evidence without good cause.

Record: The hearing will be recorded, either by a court reporter or by audio digital recording, to preserve the testimony and other evidence presented. Parties may contact the court reporter about ordering a transcript or request, if available, a copy of the audio recording from the Commission for a fee set forth in OAR 860-001-0060. The hearing record will be made part of the evidentiary record that serves as the basis for the Commission's decision and, if necessary, the record on any judicial appeal.

Final Order and Appeal: After the hearing, the ALJ will prepare a draft order resolving all issues and present it to the Commission. The draft order is not open to party comment. The Commission will make the final decision in the case and may adopt, modify, or reject the ALJ's recommendation. If you disagree with the Commission's decision, you may request reconsideration of the final order within 60 days from the date of service of the order. *See* ORS 756.561 and OAR 860-001-0720. You may also file a petition for review with the Court of Appeals within 60 days from the date of service of the order. *See* ORS 756.610.