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December 13, 2013

**VIA ELECTRONIC FILING & U.S. MAIL**

Oregon Public Utility Commission  
Attn: Filing Center  
3930 Fairview Industrial Drive SE  
PO Box 1088  
Salem, OR 97308

Re: In the Matter of Northwest Natural Gas Company dba NW Natural: Investigation  
into Schedule H, Large Volume Non-Residential High Pressure Gas Service Rider  
**Docket No. UG 266**

Dear Filing Center:

Enclosed please find the original and five (5) copies of the NORTHWEST  
INDUSTRIAL GAS USERS' POST-HEARING BRIEF in the above-referenced docket.

Thank you for your assistance with this filing. Should you have any questions, please  
feel free to contact me.

Very truly yours,

  
Tommy A. Brooks

TAB:sk  
Enclosures

cc: UG 266 Service List

1 **BEFORE THE PUBLIC UTILITY COMMISSION**

2 **OF OREGON**

3 **UG-266**

4 In the Matter of

5 NORTHWEST NATURAL GAS  
6 COMPANY, dba NW NATURAL

7 Investigation into Schedule H, Large  
8 Volume Non-Residential High Pressure  
9 Gas Service Rider.

NORTHWEST INDUSTRIAL GAS  
USERS' POST-HEARING BRIEF

10  
11  
12 Pursuant to Administrative Law Judge Allan J. Arlow's Prehearing Conference  
13 Memorandum dated October 31, 2013, Northwest Industrial Gas Users ("NWIGU")  
14 submits this post-hearing brief.

15 **Introduction**

16 The Public Utility Commission of Oregon ("Commission") has a sufficient basis  
17 to approve Northwest Natural Gas Company's ("NW Natural") proposal to establish  
18 High Pressure Gas Service ("HPGS") as proposed, but only if the approval includes the  
19 protections NW Natural has proposed to ensure all costs of the program are accounted for  
20 and paid for only by HPGS customers.

21 **Argument**

22 Early on in this proceeding, NWIGU expressed concern that approval of NW  
23 Natural's HPGS tariff could negatively impact existing ratepayers through intentional or  
24 even unintentional subsidies by non-HPGS customers. In response to that concern, NW  
25 Natural agreed that it will track all staff time spent on the HPGS program for the first  
26 year, meet with stakeholders to discuss actual costs, and propose changes to the tariff in

1 order to adjust the Administrative Services Charge up or down as necessary to reflect  
2 actual costs.<sup>1</sup>

3 NW Natural's agreement to track the programs actual costs, including first time  
4 costs,<sup>2</sup> is important. The HPGS schedule will implement a new program and NW  
5 Natural's estimated costs of the program are likely to change, up or down, as NW Natural  
6 gains experience implementing the program.<sup>3</sup> The Commission should therefore require  
7 a clear mechanism to adjust the charges after the company has gained experience in  
8 providing the service.<sup>4</sup>

9 Assuming the Commission makes clear in its order that NW Natural will be  
10 required to make adjustments to the HPGS schedule to reflect actual costs, and to protect  
11 any subsidies of that service, there is sufficient reason to allow NW Natural to offer this  
12 service. First, NW Natural's HPGS will facilitate energy consumers ability to switch  
13 from oil to natural gas as a way to address concerns about carbon dioxide emissions and  
14 emissions of air pollutants.<sup>5</sup> Natural gas emits nearly 30 percent less carbon dioxide than  
15 oil and air toxins such as sulfur dioxide, mercury and particulates are nearly non-existent  
16 when burning natural gas.<sup>6</sup>

17 Second, allowing NW Natural to provide this service should also result in  
18 significant environmental and economic gains in the transportation sector. Specifically,  
19 the economics of natural gas vehicles are superior to gasoline and electric cars in that the  
20 cost of natural gas to drive one mile is about 4 cents compared to the current cost of 10  
21 cents per mile for gasoline (more if gasoline prices rise) or to the battery replacement cost  
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23  
24

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25 <sup>1</sup> NWN/200, Summers/19 at lines 22-24.

<sup>2</sup> Id. at lines 2-9.

<sup>3</sup> NWIGU/100, Finklea/2 at lines 6-8.

<sup>4</sup> Id. at lines 8-9.

<sup>5</sup> Id. at lines 14-15.

<sup>6</sup> Id. at lines 23-25.

1 of 44 to 75 cents per mile.<sup>7</sup> Moreover, natural gas tanks are much cheaper than batteries  
2 and unlike batteries do not require replacement after 500 refills.<sup>8</sup>

3 In approving NW Natural's proposal, the Commission does not have to first  
4 determine that there is a net benefit to existing customers. For the customers of the new  
5 service to provide a net benefit to existing customers, the customers of the new service  
6 would have to be charged more than the cost of providing the new service. In other  
7 words, the customers of the new service would have to subsidize existing customers.  
8 Such a subsidization would undermine NW Natural's efforts to ensure that all costs of the  
9 HGPS program are borne by the customers that use that service and only by those  
10 customers.

### 11 CONCLUSION

12 For the reasons stated, if the Commission approves NW Natural's proposal, it  
13 should do so only if the approval includes the protections NW Natural has proposed to  
14 ensure all costs of the program are accounted for and paid for only by HPGS customers.

15  
16  
17 Dated: December 13, 2013



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Northwest Industrial Gas Users

26  
<sup>7</sup> NWIGU/100, Finklea/3 at lines 11-13.

<sup>8</sup> Id. at lines 14-15.

## CERTIFICATE OF SERVICE

I CERTIFY that I have on this day served the foregoing document upon all parties of record in this proceeding via electronic mail and/or by mailing a copy properly addressed with first class postage prepaid.

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Dated in Portland, Oregon, this 13<sup>th</sup> day of December 2013.



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