BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1654

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In the Matter of NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL Investigation of Interstate Storage and Optimization Sharing

Citizens' Utility Board of Oregon's Amended Motion to Compel NW Natural to Respond to CUB's Data Requests

I. INTRODUCTION.

Pursuant to OAR 860-001-0500(7) and Administrative Law Judge Michael Grant's April 22, 2014 Memorandum and Ruling in docket UM 1654, the Citizens' Utility Board of Oregon ("CUB") hereby moves the Commission to compel NW Natural Gas Company ("NW Natural" or "Company") to produce information concerning NW Natural's MIST (North Mist, Emerald, MIST Expansion, other name for same geographic area) storage responsive to CUB's data requests 33, 92 and 93 to NW Natural.¹

The Motion to Compel results from NW Natural's decision not to respond to discovery requests made by CUB in CUB Data Requests 33, 92 and 93, issued on March 6, 2014.² Indeed rather than responding to CUB's data requests NW Natural immediately filed a two page email motion with the Commission, dated March 10, 2014, requesting an expedited telephone conference to discuss whether or not it should have to respond to

¹ CUB notes that the Company was also not responsive to CUB Data Requests 65-77, but CUB has determined, unlike the information sought in CUB Data Requests 33, 92 and 93, that this information is not critical to its analysis in this docket at this time.

² The data requests issued on March 6, 2014, were incorrectly numbered, which was subsequently corrected by CUB's re-issued data requests on March 14, 2014.

CUB's data requests at all.³ The expedited telephone conference was held on March 11,

2014. On March 13, 2014 ALJ Pines issued her ruling in which she stated:

After reviewing the parties' arguments, I find that data requests resulting from information discussed during the Commission Examination that took place on February 3, 2014 are within the scope of permissible discovery, regardless of whether that information could have been requested prior to the Commission Examination. However, discovery regarding matters that were not discussed at the Commission Examination falls outside the scope of permissible discovery at this stage.⁴

As a courtesy to NW Natural, CUB agreed to reissue its data requests with corrected numbering and any duplicative data requests eliminated. This was done and the corrected set of data requests was issued on March 14, 2014. NW Natural then requested additional time to respond to those requests and responses/objections were ultimately received on April 10, 2014. On April 16, 2014, while CUB was still reviewing the data responses it had received and determining which of the objected data requests required further review, ALJ Pines set another Prehearing Conference for April 21, 2014. On the morning of April 21, 2014, CUB Counsel Catriona McCracken received a telephone call from Lisa Rackner and Adam Lowney. Ms. Rackner stated that NW Natural's decision on future process rested on CUB's determination of whether to pursue the objected to data requests. Ms. McCracken responded that CUB was still reviewing the data requests and determining how many to pursue. At the Prehearing Conference on April 21, 2014, CUB advised ALJ Pines and the parties that it had decided to pursue the data requests related to Mist storage. Discussion was had and it was determined that a written Motion to Compel should be filed. An order was issued thereafter providing that CUB must submit its Motion to Compel by April 25, 2014. This constitutes CUB's Motion to

³ See Attachment A Email from Lisa Rackner to ALJ Pines dated March 10, 2014.

⁴ See Attachment B Ruling of ALJ Pines dated March 13, 2014.

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Compel filed pursuant to ORCP 36; ORCP 46; OAR 860-001-0500(7); and OAR 860-001-540.

CUB hereby certifies that its Counsel has been attempting to work with NW Natural since the issuance of CUB's data requests on March 6, 2014, but has been unable to resolve this discovery dispute.⁵

Attachment C contains the CUB Data Requests/NW Natural Data Responses and Objections related to CUB Data Requests 33, 92 and 93. All three of the data requests that NW Natural is objecting to, in whole or in part, "result[] from information discussed during the Commission Examination that took place on February 3, 2014" which are considered to be "within the scope of permissible discovery, regardless of whether that information could have been requested prior to the Commission Examination."⁶ In short. NW Natural is objecting to each of these three data request because it believes the requests to be outside of the scope of the discovery ordered by the ALJ and not relevant to this proceeding. CUB does not agree with NW Natural. The discovery issued in this docket was "reasonably calculated to lead to the discovery of admissible evidence,"⁷ "commensurate with the needs of the case, the resources available to the parties, and the importance of the issues to which the discovery relates,"⁸ and was not "unreasonably cumulative, duplicative, burdensome or overly broad."⁹ In short, the data requests at issue are highly relevant to this proceeding and are within the scope of discovery ordered by the ALJ. CUB respectfully requests that NW Natural be ordered to produce the full

⁵ Attachment C - Affidavit of Catriona McCracken.

⁶ UM 1654 – ALJ Pines' March 13, 2014 Ruling – Attachment B to this Motion to Compel.

⁷ ORCP 36B(1).

⁸ OAR 860-001-0500(1).

⁹ OAR 860-001-0500(2).

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and complete information being requested by CUB.

II. ARGUMENT.

A. Legal Standard

The application of the Oregon Rules of Civil Procedure ("ORCP") to proceedings

before the Commission is plainly required by the Commission's administrative rules.

OAR 860-001-0540(1) states, in relevant part, that "[a] party may submit data requests to

any other party, subject to the discovery rules in ORCP." Additionally, OAR 860-001-

0000 states that "[t]he Oregon Rules of Civil Procedure (ORCP) also apply in contested

case and declaratory ruling proceedings unless inconsistent with these rules, a

Commission order, or an Administrative Law Judge ("ALJ") ruling.

ORCP 36 discusses general provisions regarding discovery. ORCP 36A discusses

the different types of discovery methods available to parties, which is not at issue in this

case. ORCP 36B discusses the scope of discovery, stating, in relevant part:

Unless otherwise limited by order of the court in accordance with these rules, the scope of discovery is as follows:

B(1) In general. For all forms of discovery, parties may inquire regarding any matter, not privileged, which is relevant to the claim or defense of the party seeking discovery or to the claim or defense of any other party, including the existence, description, nature, custody, condition, and location of any books, documents, or other tangible things, and the identity and location of persons having knowledge of any discoverable matter. *It is not ground for objection that the information sought will be inadmissible at trial if the information sought appears to be reasonably calculated to lead the discovery of admissible evidence.*¹⁰

Therefore, the two factors that determine whether a response to discovery is required

pursuant to ORCP 36B(1) are scope, which may only be limited by the court, and

¹⁰ ORCP 36B (emphasis added).

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relevance.11

The scope of discovery in this case was explicitly limited by ALJ Pines in her

March 13, 2014 Ruling. Specifically, Judge Pines ruled:

I find that data requests resulting from information discussed during the Commission examination that took place on February 3, 2014 are within the scope of permissible discovery, regardless of whether that information could have been requested prior to Commission Examination. However, discovery regarding matters that were not discussed at the Commission Examination falls outside the scope of permissible discovery at this stage.¹²

As made clear by Judge Pines, so long as data requests were based on information discussed at the Commissioner Examination, it was and is within the permissible scope of discovery in this docket.

With regard to relevance, Oregon courts have interpreted ORCP 36B to provide for broad and expansive discovery. In Vaughan v. Taylor, the Oregon Court of Appeals stated, with regard to ORCP 36B, "that the material sought is inadmissible is not a ground for objection if its discovery appears to be reasonably calculated to lead to the discovery of admissible evidence. A request for discovery must often be couched in broad terms, because the significance of the material cannot always be determined until it has been inspected."¹³ Oregon courts have also emphasized the importance of disclosure, even when relevancy has been contested.¹⁴

In short, so long as the evidence sought is both reasonably calculated to lead to

¹¹ ORCP 36B(2) and (3) discuss disclosure requirements for insurance agreements/policies and trial preparation materials, neither of which are at issue in this case. 12 UM 1654 – ALJ Pines' March 13, 2014 Ruling.

¹³ Vaughan v. Taylor, 79 Or App 359, 364-65 (1986).

¹⁴ See e.g. Oregon Orchards v. Ins. Co. of N.A., 239 Or 192, 198 (1964) (commenting that the trial court should have required the records at issue to be produced and then should have made a determination of relevancy, rather than ruling preemptively that such evidence, if produced, would not be relevant or material.).

the discovery of admissible evidence and is not otherwise limited by order of the court

(or in this case, the Commission), such evidence is within the scope of discovery.

B. CUB's Data Requests are reasonably calculated to lead to the discovery of admissible evidence and are within the scope of discovery ordered by ALJ Pines.

NW Natural's objections to CUB's data requests primarily fall within two

categories: scope and relevance. For ease of reference, CUB's Data Requests 33, 92 and

93, along with NW Natural's responses, are provided below:

CUB Data Request 33

Is "Emerald" a separate storage facility? Is Emerald the storage facility being constructed for PGE?

- a. If so where is it located?
- b. What is its purpose?
- c. Who is paying for its development?
- d. How much is development of Emerald anticipated to cost?
- e. What pipeline will feed/be used for extraction of gas from the Emerald storage facility?
- f. Where will this pipeline begin?
- g. Where will this pipeline terminate?
- h. When is the pipeline construction anticipated to begin?
- i. Who will pay for the building of this pipeline?
- j. How many cubic feet of gas will the pipeline be able to carry per second?

NW Natural's response to CUB DR 33 is as follows:

NW Natural objects to this request as outside the scope of the discovery ordered by the ALJ, and not relevant to UM 1654. Notwithstanding this objection, NW Natural notes that in the past, NW Natural has, in other forums, used the term Emerald to describe the storage project that will serve PGE. NW Natural also notes that the details regarding the storage facility discussed are not yet finalized, and will be the subject of a future proceeding at the OPUC.

CUB Data Request 92

February 3, 2014 Hearing Transcript at page 35, Mr. White discusses how the 53-47 sharing will change due to recall.

a. Does NW Natural currently have a contract with PGE for

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additional storage associated with PGE's Port Westward 2. If so, please provide a copy of that contract.

NW Natural's response to CUB DR 92 is as follows:

On page 36 of the transcript, Mr. White explains that recalling Mist capacity changes the 47/53 allocation over time. *NW Natural objects to the question presented under subpart "a" because it does not seek information related to the issues in this docket, or to the provisions cited in the request.*

CUB Data Request 93

February 3, 2014 Hearing Transcript at page 92 of the transcript, NW Natural's witness states that the new storage for PGE will not use any shared facilities.

- a. Will it be included in the Mist Storage sharing? If yes, please explain how it will impact Mist Storage sharing.
- b. Will it's capacity or deliverability be included in storage optimization? If yes, please explain how it will impact Mist Storage optimization sharing.
- c. Will it share any staff with NW Natural's core business at Mist?
- d. Will any of Mr. White time be allocated to it?
- e. How is it being financed and who at NW Natural is involved in obtaining the financing?
- f. Is NW Natural tracking the time of all employees who are employed by the utility (core side of the business) to ensure that their time is properly accounted for?

NW Natural's response to CUB DR 93 is as follows:

NW Natural objects to this question as outside the scope of permissible discovery. The ALJ's March 13th Ruling clarified that "discovery regarding matters that were not discussed at the Commission Examination falls outside the scope of permissible discovery at this state." None of the items about which this question seeks information were discussed at the hearing. Additionally, the question asks about materials that have not yet been developed or presented for Commission review, and which will be the subject of future process at the OPUC.

With regard to scope, all of the questions at issue relate to NW Natural's

expansion of Mist (Emerald, North Mist, MIST Expansion – whatever the current name

is for the project) for PGE. Details of this were first discussed at the Commissioner

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Examination by the Company itself. In fact, Mr. White explicitly states "[s]o we are looking at an expansion as part of supporting PGE's Port Westward Project...It will be a whole new compression station, new reservoir, and new pipeline going from Mist up to Port Westward."¹⁵ As such, CUB's follow-up questions regarding more details surrounding the proposed project (CUB DR 33), whether a contract is in place with PGE (and if so, to provide a copy of that contract) (CUB DR 92), and the impacts that such an agreement could be anticipated to have on storage sharing and optimization (CUB DR 93)—the central issue in this docket—are directly within the scope of what was discussed during the Commissioner Examination. Additionally, with regard to CUB Data Request 92, the sharing percentages forecast do not include the expansion of Mist for PGE. If that expansion is included, the forecast could go in the other direction than the Company's forecast (i.e. less sharing to customers). Therefore, CUB needs to know the status of the expansion to understand whether the forecast of sharing allocation (currently 47/53) was accurate or not.

Moreover, the Company has since been discussing this project openly with the Commission outside of the scope of this docket.¹⁶ So while the Company seems fine with

¹⁶ At a Public Meeting held at the Commission on April 2, 2014, discussion was had between the Commissioners and NW Natural in regard to slide 21 contained in the Company's presentation http://www.puc.state.or.us/meetings/pmemos/2014/040214/SPM%20Presentation%20NW%20Natural%20 http://www.puc.state.or.us/meetings/pmemos/2014/040214/SPM%20Presentation%20NW%20Natural%20 http://www.puc.state.or.us/meetings/pmemos/2014/040214/SPM%20Presentation%20NW%20Natural%20 http://www.puc.state.or.us/meetings/pmemos/2014/040214/SPM%20Presentation%20NW%20Natural%20 http://www.puc.state.or.us/audio/040214/1004.mp3 at 8.08 et seq., "[t]hat is, is, is the start of the "Capital Expenditures" for 2014 chart represented and was told by Alex Miller http://apps.puc.state.or.us/audio/040214/1004.mp3 at 8.08 et seq., "[t]hat is, is, is the start of working on new expansion of MIST which is related to serving PGE that's not been agreed to yet so we're still working with them on whether to move forward or not." Ms. McCracken for CUB then asked "Is that also called MIST or is that called by another name?" Mr. Miller responded, "North MIST Expansion." Ms. McCracken "That's not Emerald, that's something else?" Mr. Anderson "Yes, that's it." Ms. McCracken That's Emerald?" Mr. Anderson: We are actually calling that the North MIST Expansion since it's more explanatory of what's going on but it used to be, we used to call it Emerald now its . . ." Mr. Mill

¹⁵ UM 1654 Transcript of Proceedings February 3, 2014, pg. 92.

the project being publically discussed it is not willing to present requested details of the project to CUB when such details are within the scope of the ALJ's ruling and are highly relevant to the case at hand.

Regarding relevance, NW Natural argues that because the "details regarding the storage facility discussed are not yet finalized, and will be the subject of a future proceeding at the OPUC"¹⁷ questions related to NW Natural's build-out of Mist for PGE are not relevant in this docket. But plans for that build out and discussions between the companies are ongoing today. The effect that such planning could have on future sharing is relevant today as the Commission determines what sharing percentages to impose on the parties in this docket. Moreover, the threshold for relevance, as articulated by Oregon courts and discussed above, has been applied broadly and has tended to favor disclosure. CUB has specifically asked these questions because it is trying to ascertain exactly what the arrangement between PGE and NW Natural currently is and could be, in the future. It is necessary for CUB to obtain information related to plans for storage expansion and sharing so that CUB can analyze for itself the implications that such planning may have on customers now and in the future, especially with regards to sharing percentages which are being discussed in the context of *this* docket. NW Natural appears to argue that because the prudence of such a project might have to be reviewed in the future that there is no need for discovery today. But the fact that NW Natural seems so sure that this expansion project will one day come to fruition makes it all the more important to CUB that correct sharing percentages are set today and the only way to set correct sharing percentages is to know who is planning to pay for what, whether it will include use of

¹⁷ NW Natural response to CUB DR 33.

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customer paid resources and whether customers should be being compensated for the use of those resources. All of the information that CUB is seeking to compel disclosure of today is relevant to those issues.

It is CUB's opinion that it is not for NW Natural to decide what is relevant to this docket but for the ALJ to decide. And the ALJ's decision on CUB's Motion to Compel need relate only to whether the information sought "appears reasonably calculated to lead to the discovery of admissible evidence." For as ORCP 36B(1) provides: "It is not ground for objection that the information sought will be inadmissible at the trial if the information sought appears reasonably calculated to lead to the discovery of admissible evidence."¹⁸ Moreover, the "the significance of the material cannot always be determined until it has been inspected."¹⁹ CUB has had no opportunity to inspect the material or to offer it into evidence; the ALJ should order disclosure of this material for review by CUB.

C. It is important that CUB ascertain the appropriate information regarding NW Natural's expansion of Mist for PGE in this docket.

As stated above, NW Natural represents that "the details regarding the [PGE storage facility] are not yet finalized, and will be the subject of a future proceeding at the OPUC."²⁰ CUB, however, is concerned that the Company will not make a filing before the OPUC for review of the issues relevant to this docket because NW Natural claims that there will be no sharing with regard to the MIST expansion²¹ and because the project

¹⁸ ORCP 36B(1).

¹⁹ Vaughan v. Taylor, 79 Or App 359, 365 (1986).

²⁰ NW Natural Response to CUB DR 33. *See also* NW Natural Response to CUB DR 93.

²¹ Statement by Ms. Rackner during the April 21, 2014 hearing.

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is apparently being developed by a subsidiary of NW Natural.²² The Commission is deciding now, not at a later date, how the revenues from NW Natural's storage and optimization activities are to be shared among the parties. CUB, as well as the Commission, needs the ability to analyze the information that exists with regard to the NW Natural/PGE agreement in order to determine for itself whether there are implications that should be considered in the context of this docket and in the context of future development and sharing of MIST revenues, as opposed to a possible later tariff filing that may be limited to issues such as prudence. CUB does not want to be told in a future docket, assuming one is even filed, that it should have addressed any storage and optimization sharing issues in docket UM 1654. CUB strongly believes that this docket is the better docket to address any possible sharing of storage and optimization revenues associated with future Mist expansion.

III. CONCLUSION.

All of the information necessary to determine the appropriate sharing percentages related to NW Natural's storage and optimization activities is in NW Natural's possession and control. Contrary to NW Natural's objections, the information sought by CUB is calculated to lead to the discovery of admissible evidence, as required by ORCP 36(B)(1), and is within the scope of discovery ordered by ALJ Pines in her March 13, 2014 Ruling.

CUB respectfully moves the Commission to compel NW Natural to respond to CUB Data Requests 33, 92 and 93.

²² UM 1654 Hearing Transcript at 21-22. See also Attachment D - Re: Application to Amend Site Certificate Agreement for the Mist Natural Gas Storage Site, Energy Facility Siting Council of the State of Oregon (April 8, 2013).

UM 1654 – Citizens' Utility Board of Oregon's Amended Motion to Compel NW Natural to Respond to CUB's Data Requests

DATED this 25th day of April, 2014.

Respectfully submitted,

J.C.M

G. Catriona McCracken, Attorney #933587 General Counsel/Regulatory Program Dir. Citizens' Utility Board of Oregon 610 SW Broadway Ste 400 Portland, OR 97205 (503) 227-1984 Catriona@oregoncub.org

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TAYLOR Annette M

From:	TAYLOR Annette M	
Sent:	Monday, March 10, 2014 11:53 AM	
То:	TAYLOR Annette M	
Subject:	RE: UM 1654: Request for Expedited Teleconference to Clarify Scope of CUB Dat	
	Requests	

From: Lisa Rackner [mailto:lisa@mcd-law.com] Sent: Monday, March 10, 2014 9:25 AM To: PINES Shani

Cc: <u>dockets@oregoncub.org</u>; <u>efiling@nwnatural.com</u>; <u>tbrooks@cablehuston.com</u>; COLVILLE Erik; <u>bob@oregoncub.org</u>; JONES Jason W; <u>catriona@oregoncub.org</u>; dockets; <u>cstokes@cablehuston.com</u>; <u>mark.thompson@nwnatural.com</u>; King, Onita; <u>keith.white@nwnatural.com</u>; Friedman, Randy; Miller, C. Alex

Subject: UM 1654: Request for Expedited Teleconference to Clarify Scope of CUB Data Requests

Judge Pines:

For the following reasons, NW Natural requests that you schedule a teleconference on an expedited basis to clarify the scope of the post-hearing data requests CUB is permitted to serve in this case.

At the February 3, 2014 hearing, CUB requested and was granted an opportunity to serve posthearing data requests on NW Natural related to new information provided by NW Natural witnesses in response to the Commissioners' questions. At the time, NW Natural sought clarification on the scope of the data requests. Unfortunately, the discussion on the scope of the data requests was held off the record; however, NW Natural recalls your honor agreeing that the scope would be limited.

At the telephone conference held on February 11, 2014, NW Natural again sought clarification on the scope of the data requests CUB would be allowed to serve. While your honor did not go into detail, you did confirm that the Commission did not envision that CUB would be allowed to go on a "fishing expedition." Thus, based on our recollection of your statements at the hearing and again on the telephone conference, NW Natural expected that CUB would be allowed to serve data requests to explore statements made by NW Natural at the hearing regarding matters (a) not covered in NW Natural's written testimony or responses to data requests; and (2) that CUB would not reasonably have been able to inquire about based written testimony or responses to data requests. Moreover, we assumed that the data requests would be modest in number.

On February 6, 2014 we received the attached set of **eighty-one new data requests** from CUBmany of which are multi-part. For reference, prior to this set of post-hearing requests, CUB served only 25 data requests in this case. (The numbering of the post-hearing set, beginning on number ______ is in error.) For the following reasons we believe that the vast majority of them are outside the scope of the ALJ's order.

First, a great number of the data requests ask for information that was contained in our written testimony or responses to data requests: For instance CUB's first post-hearing data request states as follows:

• Please refer to NWN/100 White/5 line 16. Of the \$65 million referenced here how much of that MIST storage has been recalled for core customer use?

The answer to this question is contained in NWN/200, Friedman/5, where Mr. Friedman explains exactly how much MIST storage has been recalled to date. In addition, NW Natural's response to CUB DR 22 provided all documentation regarding those recalls.

Second, many of the data requests ask for information that CUB easily could have asked for prior to the hearing. For instance, CUB's second post-hearing data request is the following:

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- Um 1059- cub motion to conver Attachment A
- Refer to the following web link and the statement contained thereon: <u>https://www.nwnatural.com/AboutNWNatural/RatesAndRegulations/RegulatoryActivities/Mist/</u>

"How is Mist Utilized?

By 2009, a total of 51 reservoirs had been discovered and 71 billion cubic feet (bcf) of natural gas, or about 667 million therms, had been extracted. This gas, called production gas, continues to flow in NW Natural's system each day. Once natural gas was extracted from two of the larger reservoirs, the Flora and Bruer Pools, NW Natural found that it could use them as underground storehouses. Large amounts of natural gas could be injected into these empty reservoirs—which are located in a large body of buried sandstone—and could then be withdrawn as needed."

With regard to the above, and Mr. White and Mr. Friedman's testimony on February 3, 2014 in regard to seven (7) reservoirs at MIST, please provide the following information: a. In what year did NWN commence extraction of production gas from MIST?

- b. What were the production gas revenues at MIST per year over the course of the life of all MIST production gas wells per well? Please provide name, annual production bcf, annual revenue, annual production cost for each well?
- c. How many BCF of production gas are still in production today?
- d. Were all of the production gas wells paid for with ratepayer dollars?

This request also asks for information that CUB easily could have requested prior to the hearing. NW Natural's testimony made it clear that it has constructed and maintains a number of storage reservoirs at MIST. At any point in this case, CUB could have sought the information contained in this request.

In the end, after carefully reviewing each of CUB's data requests, NW Natural believes that 17 of the 81 are fairly within the scope of your instructions.

NW Natural has discussed its concerns about the data requests with CUB. Although CUB generally agrees that the data requests are limited to new information that was elicited at the hearing, CUB believes that all eighty-one of its requests fall within that scope. Based on this discussion, NW Natural has concluded that the parties have an honest disagreement as to whether you intended to permit CUB to ask about any of the information it heard at hearing, or only the new subject matter that it could not reasonably have been expected to inquire about prior to the hearing—or something in between.

If possible, NW Natural would like to avoid litigating the merits of each of the eighty one data requests and therefore requests an informal teleconference for the purpose of clarifying intended scope of the data requests. Such clarification may reduce or eliminate the need for formal motion practice related to the requests. We have discussed this approach with CUB and CUB is agreeable.

Finally, we request that the teleconference be set on an expedited basis, to avoid further delay in the process.

Thank you for your attention to this matter,

Lisa Rackner

Lisa Rackner McDowell Rackner & Gibson 419 SW 11th Ave Portland OR 97204

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UM (1254-CUB motion to conje) Attachment A

Direct: 503 595-3925 Mobile: 503 724-9547 <u>lisa@mcd-law.com</u>

PRIVILEGE AND CONFIDENTIALITY NOTICE: THE INFORMATION CONTAINED IN THIS MESSAGE MAY BE ATTORNEY PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE INDIVIDUALS OR ENTITIES NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERY OF IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU RECEIVED THIS COMMUNICATION IN ERROR, PLEASE IMMEDIATELY NOTIFY ME BY TELEPHONE OR E-MAIL, AND DESTROY THIS MESSAGE. THANK YOU.

UM 1454 - CUB Motion to Compet Attachment B

ISSUED: March 13, 2014

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1654

In the Matter of

RULING

NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL,

Investigation of Interstate Storage and Optimization Sharing.

On March 11, 2014, I held an expedited telephone conference to address a discovery dispute between NW Natural and the Citizens' Utility Board. After reviewing the parties' arguments, I find that data requests resulting from information discussed during the Commission Examination that took place on February 3, 2014 are within the scope of permissible discovery, regardless of whether that information could have been requested prior to the Commission Examination. However, discovery regarding matters that were not discussed at the Commission Examination falls outside the scope of permissible discovery at this stage.

NW Natural requested, and CUB agreed to, additional time to respond to CUB's data requests. I direct the parties to propose a hearing date once NW Natural has responded to CUB's data requests. I also note that no further discovery will be permitted after the hearing.

Dated this 13th day of March, 2014, at Salem, Oregon.

Administrative Law Judge

UM 1654 - CUB Motion to Compel Attachment C



Rates & Regulatory Affairs

Investigation of Interstate Storage and Optimization Sharing UM 1654

Data Request Response

Request No. UM 1654-CUB-DR 33:

Is "Emerald" a separate storage facility? Is Emerald the storage facility being constructed for PGE?

a. If so where is it located?

- b. What is its purpose?
- c. Who is paying for its development?

d. How much is development of Emerald anticipated to cost?

e. What pipeline will feed/be used for extraction of gas from the Emerald storage facility?

f. Where will this pipeline begin?

- g. Where will this pipeline terminate?
- h. When is the pipeline construction anticipated to begin?

i. Who will pay for the building of this pipeline?

j. How many cubic feet of gas will the pipeline be able to carry per second?

Response: 04/10/2014

NW Natural objects to this request as outside the scope of the discovery ordered by the ALJ, and not relevant to UM 1654. Notwithstanding this objection, NW Natural notes that in the past, NW Natural has, in other forums, used the term Emerald to describe the storage project that will serve PGE. NW Natural also notes that the details regarding the storage facility discussed are not yet finalized, and will be the subject of a future proceeding at the OPUC.

UM 1654 - CUB Motion to Compel Attachment C



Rates & Regulatory Affairs

Investigation of Interstate Storage and Optimization Sharing UM 1654

Data Request Response

Request No. UM 1654-CUB-DR 92:

February 3, 2014 Hearing Transcript at page 35, Mr. White discusses how the 53-47 sharing will change due to recall.

a. Does NW Natural currently have a contract with PGE for additional storage associated with PGE's Port Westward 2. If so, please provide a copy of that contract.

Response: 04/10/2014

On page 36 of the transcript, Mr. White explains that recalling Mist capacity changes the 47/53 allocation over time. NW Natural objects to the question presented under subpart "a" because it does not seek information related to the issues in this docket, or to the provisions cited in the request.



Rates & Regulatory Affairs

Investigation of Interstate Storage and Optimization Sharing UM 1654

Data Request Response

Request No. UM 1654-CUB-DR 93:

February 3, 2014 Hearing Transcript at page 92 of the transcript, NW Natural's witness states that the new storage for PGE will not use any shared facilities.

a. Will it be included in the Mist Storage sharing? If yes, please explain how it will impact Mist Storage sharing.

b. Will it's capacity or deliverability be included in storage optimization? If yes, please explain how it will impact Mist Storage optimization sharing.

c. Will it share any staff with NW Natural's core business at Mist?

d. Will any of Mr. White time be allocated to it?

e. How is it being financed and who at NW Natural is involved in obtaining the financing?

f. Is NW Natural tracking the time of all employees who are employed by the utility (core side of the business) to ensure that their time is properly accounted for?

Response: 04/10/2014

NW Natural objects to this question as outside of the scope of permissible discovery. The ALJ's March 13th Ruling clarified that "discovery regarding matters that were not discussed at the Commission Examination falls outside the scope of permissible discovery at this stage." None of the items about which this question seeks information were discussed at the hearing. Additionally, this question asks about materials that have not yet been developed or presented for Commission review, and which will be the subject of future processes at the OPUC.

BEFORE THE ENERGY FACILITY SITING COUNCIL OF THE STATE OF OREGON

Petition by NW Natural Gas Company for Declaratory Ruling (ORS 183.410; OAR Ch. 137, Division 2)

Regarding Application to Amend Site Certificate Agreement for the Mist Natural Gas Storage Site

April 8, 2013

Introduction and Summary of Petition

Northwest Natural Gas Company (NWN) owns and operates the Mist Underground Natural Gas Storage Facility, located in Columbia County, Oregon (Mist Site or Mist Facility). The State of Oregon, through the Energy Facility Siting Council (EFSC), issued the Site Certificate authorizing the Mist Site on September 30, 1981, and the Mist Site has been in service since 1989. Since 1981, EFSC has approved nine substantive amendments to the Site Certificate that have authorized changes to and the expansion of the Mist Site. On May 30, 2008, EFSC issued its "Final Order Consolidating the Original Site Certificate and Amendments I through 9." The Consolidated Site Certificate (Amendment No. 10) preserved all of the conditions and substantive requirements of the original Site Certificate and nine previous amendments, while reconciling potentially conflicting conditions and synchronizing the Site Certificate with current regulatory standards. Attached to this Petition is a "Site Certificate and Amendment History Summary." (Attachment 1.)

In working with the Oregon Department of Energy and EFSC in the Consolidated Site Certificate, NWN's goal was to provide a sound foundation for the ongoing operation, growth and development of the Mist Facility. As noted by the Council in its Final Order for Amendment 10, "[t]he Mist underground storage facility provides NWN with a means of balancing relatively constant gas supplies with widely fluctuating load requirements." As demonstrated over the prior nine substantive amendments, the Mist Site is an important resource to NWN and its customers, and is one of only two operating underground natural gas storage facilities in the Northwest. Over its more than 30-year history, NWN has significantly expanded the Mist Site through the EFSC amendment process. NWN intends to do so again, and in this Petition for Declaratory Ruling, seeks EFSC's confirmation that the proposed Amendment No. 11 is permissible through the amendment process.

This Petition does not request EFSC's consideration of any substantive issues regarding proposed Amendment No. 11, and only asks that EFSC issue a Declaratory Ruling concerning the process for seeking Siting Council approval of the Mist Site expansion to be proposed in the future. NWN believes that the applicable statutes and rules fully authorize the ongoing expansion of the Mist Site, including the expansion to be proposed in Amendment No. 11. However, given EFSC's current consideration of its amendment rules and NWN's inclusion of a

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new transmission pipeline as an essential, related and supporting facility, it is imperative that NWN have a clear understanding of the process for pursuing Amendment No. 11 at this time in accordance with EFSC's statutory authorities.

1. Applicable Statutes and Rules

ORS 469.300(11)(a)(E), (I), (24), (25) and (29) (Definitions of Energy Facilities);

ORS 469.320(5) (Site Certificate Required; Exceptions);

OAR 345-001-0010(51) (Definitions: "Related or supporting facilities")

2. Statement of Facts; Petitioner's Interest

Petitioner is NWN. As the owner and operator of the Mist Facility, and signatory party to the Mist Natural Gas Storage Site Certificate, as amended, NWN has a clear interest in achieving a declaratory ruling concerning the ongoing amendment process for the Mist Site Certificate.

As noted above, NWN has used the EFSC amendment process nine times to modify and expand the Storage Facility and its Site boundary, including the installation and upgrades to compressor stations and pipelines connecting the facilities and the installation of both surface and buried facilities. After the Council approved Amendment No. 9, ODOE staff requested that NWN propose and seek Council approval of a single, consolidated Site Certificate, as a platform for future Mist Facility expansions, and to establish a uniform list of Project findings and conditions for this unique facility to facilitate agency monitoring of conditions, and overall Project management. As part of Amendment No. 10, NWN abandoned the amendment process codified in the Site Certificate, and "opted in" to EFSC's OAR 345 Division 27 amendment process and rules. By opting in to EFSC's current amendment rules, NWN agreed to meet EFSC's objectives for a more clear and well-understood procedural approach to Facility modifications and Site expansions proposed to meet operational needs and market demands.

2.1 **Project Description**

The Mist Facility has been in service since 1989 and has been expanded multiple times. Currently seven reservoirs have been developed for underground storage service with a combined working gas capacity of 15.9 Bcf and maximum deliverability of 515 MMscfd (million standard cubic feet per day). Installed compression equipment totals 15,200 Bhp (brake horsepower).

Five additional producing reservoirs within the Mist Field (not currently included within the Mist Site) have been identified as having the proper characteristics for future development for underground storage service. All five of these reservoirs are in the later stages of primary production and could be developed for underground storage service as the market demand increases, either individually or in various combinations to achieve the desired working gas and deliverability addition. The existing permitted storage area consists of approximately 2,828 acres. NWN plans to propose to expand the Site boundary to accommodate the expansion of

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facilities described in this Petition to include the Adams and Newton reservoirs and provide for future expansion involving the additional three reservoirs. Similar to the previous expansion as part of Site Certificate Amendments Nos. 4 and 6 where the Calvin Creek reservoir was added, nearly doubling the size of the site boundary, this proposed expansion of 2,644 acres will nearly double the size again and provide for future development subject to approval of additional site certificate amendment requests. The expansion area would be merged into the EFSCjurisdictional facility site boundary, as a single, unified energy facility. Attachment 2 is a map depicting the existing approved site boundary and the proposed expansion area.

NWN will be proposing to amend the Site Certificate to expand the Site boundary to include the five new storage reservoirs. The proposed Project will develop new underground gas storage capacity through the development of new reservoir facilities capable of delivering up to 200 MMscfd to the Beaver terminus of the Kelso Beaver (KB) Pipeline, and new pipeline capacity to accommodate current needs and reasonably foreseeable future customer load requirements. This capacity will serve peak and flexible gas supply immediate needs for PGE's electric generation facilities near Clatskanie, Oregon and other large industrial or manufacturing customers who choose to connect along the pipeline route, or request interstate services through the KB Pipeline.¹ The current Mist Facility is fully subscribed and cannot meet PGE's immediate needs or any substantial future customer needs, necessitating expansion. As described below, similar to the approach approved by the Council in Amendment No. 4, Amendment No. 11 will provide a sufficient Site expansion area for the ongoing growth and development of the Mist Facility to meet both immediate needs, and provide the platform for ongoing modifications and expansions as additional customer needs arise.

The proposed expansion subject to Amendment No. 11 will increase the combined Mist storage peak day delivery capability to 685 MMscfd. The operations of the expanded capacity will be integrated into the existing facility so that they are maintained, controlled and monitored on a unified basis. As such, the following facilities will be required:

A. Reservoir Developments

The Project will require development of multiple high-capacity injection/withdrawal wells sufficient to deliver the 200 MMscfd design flow requirements. The area where the reservoirs are located has been mapped utilizing a three-dimensional seismic survey and other subsurface data from multiple exploratory and production wells drilled in the area. Subsurface development of the reservoirs will be very similar to those reservoirs currently in service.

The reservoirs will be developed from drill sites located near the reservoirs using high-angle directional and horizontal injection/withdrawal (I/W) wells. These wells are designed for high flow rates without damaging the storage formation or the installed subsurface equipment.

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¹ The KB Pipeline is subject to the exclusive jurisdiction of the FERC.

Following is a summary of the reservoirs proposed for development:

	Deliverability (MMscfd)	Number of I/W wells
Adams	140	4
Newton	. 60	2

The drill sites will be adjacent to the compressor station sites. NWN will also drill one new observation/monitoring (OM) well for each reservoir on separate sites and re-complete and convert the existing production wells to OM wells. These wells will be used to observe water movement within the reservoir and monitor potential underground spill points² of the reservoir.

B. <u>New Compressor Stations</u>

The existing Miller Station compressor facility is at capacity and expansion would be very difficult and cost prohibitive. For this reason, up to two satellite compressor facilities are planned to be developed on up to 10-acre parcels that will be located as close as practical to the reservoirs served. The new North Mist Compressor Station will serve the Adams reservoir, and the new West Mist Compressor Station will serve the Newton reservoir. Either of these compressor stations could be equipped to handle gas for more than one reservoir in the future. The new compressor facilities will have the capability to not only compress the gas for injection into the reservoir, but also to measure and control the gas flow and dehydrate and odorize the gas as needed during withdrawal. The proposed compressor facilities will have total installed compression of approximately 6,000 Bhp provided by a minimum of two gas-fired compressors, at least one compressor per compressor station.

Operations of the Storage Facility will be integrated such that they will be monitored and remotely controlled by trained operators at Miller Station approximately five miles away. The two new compressor stations will be constructed so as to not need staffing 24 hours per day during routine operations. Surveillance and intrusion detection systems will be in place to monitor the security of the remote facilities, and fire detection and suppression systems will be installed within the compressor stations. In addition to Miller Station's 24-hour-perday monitoring, NWN Gas Control located in Portland, Oregon will continue to provide additional monitoring of the newly integrated facilities on a 24-hour basis. Communication and electric utility service will be provided by the extension of these systems serving Miller

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² "Spill points" for an underground storage reservoir are those areas where a reservoir is most likely to leak from one formation to another if it is filled beyond its capacity. Fill volumes are monitored closely so this is not likely to occur and create a hazard at the surface, but it could lead to loss of the stored natural gas from the storage reservoir.

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Station. NWN anticipates proposing electrical distribution lines (likely underground) and telemetry equipment as elements of Amendment No. 11, in order to fully integrate the new compressor stations into the Storage Facility, tied directly to Miller Station. Additionally, the access roads will be improved and/or proposed as elements of the amendment.

The proposal takes advantage of the existing Miller Station's capabilities as a central "hub" to operate and serve the additional storage reservoirs in a unified fashion, consistent with the Mist Site's prior permits and EFSC approvals. The Consolidated Site Certificate approved by Amendment No. 10 provides a platform for this process, as anticipated by ODOE and NWN in 2008.

C. Gathering Pipelines

Each new reservoir will require one or more natural gas gathering pipelines to connect the newly developed injection/withdrawal wells to its associated compressor station. These high-pressure pipelines are designed to operate at pressures sufficient for the injection of gas into the reservoir at the maximum design injection pressure. Sizes range from 4" to 12" depending on the design flowrate. NWN will maintain a permanent right-of-way approximately 40 feet wide in the area above the pipeline for maintenance and safety. Gathering pipelines that are buried below ground will have a minimum depth of cover of four feet.

D. Transmission Pipeline

The existing Mist Site is connected to NWN's gas transmission network in Oregon by three separate pipelines: the 12" North Mist Feeder, the 16" South Mist Feeder and the 24" South Mist Pipeline Extension (SMPE). During periods of peak withdrawal these pipelines operate at full capacity to deliver up to 515 MMscfd of storage gas from the Mist Facility to the marketplace. Thus, the existing transmission pipeline system does not have the capacity to meet the natural gas transmission needs associated with the proposed Mist Site expansion. For this reason NWN will build a new natural gas transmission pipeline up to 30" in diameter that will provide additional capacity for the expanded Storage Facility to deliver natural gas into the gas transmission network within Oregon. NWN proposes to expand the EFSC-jurisdictional site boundary to include the pipeline corridor.

The new transmission pipeline will traverse generally north from the Storage Facility, paralleling the original 12" North Mist Feeder pipeline where it is practical to do so, then extending to the northeast past the terminus of that pipeline for an additional six miles to the pipeline network at the Beaver end of the KB pipeline just south of the Columbia River. The total pipeline distance will be approximately 15 miles. In order to minimize impacts to natural resources and agricultural lands, a significant portion of the transmission pipeline will

be installed utilizing horizontal directional drilling (HDD) methods. The likely transmission pipeline corridor location is shown on Attachment 3.

NWN will acquire easements from landowners along the pipeline route. Construction rightsof-way will require easements up to 120 feet in width, with permanent rights-of-way of approximately 40 feet.³ To avoid areas where slope stability is a concern, NWN will conduct a geotechnical review of a preliminary route. Based on the study results NWN will then realign the pipeline right-of-way, and/or implement engineering and construction methods and practices, in order to avoid or mitigate geotechnical hazards. Similarly NWN will conduct a cultural and environmental review in accordance with existing regulations and industry practices to ensure that there will be no significant adverse impacts to any cultural or environmental resources. NWN will work closely with all relevant regulatory and permitting agencies during construction to satisfy all applicable regulatory and permitting requirements.

3. Propositions of Law

NWN proposes to pursue the long-standing procedure established for the Mist Facility for seeking EFSC approval of storage facility modifications and expansions. Further, NWN will address all applicable local land use ordinances and DOGAMI permitting requirements⁴ in its amendment application. Applicable EFSC statutes demonstrate that an amendment is the correct procedural approach, as the law favors a unified, consolidated approach to permitting and regulating underground natural gas storage facilities, along with all related or supporting facilities.

3.1 The Statutory Definition of "Energy Facility" Necessitates Considering the Transmission Pipeline a "Related or Supporting Facility" for the Mist Site Expansion

EFSC's response to NWN's Mist Site expansion request will be governed by the following statutory provisions, which define "energy facilities" that are subject to EFSC jurisdiction:

ORS 469.300 Definitions [Excerpts-deleted text denoted in "* * *"].

³ NWN will propose a "study corridor" for Council approval, with dimensions in accordance with applicable Council rules. The corridor will be of sufficient dimension to enable NWN to determine final pipeline locations to best minimize natural resource, cultural and agricultural impacts, while also meeting engineering feasibility, construction and safety considerations.

⁴ DOGAMI has sole jurisdiction and authority to authorize all below ground elements of the injection wells, including underground storage reservoirs; the injection, withdrawal or monitoring wells; and individual wellhead equipment. EFSC's authority extends to surface facilities, and related or supporting facilities associated with surface facilities, such as underground pipelines.

As used in ORS 469.300 to 469.563, 469.590 to 469.619, 469.930 and 469.992, unless the context requires otherwise: * *

(11)(a) "Energy facility" means any of the following: ***

(E) A pipeline that is: * * *

(ii) At least 16 inches in diameter, and five or more miles in length, used for the transportation of natural or synthetic gas, * * *

(I) A <u>surface facility</u> related to an underground gas storage reservoir that, at design injection or withdrawal rates, will receive or deliver more than 50 million cubic feet of natural or synthetic gas per day, or require more than 4,000 horsepower of natural gas compression to operate, but <u>excluding</u>:

(i) <u>The underground storage reservoir</u>;

(ii) The <u>injection</u>, withdrawal or monitoring wells and individual wellhead equipment; and

(iii) An <u>underground gas storage reservoir</u> into which gas is injected solely for testing or reservoir maintenance purposes or to facilitate the secondary recovery of oil or other hydrocarbons. * * *

(24) "Related or supporting facilities" means any structure, proposed by the applicant, to be constructed or substantially modified in connection with the construction of an energy facility, including associated * * * pipelines * * *. "Related or supporting facilities" does not include geothermal or underground gas storage reservoirs, production, injection or monitoring wells or wellhead equipment or pumps.

(25) "Site" means any proposed location of an energy facility and related or supporting facilities. * * *

(29) "Underground gas storage reservoir" means any subsurface sand, strata, formation, aquifer, cavern or void, whether natural or artificially created, suitable for the injection, storage and withdrawal of natural gas or other gaseous substances. "Underground gas storage reservoir" includes a pool as defined in ORS 520.005. [Emphasis added]

RESPONSE: NWN will propose to expand the Site boundary for the Mist Site. EFSC has jurisdiction to approve only surface facilities associated with underground natural gas storage reservoirs (DOGAMI has exclusive authority to authorize the reservoir itself, along with wells and wellhead equipment). Pipelines, including gathering pipelines, are considered related or supporting facilities associated with the Mist Facility. The statute does not differentiate between gathering pipelines and transmission pipelines, as related or supporting facilities that are "connected" to an energy facility. The compressor stations, gathering pipelines and transmission pipeline are all integral to the expansion proposal, and are all necessary facilities.

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Through the prior amendments, the Council has repeatedly approved gathering pipelines as necessary, related or supporting facilities for the Mist Facility. In approving Amendment Nos. 4 and 6, the Council approved both the nearly doubling of the size of the then-existing Mist Site, as well as two 2.35-mile-long, 16" gathering pipelines, installed to connect the existing (certificated) Site to the new reservoir (the "Calvin Creek" reservoir).

As to the transmission pipeline, as noted above, there is insufficient capacity in the existing transmission pipeline system to accommodate known and likely future customer needs. Hence, the transmission pipeline is both a necessary component of the Mist Site expansion and would not be proposed or constructed "but for" the Mist Site expansion.⁵ In accordance with ORS 469.300, an underground natural gas storage reservoir cannot be a related and supporting facility for a gathering or transmission pipeline, nor does such an application of the statute make any sense as related to the proposed expansion. In contrast, a pipeline (whether a gathering pipeline or a transmission pipeline) is, by definition, a typical related or supporting facility for an energy facility—especially an underground natural gas storage facility.

3.2 ORS 469.320 Explicitly Exempts Council-Certified Surface Facilities Related to Underground Gas Storage Reservoirs from the Requirement for a New Site Certificate.

ORS 469.320 prohibits the construction or expansion of energy facilities without issuance of a Site Certificate, with certain very limited exceptions. The statute explicitly authorizes the expansion of an existing Council-certified surface facility related to an underground gas storage reservoir *without* a new Site Certificate, so long as the existing site certificate is amended to authorize the expansion:

ORS 469.320 Site certificate required; exceptions. [Excerpts--deleted text denoted in "* * *"]

(1) Except as provided in subsections (2) and (5) of this section, no facility shall be constructed or expanded unless a site certificate has been issued for the site thereof in the manner provided in ORS 469.300 to 469.563, 469.590 to 469.619, 469.930 and 469.992. No facility shall be constructed or operated except in conformity with the requirements of ORS 469.300 to 469.563, 469.590 to 469.619, 469.930 and 469.992. * * *

(5) Notwithstanding subsection (1) of this section, a separate site certificate shall not be required for:

⁵ OAR 345-001-0010(51) ("Related or supporting facilities' as defined in ORS 469.300. The Council interprets the terms 'proposed to be built in connection with' as meaning that a structure is a related or supporting facility if it would not be built but for construction or operation of the energy facility. 'Related or supporting facilities' does not include any structure existing prior to construction of the energy facility, unless such structure must be significantly modified solely to serve the energy facility.").

(a) Transmission lines, storage facilities, <u>pipelines</u> or similar related or supporting facilities, <u>if such related or supporting facilities are addressed in and are subject to a site certificate for another energy facility;</u>

(b) Expansion within the site or within the energy generation area of a facility for which a site certificate has been issued, if the existing site certificate has been amended to authorize expansion; or

(c) Expansion, either within the site or outside the site, of an existing council certified surface facility related to an underground gas storage reservoir, if the existing site certificate is amended to authorize expansion. [Emphasis added]

RESPONSE: Pursuant to the definitions in ORS 469.320, an underground storage reservoir cannot be a related and supporting facility for a pipeline. A pipeline by definition is a typical related or supporting facility for an energy facility (including a gas storage reservoir). As the amendment history for the Mist Site demonstrates, the Council has treated gathering pipelines as related or supporting facilities for the Mist Facility, and has included the pipelines within the Council-certified energy facility site. ORS 469.320(5) explicitly excludes expansion of Council-certified expansions to surface facilities associated with underground natural gas storage facilities from the requirement of a new Site Certificate. This includes expansions "either within the site or outside the site." Hence, the question is how EFSC should address the transmission pipeline, and whether there is any authority pursuant to ORS 469.300 and .320 to differentiate between gathering pipelines and transmission pipelines, if such facilities are by definition "related or supporting facilities" in accordance with statutory and regulatory definitions.

The gathering pipelines and the transmission pipeline each fall squarely within the definition of ORS 469.300 as a "related and supporting facility." Moreover, in accordance with OAR 345-001-0010(51) the transmission pipeline would not be constructed "but for" the Storage Facility expansion. All elements of the proposed expanded facility—the compressor stations, gathering pipelines and transmission pipeline—are integral and essential to the ongoing operation of the Mist Site, which is currently and will be operated as a single, unified energy facility, in accordance with EFSC's statutory and regulatory authority. The expansion is needed immediately to provide a reliable and sufficient source of natural gas to PGE's Port Westward facilities. It will be constructed, owned and operated by NWN as an integral component of NWN's storage services, and is of sufficient dimensions and capacity for use by other potential and likely future industrial, intrastate and interstate storage customers. NWN proposes to install a transmission pipeline of adequate size to avoid the need for additional transmission pipelines or future replacement for the foreseeable future, in order to serve existing and likely future customer needs.⁶

⁶ Similar to long-distance high-voltage electrical transmission lines, natural gas pipelines cannot reasonably be permitted at a size and capacity to meet only customer needs at a fixed point in time. Like electrical transmission lines, if natural gas pipelines were authorized to fulfill only short-term, immediate customer needs, the outcome would be the proliferation of natural gas pipelines. NWN's proposal should avoid future construction of additional transmission pipelines to serve the Mist Field for the foreseeable future.

In summary, applicable statutes and rules explicitly authorize the expansion of the Mist Site through amendment. All pipelines—including gathering pipelines and the transmission pipeline—are related or supporting facilities to be included within the Site boundary, and should be approved along with the Mist Site expansion. The Mist Facility is now and will in the future be a single, integrated energy facility, operated and controlled through a single surface facility (Miller Station), owned and operated by NWN, with 24-hour monitoring through NWN's Gas Control located in Portland. Pursuant to the approach taken by NWN, ODOE and EFSC with the Consolidated Site Certificate (Amendment No. 10), a single, uniform regulatory approval (Site Certificate) is necessary and appropriate, both operationally and for ongoing enforcement purposes, and is the legally appropriate mechanism for processing Amendment No. 11.

4. Questions Presented

The sole question presented is whether EFSC will consider the expansion of the Mist Site, as described above, through the amendment process, versus requiring a new Application for Site Certificate (ASC) for the expansion of the Mist Site or any related or supporting facility proposed for the Mist Site expansion.

5. Relief Requested

NWN requests confirmation from EFSC that NWN is authorized to seek an amendment to the Site Certificate for the Storage Facility, including all related or supporting facilities, with specific authorization for the transmission pipeline. The use of the amendment process will be subject to NWN's stipulation to extended review pursuant to OAR 345-027-0070.

6. Name and Address of Petitioner

NW Natural Gas Co:

David A. Weber, President and CEO NW Natural Gas Storage, LLC Gill Ranch Storage, LLC 220 NW Second Avenue Portland, OR 97209 Office: 503.220.2405 FAX: 503.721.2490 dweber.nwngs@nwnatural.com

Petitioner's Legal Counsel:

Timothy L. McMahan, STOEL RIVES LLP 900 SW Fifth Ave, Suite 2600, Portland, OR 97204-1268 (503) 294-9517

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NW Natural Attachment D

Site Certificate and Amendment History Summary

September 30, 1981 – Original Site Certificate

• Issued to Oregon Natural Gas Development

October 24, 1987 - Amendment 1

• Site map and conditions for monitoring

August 2, 1988 - Amendment 2

• Site map for addition of monitoring well

September 21, 1990 - Amendment 3

- Replace two wells
- Add two wells
- Transfer ownership from ONGD to NW Natural Gas

July 21, 1997 - Amendment 4

- Enlarge site boundary
- Develop Calvin Creek area
- Replace two reciprocating engines with one turbine
- Throughput to 145MMcfd

March 13, 1998 – Amendment 5

• Replace Site Certificate amendment process in section VII of Site Certificate with those of OAR 345 Division 7

March 30, 1999 - Amendment 6

- Develop additional storage in Calvin Creek area
- Increase throughput from 145 MMcfd to 190 MMcfd

November 17, 2000 - Amendment 7

• Increase throughput from 190 MMcfd to 245 MMcfd

October 26, 2001 - Amendment 8

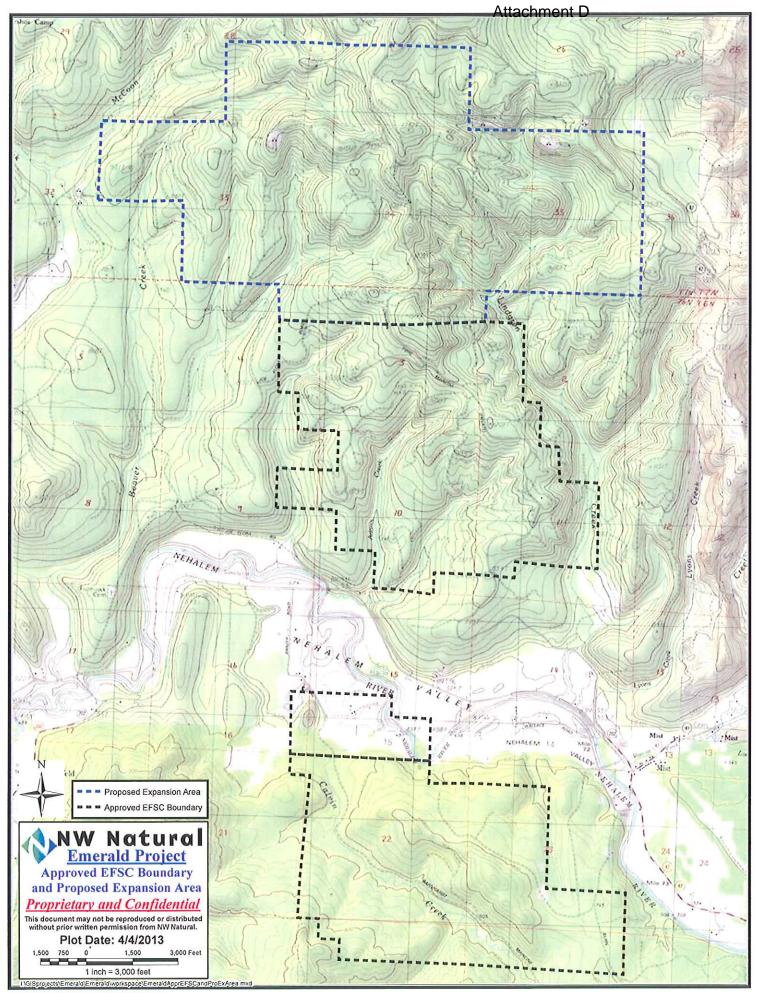
- Increase throughput from 245 MMcfd to 317 MMcfd
- Install additional turbine
- Install new injection/withdrawal well

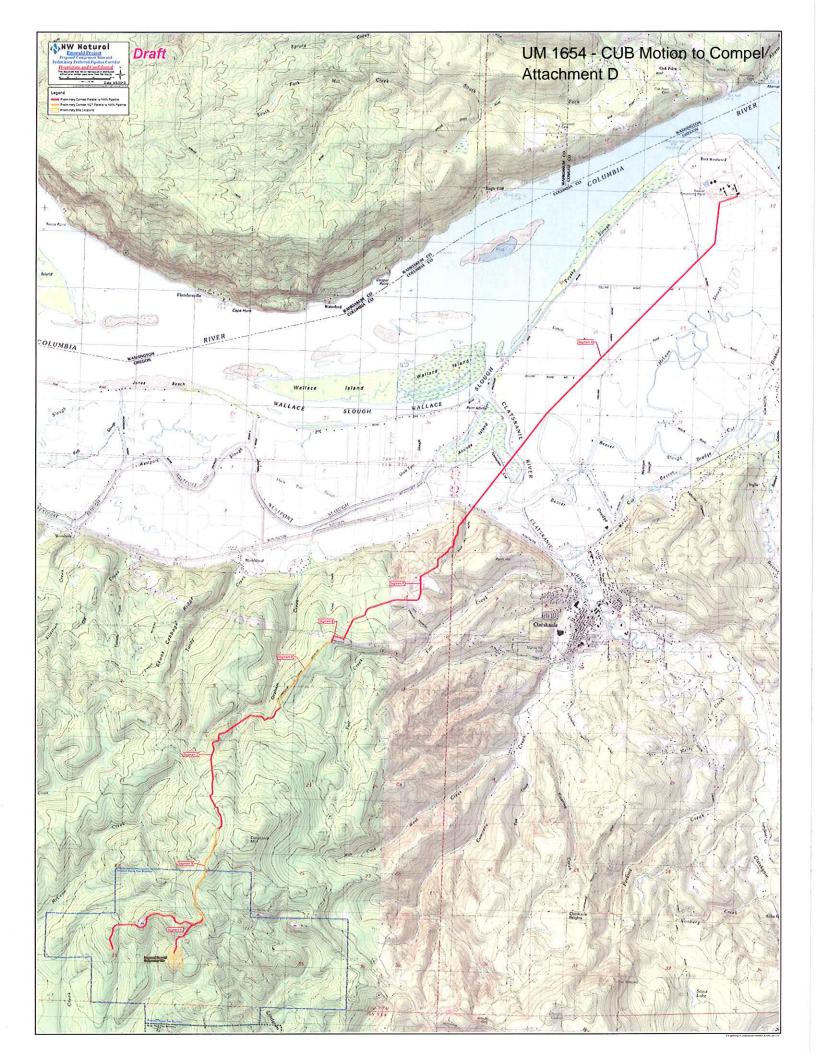
December 5, 2003 - Amendment 9

- Increase throughput from 317 MMcfd to 515 MMcfd
- Terminate vibration monitoring created in Amendment 1
- Installation of new dehydration facility
- Installation of gas monitoring equipment

May 30, 2008 – Amendment 10

- Consolidation of Amendments 1-9, update Site Certificate to reflect current statutes
- Delete outdated conditions
- Update maps
- Eliminate inconsistencies between documents





UM 1654 - CUB Motion to Compel Attachment D



> TIMOTHY L. MCMAHAN Direct (503) 294-9517 tlmcmahan@stoel.com

April 18, 2013

STOEL

ATTORNEYS AT LAW

VES

Todd R. Cornett Siting Division Administrator Oregon Department of Energy 625 Marion Street NE Salem, OR 97301-3742

Re: Supplement to Petition by Northwest Natural Gas Company for Declaratory Ruling

Dear Todd:

I am submitting this letter as authorized legal counsel to Northwest Natural Gas Co. (NWN). Please consider this letter a supplement to the petition filed by NWN on April 8, 2013, requesting a declaratory ruling from the Energy Facility Siting Council.

For purposes of providing public notification for the Petition for Declaratory Ruling, NWN requests that the department provide public notification in accordance with the notification requirements for a request to amend a site certificate, set forth in OAR 345-027-0060(1)(g), which references the mailing addresses of owners of property as set forth in OAR 345-021-0010(1)(f), as well as the general mailing list of the council, pursuant to OAR 345-011-0020. NWN is in the process of assembling the property owner list.

We appreciate your attention to this matter.

AcMahan T∕imothy TLM/kct Cc: ₩II via Email:

David Weber Todd Thomas Michael Hayward Bruce Giesman Renee France, DOJ

UM 1654 – CERTIFICATE OF SERVICE

I hereby certify that, on this 28th day of April, 2014, I served the foregoing **Citizens' Utility Board of Oregon's Amended Motion to Compel NW Natural to Respond to CUB's Data Requests** in docket UM 1654 upon each party listed in the UM 1654 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending one original and two copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

W CABLE HUSTON BENEDICT

C HAAGENSEN & LLOYD TOMMY A BROOKS (HC) 1001 SW FIFTH AVE, STE 2000 PORTLAND OR 97204-1136 tbrooks@cablehuston.com

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(C denotes service of Confidential material authorized)

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UM 1654 - Certificate of Service - Citizens' Utility Board of Oregon's Amended Motion to Compel NW Natural to Respond to CUB's Data Requests

Respectfully submitted,

Smmufenyut

Sommer Templet, OSB #105260 Staff Attorney Citizens' Utility Board of Oregon 610 SW Broadway, Ste. 400 Portland, OR 97205 (503) 227-1984 phone (503) 224-2596 fax sommer@oregoncub.org