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June 27, 2016

**VIA ELECTRONIC FILING
& FIRST CLASS MAIL**

Oregon Public Utility Commission
Attn: Filing Center
PO Box 1088
Salem, OR 97308-1088

Re: *In the Matter of CASCADE NATURAL GAS CORPORATION, Request for General Rate Revision* (Docket No. UG-305)
Request for Issue Fund Grant and Proposed Issue Fund Budget of Northwest Industrial Gas Users

Dear Filing Center:

Pursuant to OAR § 860-012-0120(3)(a) and the Third Amended and Restated Intervenor Funding Agreement (“IFA”), approved by the Oregon Public Utility Commission (“Commission”) in Order No. 15-335 (October 20, 2015), Northwest Industrial Gas Users (“NWIGU”) hereby respectfully submits an Issue Fund budget (“Budget”) of \$77,410, which after 20% match by NWIGU, would result in an Issue Fund Grant of \$61,928.

As explained in more detail below, there are insufficient funds currently in Cascade’s Issue Fund to pay the full amount of the proposed Issue Fund Grant. **NWIGU therefore requests approval of an Issue Fund Grant of \$9,565**, which is less than the full amount of the grant represented in this Budget. NWIGU will request actual payment of the Issue Fund Grant based on funds available at the time of the payment request, and any amount unavailable through an Issue Fund Grant would be requested as a Matching Fund Grant.

Article 6.3 of the IFA provides that precertified intervenors seeking an issue fund grant must submit a proposed budget to the Commission. Accordingly, NWIGU has attached a detailed budget as Appendix A. In addition, the IFA requires the following information:

1. A Statement of the Work to be Performed.

NWIGU will participate in all stages of Cascade’s general rate case. This includes review of Cascade’s filing, participation in settlement conferences, drafting testimony and briefs,

and participation at hearing. NWIGU will participate in large part through legal counsel at Cable Huston and through an outside expert, Mike Gorman of Brubaker & Associates, Inc.

2. A Description of the Areas to be Investigated.

NWIGU will focus its efforts on evaluating Cascade's filing, proposed adjustments to the revenue requirement, Cascade's cost of service study, and rate spread and design to ensure that rates are set in a fair and equitable manner consistent with Commission precedent.

3. A Description of the Particular Customer Class(es) That Will Benefit From the Intervenor's Participation.

NWIGU is a nonprofit association comprised of approximately forty end users of natural gas with major facilities in the states of Oregon, Washington, and Idaho. NWIGU members include diverse industrial interests, including food processing, pulp and paper, wood products, electric generation, aluminum, steel, chemicals, electronics, and aerospace, as well as large commercial interests such as health care providers. NWIGU members take service from gas utilities under industrial rate schedules. Accordingly, NWIGU advocacy will benefit the industrial rate class. However, NWIGU's efforts will also benefit all customers because of NWIGU's intended focus on Cascade's proposed revenue requirement.

4. Identification of the Specific Fund Accounts From Which the Intervenor is Seeking Monies.

NWIGU identifies the Cascade Issue Fund Account as the account from which NWIGU is seeking monies.

As of May 27, 2016, there is currently \$22,131.50 of uncommitted funds in Cascade's Issue Fund account. NWIGU and CUB traditionally coordinate to ensure each entity has access to at least half of the allocated issue grant funds each year. Taking into account the current balance and prior committed requests, there will be insufficient funds in Cascade's Issue Fund account for an Issue Fund Grant to cover this Budget and grant request. NWIGU therefore requests that \$9,565 in the Cascade Issue Fund account be committed for this Budget request. The remainder of NWIGU's Budget, if approved, would be requested as a Matching Fund Grant rather than through an Issue Fund Grant.

Although Section 4.4 of the IFA provides that the Commission can approve an Issue Fund Grant from funds that will be made available in the next calendar year when the proceeding for which the Issue Fund Grant is sought is expected to continue into that year, the procedural schedule in this docket is such that NWIGU's participation will likely conclude in 2016, with only oral argument taking place in 2017. If for some reason the procedural schedule changes and NWIGU's participation in 2017 increases, NWIGU will seek to revise this Budget and grant request to utilize funds from the subsequent year.

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5. A Budget Showing Estimated Attorney, Consultant and Expert Witness Fees, Which May Include the Cost for Appropriate Support Staff and Operations Support.

NWIGU has attached a detailed budget for NWIGU's participation in this proceeding as Appendix A.

6. Representation that Intervenor will use matching funds in the form of either in-house resources or outside funding to account for or pay at least 20 percent of the Eligible Expenses.

NWIGU represents that it will use matching funds in the form of either in-house resources or outside funding to account for or pay at least 20 percent of the Eligible Expenses that will be included in a later Issue Fund Grant request. If NWIGU requests a Matching Fund Grant for any portion of this Budget, NWIGU will use either in-house resources or outside funding to account for or pay at least 50 percent of Eligible Expenses.

CONCLUSION

NWIGU respectfully request that the Commission approve its proposed Issue Fund Budget in the amount of \$77,410 that, after the 20% matching requirement (\$15,482) would result in a net total issue fund grant of up to \$61,928, if those funds were available, and that the Budget be approved as expeditiously as possible in order to allow the retention of NWIGU's expert witness. NWIGU requests that only \$9,565 of this Issue Fund Grant request be committed from the current balance of Cascade's Issue Fund account and that NWIGU be permitted to seek the remainder of the approved Budget either through later amendments to this request if appropriate, or through Matching Funds.

Very truly yours,



Tommy A. Brooks

TAB:sk
Enclosure

Exhibit A

UG 305

NWIGU PROPOSED BUDGET FOR ISSUE FUND

Legal Counsel

Cable Huston

<u>Work to be Performed</u>	<u>Personnel</u>	<u>Hours</u>	<u>Rate</u>	<u>Cost</u>
Review of Filing and Discovery	Partner I	15	\$220	\$3,300
	Partner II	15	\$210	\$3,150
Settlement Conferences	Partner I	16	\$220	\$3,520
Testimony	Partner I	20	\$220	\$4,400
	Partner II	10	\$210	\$2,100
Briefs	Partner I	24	\$220	\$5,280
	Partner II	20	\$210	\$4,200
Hearings	Partner I	18	\$220	\$3,960
NWIGU Proposed Budget for Legal Services				\$29,910
20 Percent In-House Resources				\$5,982
Total NWIGU Request for Legal Services				\$23,928

Estimated Expert Witness Budget for Issue Fund Grant

NWIGU will retain Mike Gorman of Brubaker & Associates, Inc.

<u>Personnel</u>	<u>Title</u>	<u>Rate</u>
Mike Gorman	Managing Principal	\$235
Associate I	Associate	\$130
Associate II	Associate	\$100

Review of testimony, exhibits, workpapers, studies, assistance with the preparation of data requests; review of the utility's books, records and other relevant materials; analysis of responses to discovery requests and assistance with preparation of additional discovery, preparation of draft testimony; review and analysis of direct and rebuttal testimony; preparation of final testimony and assistance with preparation for cross-examination; attendance at hearings to testify and assist with cross-examination; assist with preparing the briefs. Work will be performed by Mr. Gorman and two regulatory analysts with billing at the above hourly rate levels, with approximately \$25,000 of costs being incurred for cost of service, rate spread and rate design, and \$20,000 for revenue requirement related issues. Travel expenses will be capped at \$2,500.

Expert Witness Fees Related to Cost of Service/Revenue Requirement	\$47,500
20 Percent In-House Resources	\$9,500
Total NWIGU Request for Expert Witness Fees	\$38,000
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Total NWIGU Issue Fund Budget Request (Legal + Expert)	\$77,410
Total NWIGU Issue Fund Grant Possible (Budget – 20% in-house)	\$61,928
<u>Total Amount of Issue Fund Grant Request based on current funds</u>	<u>\$9,565</u>