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November 26, 2013

Attention: Filing Center  
Public Utility Commission of Oregon  
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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*  
OPUC Docket No.: UG 266  
DOJ File No.: 330030-GN0422-13

Enclosed for filing with the Commission today are an original and five copies of the Oregon Department of Energy's Direct Testimony of Julie Peacock Williamson in the above-captioned matter.

Sincerely,

Renee M. France  
Senior Assistant Attorney General  
Natural Resources Section

Enclosures  
RMF:jrs/#4813010  
c: UG 266 Service list

DOCKET NO. UG 266  
EXHIBIT: ODOE/100  
WITNESS: JULIE PEACOCK WILLIAMSON

**Before the  
PUBLIC UTILITY COMMISSION OF OREGON**

**OREGON DEPARTMENT OF ENERGY**

**Direct testimony of Julie Peacock Williamson**

**November 27, 2013**

1 **Q. Please state your name and position with the Oregon Department of**  
2 **Energy.**

3 A. My name is Julie Peacock Williamson. I am an Energy Data and Policy  
4 Analyst at the department. I am also the Co-Coordinator of the Columbia-  
5 Willamette Clean Cities Coalition (CWCCC). CWCCC's a non-profit  
6 organization dedicated to reducing the use of petroleum as a transportation  
7 fuel. CWCCC works one on one with fleets to help them overcome the  
8 obstacles of converting to alternative fuels whether that be related to  
9 infrastructure or vehicle technology.

10 **Q. Please summarize your educational background and experience.**

11 A. I have a Bachelor of Arts in Political Science and Public Policy from North  
12 Carolina State University in Raleigh, North Carolina; and a Master of Public  
13 Affairs in Environmental Policy and Natural Resource Management from  
14 Indiana University in Bloomington, Indiana. I have been an Energy Policy  
15 Analyst at the department for two years where my work has focused on  
16 transportation policy including alternative fuels, conservation, and multi-modal  
17 transportation. I provide staff support to the Oregon Compressed Natural Gas  
18 Vehicle Working Group. I have been the Co-Coordinator for the Columbia-  
19 Willamette Clean Cities Coalition for nearly two years.

20 **Q. Please summarize your testimony.**

21 A. The department supports the expansion of natural gas fueling infrastructure in  
22 Oregon and NW Natural's proposed tariff for High Pressure Gas Services  
23 (HPGS). Currently, infrastructure is limited to privately-owned fueling stations

1 with no third-party providers.<sup>1</sup> Conversion of large vehicle fleets to alternative  
2 fuels, including natural gas, is recognized as a key strategy for meeting the  
3 state's policy on reducing greenhouse gas emissions. The Governor's 10-  
4 Year Energy Action Plan for Oregon proposes a "20 percent conversion of  
5 large fleets to alternative fuel vehicles, including, but not limited to, electric,  
6 compressed natural gas (CNG), and liquefied natural gas (LNG)" over the  
7 next 10 years.<sup>2</sup> NW Natural's tariff would be a step to opening up the CNG  
8 market in the state by providing high pressure gas services to customers who  
9 would like to switch to CNG but do not have an option to do so absent  
10 infrastructure.

11 **Q. Will NW Natural's proposed HPGS tariff curtail the competitive**  
12 **Compressed Natural Gas market in Oregon?**

13 A. No. Given the lack of third-party service providers currently operating in  
14 Oregon and experiences in other states, the department does not believe NW  
15 Natural's HPGS will create an anti-competitive market in the state. In fact, I  
16 believe that NW Natural's HPGS will establish demand for CNG fueling  
17 stations by facilitating fleet conversions, and this demand may be necessary  
18 to attract third parties to the Oregon market.

19 **Q. Are there any third-party CNG providers operating in Oregon now?**

20 A. No. Clean Energy currently owns two locations in Oregon. However, neither  
21 location is open for fueling, and both are planned to be LNG to serve the long-

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<sup>1</sup> A third party provider, Eugene Truck Haven, is expected to open in December.

<sup>2</sup> John A. Kitzhaber, M.D., Governor, 10-Year Energy Action Plan, December 2012, pg. 13, available at:  
[http://www.oregon.gov/energy/Ten\\_Year/Ten\\_Year\\_Energy\\_Action\\_Plan\\_Final.pdf](http://www.oregon.gov/energy/Ten_Year/Ten_Year_Energy_Action_Plan_Final.pdf)

1 haul freight trucking business, not CNG to serve local fleets. It is our  
2 understanding that one of Clean Energy's two locations, the Stanfield project,  
3 began construction in 2011 and is not yet operational. Blu LNG has  
4 announced plans to build three LNG stations in Oregon, but not CNG  
5 stations. One independent third-party CNG station, Eugene Truck Haven, is  
6 expected to open in December 2013 and offer public fueling.

7 **Q. How have other states allowed utilities to develop CNG infrastructure**  
8 **while supporting the competitive markets?**

9 A. Georgia provides an interesting example for Oregon with Atlanta Gas Light's  
10 (AGL) CNG Program. The Georgia Public Service Commission approved the  
11 use of AGL's Universal Service Fund to pay for the CNG equipment which will  
12 be owned by AGL initially and installed at independently-owned stations  
13 offering public fueling. After five years, the station owners will have the option  
14 to purchase the equipment from AGL with the proceeds of the sale being  
15 returned to the Universal Service Fund.<sup>3</sup> The first of these stations opened in  
16 2012.

17 Clean Energy operates five stations in Georgia, with the first station opening  
18 in 1994 and the most recent opening in 2012. All five of its stations are  
19 located in the Atlanta metro region and compete with the stations using AGL-  
20 owned equipment. Blu also operates LNG stations in the Atlanta metro  
21 region.

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<sup>3</sup> <http://www.atlantagaslight.com/cngplan/>

1 California currently has 141 CNG stations. Ten of those stations are owned  
2 by Southern California Gas (SoCalGas) and opened between 1995 and 2004.  
3 Pacific Gas and Electric (PG&E) operates 23 stations which opened between  
4 1991 and 2007. All of PG&E's and SoCalGas stations offer public fueling.  
5 Sixty-eight of those stations are operated by third-party service providers and  
6 opened between 1996 and 2012. It appears that utility ownership of stations  
7 has not prevented third-party service providers from expanding services in  
8 California. It is the department's expectation that this would be the case in  
9 Oregon, as well.<sup>4</sup>

10 The department compiled a list of states with operating compressed natural  
11 gas fueling facilities. The following table shows utility vs. third-party  
12 involvement in the market. Under our review, utility involvement could include  
13 offering public fueling through utility owned fueling stations, providing funding  
14 for station development or providing high pressure gas services under a tariff.  
15 In all states that have some type of utility involvement in the CNG or LNG  
16 market, third-party service providers operate.

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<sup>4</sup> Additionally, the California Public Utility Commission approved a tariff proposal from So CalGas Company in 2012 that is similar to NW Natural's HPGS. The utility has not yet opened new stations since its approval.

1 **Utility vs. third-party involvement in compressed natural gas fueling facilities,**  
2 **by state**

	Third-Party Service Provider	Utility	3
Alabama	Pending		
Arizona	X	X	4
California	X	X	
Colorado	X	X	5
Connecticut	X		
Florida	X		6
Georgia	X	X	
Georgia	X		7
Idaho	X		
Illinois	X		8
Indiana	Pending		
Louisiana	X		9
Massachusetts	X		
Nebraska	X	X	10
Nevada	X	X	
New Jersey	X	X	11
New Mexico	X	X	12
New York	X	X	
Ohio	X		13
Oklahoma	X	X	
Rhode Island	X		14
Tennessee	Pending		
Texas	X	X	15
Utah		X	
Washington	X		16
Wisconsin	X		

17

18 Q. **How does NW Natural's proposed cost recovery model compare with**  
19 **approaches in other states?**

20 A. Under NW Natural's proposal, the utility will recover all expenditures  
21 associated with each CNG station from the participating customer through a  
22 monthly facility charge over 10 years. Those costs are not shifted to other  
23 ratepayers. In contrast, under the Georgia model, the utility can use its

1 Universal Service Fund to pay the upfront costs of equipment at  
2 independently owned stations. That gives it a relative advantage over the  
3 third-party service providers. While it might be too soon to draw strong  
4 conclusions given the nascent nature of the program, it appears that even  
5 with this relative utility advantage, third-party service providers are providing  
6 services competitively.

7 **Q: Why is it important to develop the market for CNG in Oregon?**

8 A. Conversion of large vehicle fleets to alternative fuels, including natural gas, is  
9 a key strategy to meeting the state's policy on reducing greenhouse gas  
10 emissions. In addition to the Governor's 10-year goal to convert 20 percent of  
11 large fleets to alternative fuel vehicles including CNG, described above,  
12 Oregon's Statewide Transportation Strategy recommends developing the  
13 network infrastructure for low or zero-emission fuels such as CNG, liquefied  
14 natural gas, renewable natural gas, and electricity, and transitioning transit  
15 and light- and heavy-duty commercial fleets to vehicles powered by those  
16 fuels.<sup>5</sup>

17 **Q. Is the lack of third-party CNG fueling infrastructure providers a barrier  
18 to market development in Oregon?**

19 A. Yes. All 28 CNG fueling stations operating in Oregon today are privately  
20 owned and operated by individual fleet owners solely for their own use. That  
21 leaves most businesses and public bodies that operate fleets without access  
22 to CNG for fueling because of the difficulty in overcoming the high capital cost

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<sup>5</sup> Oregon Sustainable Transportation Strategy, Oregon Department of Transportation, March 2013, pgs. 60 and 63, available at:  
[http://www.oregon.gov/ODOT/TD/OSTI/docs/STS/STS%20Report%20-Clean\\_March%202013\\_AP%20Final\\_for%20website\\_2.pdf](http://www.oregon.gov/ODOT/TD/OSTI/docs/STS/STS%20Report%20-Clean_March%202013_AP%20Final_for%20website_2.pdf).



1 and financing such investments. NW Natural's tariff would help develop the  
2 infrastructure needed to allow more fleets, both public and private, to use  
3 CNG.

4 **Q. How will NW Natural's tariff help develop the market for CNG in Oregon?**

5 **A.** The NW Natural tariff will give customers access to CNG by paying a monthly  
6 fee for the required infrastructure, rather than requiring the upfront investment  
7 by an individual fleet. Customers will still have the choice to approach a third-  
8 party service provider to provide services or contract to build a private station.  
9 Oregon is viewed as a small commercial market for third-party providers and  
10 it has been difficult to attract participation. With NW Natural's tariff, fleets with  
11 an interest in switching to CNG will have another option for converting to  
12 alternative transportation fuels. Any CNG stations that offer public fueling will  
13 facilitate conversions of additional fleets and help attract to Oregon third-party  
14 developers of CNG stations.

15 **Q. Does this conclude your testimony?**

16 **A.** Yes.

## CERTIFICATE OF SERVICE

I hereby certify that on November 26, 2013, I served the foregoing OREGON DEPARTMENT OF ENERGY'S DIRECT TESTIMONY OF JULIE PEACOCK WILLIAMSON upon the persons named on the service list, by electronic mail only as all parties have waived paper service.

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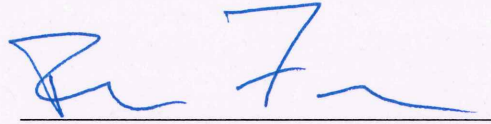
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