

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1744

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURAL,

Application for Approval of an Emission
Reduction Program.

RULING

DISPOSITION: SETTLEMENT NEGOTIATIONS REQUESTED

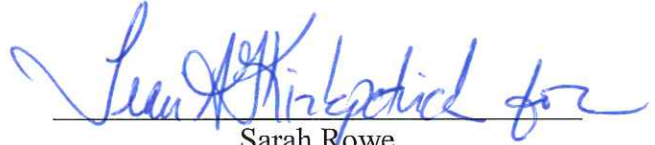
On December 18, 2015, we held a hearing in this proceeding and during cross-examination NW Natural agreed to revise an element of its combined heat and power (CHP) proposal. Due to this new information, the company is asked to clarify its final position in its post-hearing brief. Parties will be able to respond to any changed information in their post-hearing briefs. In the meantime, NW Natural is encouraged to engage with parties in another round of settlement negotiations.

In addition to clarifying its final position in its post-hearing brief, I also ask NW Natural to address the below points. These questions came from the bench at hearing, and while they were generally answered at hearing, I ask the company to include the information in its post-hearing brief so that the answers are in the written record and parties may respond in their post-hearing briefs.

- NW Natural stated that its intent is to adjust the eGRID values as they are updated, and then to make corresponding changes to the participant incentive to continue to target a three to four year payback. Please further explain how the eGRID value will be updated, and whether the company anticipates corresponding changes to the customer or company incentives.
- Please explain how the net customer benefit (identified as \$624,000 in year one) will flow to customers, in year one and in subsequent years. Please quantify and explain how the customer benefit will impact rates through the annual purchased gas adjustment (PGA) filings and through a rate case.
- Please explain NW Natural's request for \$2.4 million in company incentives under the base case scenario.

- Please update the status of the Oregon Department of Energy CHP solicitation and explain how that program is funded and how the timing of that program is tied to the timing of NW Natural's proposal.

Dated this 22nd day of December, 2015, at Salem, Oregon.



Sarah Rowe
Administrative Law Judge