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November 22, 2013

Via Electronic Filing

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX 1088
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RE: Docket No. UM 1654 – In the Matter of
NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL, Investigation of Interstate Storage and Optimization Sharing.

Enclosed for electronic filing in the above-captioned docket is the Public Utility Commission Staff Supplemental Reply Testimony.

/s/ Kay Barnes

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c: UM 1654 Service List (parties)

PUBLIC UTILITY COMMISSION
OF OREGON

UM 1654

STAFF SUPPLEMENTAL
REPLY TESTIMONY OF

ERIK COLVILLE
DEBORAH GARCIA

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

November 22, 2013

CASE: UM 1654
WITNESS: ERIK COLVILLE

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 200

Supplemental Testimony

November 22, 2013

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Erik Colville. I am a Senior Utility Analyst for the Public Utility Commission of Oregon. My business address is 3930 Fairview Industrial Drive SE, Salem, Oregon 97301-1088.

Q. ARE YOU THE SAME ERIK COLVILLE WHO FILED STAFF/100 TESTIMONY?

A. Yes, I am.

Q. PLEASE SUMMARIZE YOUR SUPPLEMENTAL TESTIMONY.

A. My supplemental testimony responds to the Citizens' Utility Board of Oregon (CUB) interstate/intrastate storage and storage optimization recommendations in CUB/100 Jenks-McGovern. Because I believe that CUB's recommendations are based upon an incorrect understanding of the issues, I conclude that there is no justification for changing the existing interstate/intrastate storage and storage optimization activities or sharing.

However, I do recommend for the annual purchased gas adjustment (PGA) that NWN:

1. Itemize (volume, cost, and parties) all physical gas sales from Mist and associated replacement gas purchases to identify those for covering financial transactions, and

2. Exclude any differential cost or revenue resulting from such sale/purchase from rates such that those costs or revenues are entirely the responsibility of NWN shareholders.

Q. PLEASE SUMMARIZE CUB'STESTIMONY.

A. CUB divides its testimony into three distinct parts: Interstate/Intrastate Storage; Storage Optimization; and Reporting Optimization Income in the Results of Operations. See CUB/100 Jenks-McGovern/3.

Q. PLEASE SUMMARIZE CUB'S INTERSTATE/INTRASTATE STORAGE TESTIMONY.

A. CUB states that because of their evident value over the past decade arbitrary allocations of interstate/intrastate storage costs and revenues should be avoided and, thus, changes to the programs are required at this time to ensure that sharing is based on careful analysis of the cost, risk and benefit to both customers and shareholders. See CUB/100 Jenks-McGovern/9.

CUB has two recommendations for interstate/intrastate storage (CUB/100 Jenks-McGovern/11-12):

1. NWN should be required to model interstate/intrastate storage in its cost of service model (marginal cost analysis) to identify the share of system costs that should be allocated to storage if it were treated like all other services that share in the common investment.

2. Continue the current 20 percent/80 percent sharing mechanism on a temporary basis, but only until the next rate case when this issue can be reexamined with the assistance of the new cost of service study giving parties a real basis to use in making future recommendations. CUB states that this recommendation is contingent upon the Commission's granting its first recommendation.

Q. PLEASE SUMMARIZE CUB'S TESTIMONY RELATED TO STORAGE OPTIMIZATION.

A. CUB states that Mist Optimization is an activity that involves trading gas that is stored at Mist in order to take advantage of intertemporal price spreads. CUB further states the only gas that NWN owns and has the legal right to trade is the gas that it stores for the purpose of serving retail load. See CUB/100 Jenks-McGovern/19. CUB argues that NWN's representation of retail customer owned Mist as a storage optimization facility is inaccurate and, therefore, misappropriates returns. CUB asserts that what is being optimized at Mist is retail customers' gas, not the storage capacity, and, therefore, retail customers should be compensated according to a Commission-approved structure that recognizes full leveraging of retail customer assets, not shareholder storage capacity. See CUB/100 Jenks-McGovern/14-15.

CUB notes that currently the optimization revenues that are developed from customer-owned assets are shared with retail customers, where customers receive 67 percent and NWN receives 33 percent. While this may have been a reasonable incentive before third-party optimization became an established and routine part of NWN's business, CUB believes that it is no longer reasonable and should be adjusted. See CUB/100 Jenks-McGovern/19-20.

CUB recommends a 90-10 sharing mechanism with customers receiving 90 percent of the revenues. CUB believes that the Commission could decide to phase in the sharing percentage at 90-10 sharing, by first moving it to 80-20 today and then moving it to 90-10 in the next rate case. See CUB/100 Jenks-McGovern/26-27.

Q. PLEASE DISCUSS CUB'S TESTIMONY REGARDING REPORTING OPTIMIZATION INCOME IN THE RESULTS OF OPERATIONS.

A. I do not address this issue in my testimony. Reporting optimization income in the Results of Operations is addressed in Staff/300 Garcia testimony.

Q. DO YOU AGREE WITH CUB'S INTERSTATE/INTRASTATE STORAGE AND STORAGE OPTIMIZATION TESTIMONY?

A. No.

Q. WHY DO YOU NOT AGREE WITH CUB'S VIEWS, RECOMMENDATIONS AND CONCLUSIONS ON THIS ISSUE?

A. The primary reason I do not agree with CUB's views, recommendations, and conclusions on this issue is that NWN's interstate/intrastate storage and storage optimization activities are beyond the normal course of a local distribution company (LDC) business model, or what would be expected of an LDC to serve core utility customers. See Staff/100 Colville/14. NWN's interstate/intrastate storage and storage optimization activities were borne from innovative application of well understood commodity trading methods to create revenue for customers and shareholders from underutilized, or unutilized assets. As new opportunities arise or existing opportunities wane NWN continues to seek ways to create revenue for customers and shareholders. Although customers would benefit from changing the sharing percentages in the short term, it would do so at the expense of NWN shareholders while not rewarding the continuing risk to shareholders. Ultimately, customers will lose if NWN's incentive to innovate and create additional revenue is reduced.

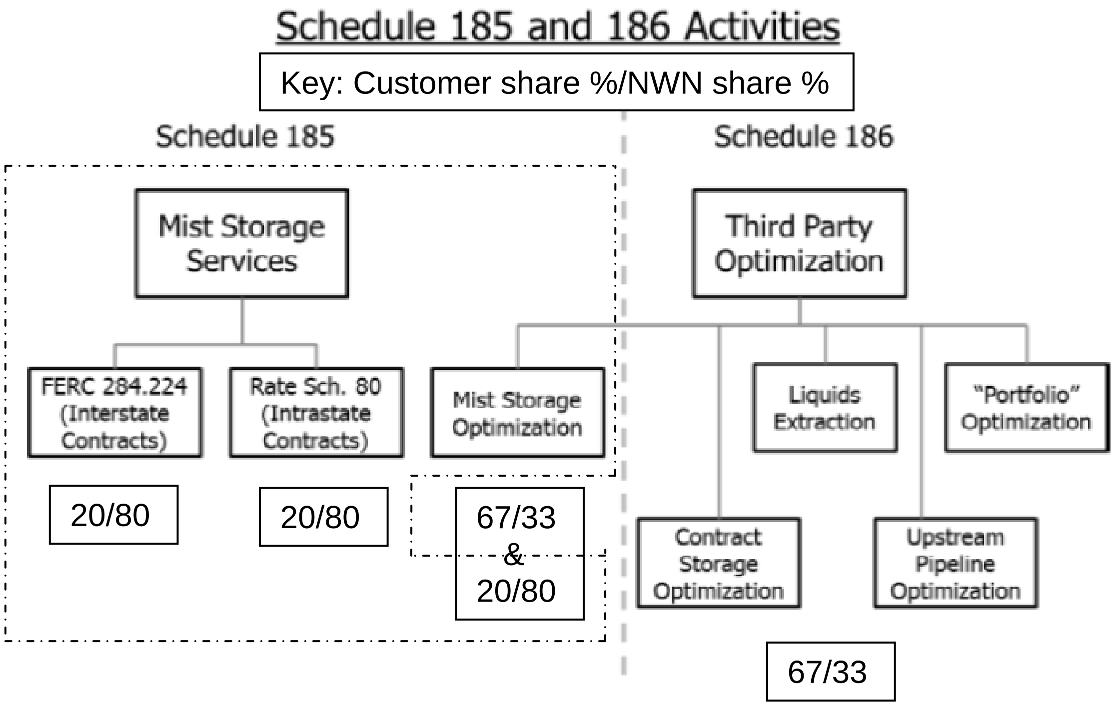
A secondary reason I do not agree with CUB's views, recommendations, and conclusions is that there is no justification for changing the interstate/intrastate storage and storage optimization activities or sharing. As I stated in my reply testimony (Staff/100 Colville/17) while there are many possible justifications for changing the sharing percentages I would look for significant changes in business conditions and risks since the sharing percentages were established. Examples of condition changes include, but are not limited to, changed activity risk, increased expectations of an LDC to serve core utility customers, decreased activity complexity, increased core utility customer participation in activities, or "gaming" of the sharing process would provide justification. I am not aware of any changes in business conditions and risks associated with this activity. In short, the current sharing arrangements work well to benefit core utility customers and NWN, and I do not see any reason to change them.

Q. PLEASE SUMMARIZE CUB'S INTERSTATE/INTRASTATE STORAGE VIEW AS PRESENTED IN CUB/100 TESTIMONY.

A. CUB argues that interstate/intrastate storage sharing should be based upon careful analysis of the cost, risk and benefit to both customers and shareholders. See CUB/100 Jenks-McGovern/9. In order to find an equitable arrangement, CUB recommends that interstate/intrastate storage be modeled (a cost of service model) to identify the share of system costs that should be allocated to storage if it were treated like all other services that share in the common investment. See CUB/100 Jenks-McGovern/12.

Q. PLEASE PUT CUB'S INTERSTATE/INTRASTATE STORAGE RECOMMENDATIONS INTO THE CONTEXT OF SCHEDULES 185 AND 186, THE TARIFFS AT ISSUE IN THIS DOCKET.

A. Schedule 185 and 186 optimization activities that use the core utility customer assets include, but may not be limited to: Mist Storage Optimization; Liquids Extraction Optimization; Portfolio Optimization; Contract Storage Optimization; and Upstream Pipeline Optimization. The current sharing percentages are also shown in the figure. CUB's interstate/intrastate storage issue is referring to the Schedule 185 Mist Storage Services activities titled: FERC 284.224; Rate Schedule 80; and a portion of the Mist Storage Optimization. These activities are contained within the dashed lines in the figure below (base figure from NWN/100 White/11).



Q. DO YOU AGREE WITH CUB'S INTERSTATE/INTRASTATE STORAGE VIEW?

A. No. The interstate/intrastate storage and storage optimization activities are potentially risky, and are beyond the normal course of an LDC business model, or what would be expected of an LDC to serve core utility customers. See Staff/100 Colville/14. As a result, the sharing percentage proposed by CUB should not be based upon use of customer assets (share of system costs, the result of a cost of service study), but rather upon risk. The matter of risk is addressed in Staff/100 Colville/12-14.

Q. WHAT IS YOUR CONCLUSION ABOUT CUB'S INTERSTATE/INTRASTATE STORAGE ISSUE?

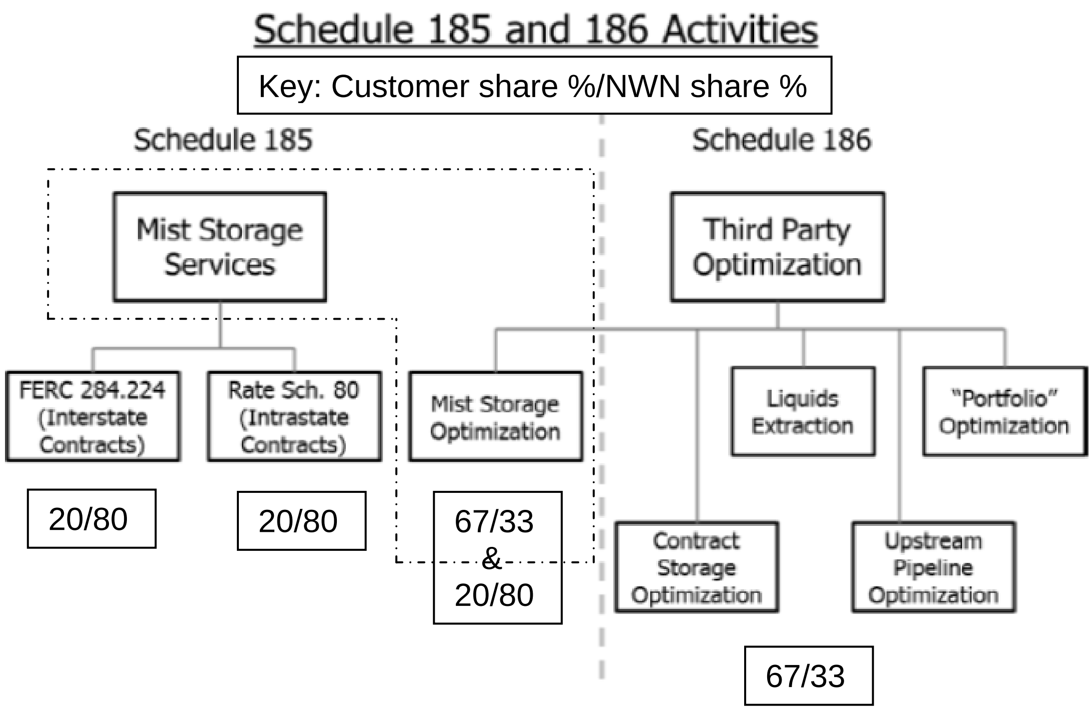
A. CUB's interstate/intrastate storage recommendation and conclusion is based upon an incorrect understanding of the issue. As a result, there is no justification for changing the interstate/intrastate storage activities or sharing. I recommend the sharing percentage for the Schedule 185 Mist Storage Services activities titled: FERC 284.224; Rate Schedule 80; and a portion of the Mist Storage Optimization remain at 20 percent to customers and 80 percent to NWN for revenue derived from use of core utility customer assets in these activities.

Q. PLEASE SUMMARIZE CUB'S STORAGE OPTIMIZATION VIEW PRESENTED IN CUB/100 TESTIMONY.

A. CUB states that Mist Optimization is an activity that involves trading gas that is stored at Mist in order to take advantage of intertemporal price spreads. CUB further states that the only gas NWN owns and has the legal right to trade is the gas that it stores for the purpose of serving retail load. See CUB/100 Jenks-McGovern/19. In addition, CUB states that LDCs are expected to manage retail customer owned resources for the benefit of retail customers, which means that considering the costs and benefits of all available opportunities for retail customer-owned resources. See CUB/100 Jenks-McGovern/20.

Q. PLEASE PUT CUB'S STORAGE OPTIMIZATION ISSUE INTO THE CONTEXT OF SCHEDULES 185 AND 186, THE TARIFFS AT ISSUE IN THIS DOCKET.

A. CUB's storage optimization issue refers to the portion of Mist Storage Optimization in the Schedule 185 Mist Storage Services not already included in CUB's interstate/intrastate storage issue. These activities are contained within the dashed lines in the figure below (base figure from NWN/100 White/11).



Q. DO YOU AGREE WITH CUB'S STORAGE OPTIMIZATION VIEW?

A. No. There are two reasons that I do not agree. First, I disagree with the view that LDCs are expected to manage retail customer owned resources considering the costs and benefits of <u>all</u> available opportunities for retail customer-owned resources. To the contrary, as demonstrated in my reply testimony, an LDC does <u>not</u> have an unlimited obligation to optimize the use of core utility customer assets. See Staff/100 Colville/9-10. Based upon the storage optimization activity descriptions in my reply testimony, I concluded that the Schedule 185 and 186 activities are potentially risky and are beyond the normal course of an LDC business model, or what would be expected of an LDC to serve core utility customers. See Staff/100 Colville/14.

Second, I address the view that Mist Optimization is an activity involving trading gas that is stored at Mist. Based upon the optimization activity descriptions at Staff/100 Colville/12-14 and NWN/400 Friedman/9-11, it is incorrect to view these activities as trading of the physical gas. More accurately, these activities are viewed as financial transactions secured by physical gas. An analogy would be securing a loan using collateral. There is no contractual requirement to surrender the collateral, unless the borrower defaults. Another analogy would be trading options. Options can be traded covered, with a backstop position in the underlying security. At no time is there a requirement to surrender the specific underlying security position, rather only a requirement to deliver an equivalent position. Application of these analogies is limited to what I discuss above because gains or losses in the analogies flow to both transaction parties. As noted in my reply testimony, based upon the wording used in Schedules 185 and 186, if the optimization activities result in a loss the credit to core utility customers will be zero. See Staff/100 Colville/14. Thus, the optimization activities are asymmetric in that losses do not flow to customers.

Q. IS IT POSSIBLE THAT NWN COULD SELL PHYSICAL GAS STORED IN MIST TO COVER A FINANCIAL TRANSACTION?

A. Yes, it appears possible.

Q. IS IT POSSIBLE THAT CUSTOMERS COULD INCUR ADDITIONAL COST SHOULD NWN SELL PHYSICAL GAS STORED IN MIST TO COVER A FINANCIAL TRANSACTION?

A. Yes, it appears possible. If NWN were to sell physical gas stored in Mist to cover a financial transaction and then purchase replacement gas for injection into Mist at a higher cost than the stored gas, customers could incur additional cost. I recognize the situation of selling gas to cover a financial transaction could also present a benefit to customers if replacement gas for injection is purchased at lower cost than the stored gas.

Q. DO YOU HAVE A RECOMMENDATION TO ENSURE THAT CUSTOMERS DO NOT INCUR ADDITIONAL COSTS FROM THESE ACTIVITIES?

A. Yes. Each year in the PGA, NWN quantifies actual storage gas injections and withdrawals. As part of that quantification in the PGA, I recommend NWN:

1. Itemize (volume, cost, and parties) all physical gas sales from Mist and associated replacement gas purchases to identify those for covering financial transactions, and

2. Exclude any differential cost or revenue resulting from such sale/purchase from rates such that those costs or revenues are entirely the responsibility of NWN shareholders.

Implementing these recommendations would ensure that customers do not incur additional cost.

Q. WHAT IS YOUR CONCLUSION RELATED TO CUB'S STORAGE OPTIMIZATION ISSUE?

A. My conclusion is that CUB's storage optimization recommendation and conclusion are based upon an incorrect understanding of the issue. I recommend that the sharing percentage for the portion of Mist Storage Optimization in the Schedule 185 Mist Storage Services (refer to the figure above), not already included in CUB's interstate/intrastate storage issue, remain at 67 percent for customers and 33 percent for NWN for revenue derived from use of core utility customer assets in these optimization activities. I further recommend that in the annual PGA NWN:

1. Itemize (volume, cost, and parties) all physical gas sales from Mist and associated replacement gas purchases to identify those for covering financial transactions, and

2. Exclude any differential cost or revenue resulting from such sale/purchase from rates such that those costs or revenues are entirely the responsibility of NWN shareholders.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes

CASE: UM 1654
WITNESS: DEBORAH GARCIA

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 300

Supplemental Testimony

November 22, 2013

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Deborah Garcia. I am a Senior Revenue Requirement Analyst employed by the Public Utility Commission of Oregon. My business address is 3930 Fairview Industrial Drive SE, Salem, Oregon 97301-1088.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. My Witness Qualification Statement is found in Exhibit Staff/301.

Q. DID YOU PREPARE AN EXHIBIT FOR THIS DOCKET?

A. Yes. I prepared Exhibit Staff/301, consisting of 1 page.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the testimony filed by the Citizens' Utility Board of Oregon (CUB), (CUB/100, Jenks-McGovern), regarding whether or not Northwest Natural (NWN or Company) should include all income earned from the optimization of ratepayer-owned assets in its Results of Operations report (ROO) that is filed annually with the Public Utility Commission of Oregon (Commission).

Q. PLEASE DESCRIBE THE SPECIFIC OPTIMIZATION ACTIVITY INCOME THAT CUB CONTENDS SHOULD BE INCLUDED IN NWN'S ROO.

A. NWN describes two types of optimization activity. First, the optimization of ratepayer-owned assets which the Company can do itself, where the savings are passed through to customers through the normal Purchased Gas Cost Adjustment sharing mechanism. Second, the optimization of ratepayer-owned assets which result from a third party optimization agreement that the Company has entered into and refers to as an "Asset Management Agreement (AMA) structure." (NWN/100, White/7at 4-9). It is this second type of optimization activity that CUB is referring to, and for purposes of this testimony, I call "AMA Optimization".

Q. PLEASE SUMMARIZE CUB'S POSITION REGARDING THIS ISSUE.

A. CUB's position is that all income earned using ratepayer-owned assets is utility income, regardless of whether that income came from retail ratepayers or from arbitrage. (CUB/100, Jenks-McGovern/27 at 6-8.)

Q. PLEASE SUMMARIZE YOUR POSITION REGARDING THIS ISSUE.

A. I agree with CUB that all income earned using ratepayer-owned assets is utility income. All income earned by NWN that results from activities made possible by the optimization of ratepayer-owned assets should be included in its ROO as utility income, subject to the Spring Earnings Review.

Q. WHAT WOULD BE THE IMPACT OF INCLUDING THIS INCOME IN THE ROO?

The inclusion of this income could impact such things as earnings tests under deferred accounting, sharing mechanisms based upon earnings, and the Spring Earnings Review, which is conducted pursuant to OAR 860-022-0075 and Commission Order No. 08-504 (UM 1286).

Q. PLEASE DESCRIBE THE SPRING EARNINGS REVIEW?

A. The Spring Earnings Review (Earnings Review) is used to determine if NWN has earnings in excess of a modified (higher) return on equity that must be shared with ratepayers. This modified return on equity is established by the Commission pursuant to OAR 860-022-0070(5)(c)).[1] The purpose of the review is to ensure that it is reasonable for ratepayers to assume any of the differential between gas costs in rates and gas costs experienced (WACOG Sharing) that is part of the subsequent annual Purchased Gas Adjustment (PGA) mechanism (OAR 860-022-0070(4).

Q. DOES A PAST COMMISSION DECISION SUPPORT THE INCLUSION OF EARNED INCOME FROM A SHARING MECHANISM IN THE ROO THAT IS SUBJECT TO THE EARNINGS REVIEW?

A. Yes. In Order No. 08-504, Docket UM 1286, the Commission determined that retained income (positive or negative) resulting from WACOG Sharing should be included in a utility's Results of Operation for the purposes of the Earnings Review.[2]

Q. IN THE EXAMPLE YOU CITE ABOVE, THE UTILITY IS EXPECTED TO INCLUDE BOTH POSITIVE AND NEGATIVE RETAINED INCOME IN ITS ROO. DO YOU AGREE THAT THIS STANDARD SHOULD APPLY TO RETAINED INCOME RESULTING FROM AMA OPTIMIZATION ACTIVITIES?

A. No. The sharing related to AMA Optimization has been constructed to account for the Company's assumption of risk. This construct allocates a share of

[1] See Order No. 08-504 at 17 which outlines the calculation of a utility's modified return on equity based on the WACOG Sharing election made by the utility.
[2] See Order 09-180 in DR 43 which confirms the Commission decision.

earnings (after costs) to NWN to account for risk (customers are held harmless), and should flow through to the ROO related to the Earnings Review.

Q. COULD THE INCLUSION OF NWN'S AMA OPTIMIZATION ACTIVITY INCOME INTO ITS ROO EFFECTIVELY REDUCE THE SHARING PERCENTAGE ALLOCATED TO NWN?

A. Yes. For example, in the Earnings Review, for years in which the Company's earnings exceed the modified authorized ROE, a portion of the overearnings returned to customers could be attributable to the Company's AMA Optimization income and, therefore, indirectly result in an effective lower sharing percentage allocated to the Company.

Q. PLEASE PROVIDE AN EXAMPLE OF AN EXTREME WAY IN WHICH THE SHARING PERCENTAGE COULD BE LOWERED IN THE EARNINGS REVIEW.

A. Even if we do not take into account the higher modified ROE that is established in the Earnings Review as the threshold that NWN must exceed before overearnings must be shared with customers, and we assume that the overearnings that must be shared equaled NWN's share of the AMA Optimization income, column E, line 2 in the table in Staff Exhibit/302 illustrates that NWN would still retain approximately 39 percent of the AMA Optimization income.

Q. IS IT LIKELY THAT THE POSSIBILITY OF A REDUCED SHARING PERCENTAGE DUE TO SHARING OF OVEREARNINGS IN THE SPRING

EARNINGS REVIEW ACT AS A DISINCENTIVE FOR NWN TO CONTINUE AMA OPTIMIZATION ACTIVITIES?

A. No. In the years that this mechanism has been in place, NWN has successfully earned a significant amount of income. As illustrated in Staff Exhibit/302, the lowest NWN's AMA Optimization percentage could be is 39 percent, which far exceeds the sharing allocation of other sharing mechanisms such as the WACOG Sharing mechanism.

Q. IS IT LIKELY THAT THE INCLUSION IN THE ROO WOULD CREATE A DISINCENTIVE TO CONTINUE AMA OPTIMIZATION BASED UPON THE POSSIBLE CHANGE TO AN EARNINGS TEST FOR ANY OTHER REASON?

A. No. As stated above, NWN has earned a significant amount of income every year since AMA Optimization has been in place. There is no reason to believe the Company will not continue such a successful program.

Q. NWN DIFFERENTIATES BETWEEN OPTIMIZATION SHARING MECHANISMS THAT RELY UPON RATEPAYER-OWNED ASSETS BY ASSERTING THAT AMA OPTIMIZATION ACTIVITIES ARE PART OF ITS NONUTILITY STORAGE BUSINESS. DO YOU AGREE WITH THIS CHARACTERIZATION?

A. No. Although NWN may account for the proceeds of AMA Optimization that rely upon ratepayer-assets under its nonutility business umbrella, the manner in which the utility accounts for revenues is not controlling for regulation. For regulatory purposes, these earned revenues should be included in regulated utility revenues because they are made possible by the use of regulated assets.

Q. HOW DO YOU RECONCILE YOUR CONCLUSION WITH NWN'S ASSERTION THAT SHAREHOLDERS ASSUME ALL OF THE RISKS ASSOCIATED WITH THE AMA OPTIMIZATION ACTIVITIES?

A. NWN has the expertise and resources, which are paid for by rate payers, to appropriately assess the risks associated with being a regulated natural gas local distribution company (LDC). As explained by the Company witness Friedman (NWN/200, Friedman/6-7), the contract between NWN and Tenaska was vetted by NWN's risk experts to mitigate unnecessary and extraordinary risks. In the years since these mechanisms have been in place, even if some transactions may have resulted in losses, Staff is not aware of any year in which the Company has not profited in aggregate from AMA Optimization transactions. Furthermore, the Company justifies a lower level of sharing with rate payers, for the use of rate payer assets, by the Company's assumption of risk. See NWN/100, White/3.

Q. DOES YOUR POSITION CONFLICT WITH STAFF WITNESS COLVILLE'S ASSERTION THAT AMA OPTIMIZATION MECHANSIMS RISE ABOVE THE LEVEL OF WHAT WOULD BE EXPECTED OF AN LDC TO SERVE CORE UTILITY CUSTOMERS?

A. No. Regardless of whether or not AMA Optimization activities are over and above the level of what could reasonably be expected to serve core utility customers, the income resulting from the use of regulated assets must be properly reported for regulatory purposes. The utility should not be able to artificially reduce earnings by avoiding the proper reporting of earned income that results from the use of assets paid for by rate payers.

Q. PLEASE DESCRIBE THE POTENTIAL OUTCOME ON CUSTOMER RATES IF THIS AMA OPTIMIZATION INCOME IS NOT INCLUDED IN THE RESULTS OF OPERATION REPORTS AND SUBJECT TO THE SPRING EARNINGS REVIEW?

A. Customer rates could be higher than they should be because NWN could potentially earn in excess of its established modified return on equity without appropriately sharing those overearnings with customers.

Q. HOW ELSE MIGHT CUSTOMER RATES BE IMPACTED?

A. First, an earnings review is necessary prior to amortization of a deferred account balance and the review generally relies in part on one or more of a utility's ROO reports. The results of the earnings review directly impacts the allocation of a deferral balance between what may be collected from customers and what the utility must absorb. If the ROO revenues do not accurately reflect utility income, the earnings review may be inaccurate and customer rates may be higher than they otherwise would be.

Second, pursuant to OAR 860-022-0070(1)-(4), the determination of whether or not the inclusion of gas costs into rates that result from the WACOG sharing mechanism are reasonable hinges on whether the utility shares overearnings that result from the Earnings Review. Rates could be higher not only because the customers' full share of excessive earnings are not recovered, but also because they reflect the customer share of higher than expected gas costs.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

CASE: UM 1654
WITNESS: DEBORAH GARCIA

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 301

Witness Qualifications Statement

November 22, 2013

WITNESS QUALIFICATIONS STATEMENT

NAME: DEBORAH A. GARCIA

EMPLOYER: PUBLIC UTILITY COMMISSION OF OREGON

TITLE: SENIOR REVENUE REQUIREMENT ANALYST

ADDRESS: 3930 FAIRVIEW INDUSTRIAL DR. SE, SALEM, OREGON 97308-1088

EDUCATION:

- Western Utility Rate School, San Diego, California. (2002)
- The Center For Public Utilities at New Mexico University and the National Association of Regulatory Commissioners' Annual Regulatory Studies Program. (2000)
- National Association of Regulatory Utility Commissioners' Annual Regulatory Studies Program at Michigan State University. (2000)
- Certificate in Mediation Training (1994)
- College-level coursework in financial accounting, business law, business management, and economics.

WORK EXPERIENCE:

- Sr. Revenue Requirement Analyst --Public Utility Commission of Oregon Lead accounting witness for revenue requirement in various proceedings. (2007 - present)
- Utility Analyst -- Public Utility Commission of Oregon Focus on utility policies, natural gas purchased gas adjustment issues, utility territory allocation issues, consumer issues, tariff review, promotional concessions, rate case review & witness, and rulemakings. (2002 - 2007)
- Research Analyst -- Public Utility Commission of Oregon Focus on SB 1149 implementation, rulemaking, various utility and electric service supplier policies, including certification of electric service suppliers, tariff review, rate case review & witness. (2000 -2002)
- Compliance Specialist -- Public Utility Commission of Oregon--Handled consumer complaints, liaison between the public, regulated utilities and various Commission staff, reviewed proposed tariffs, administrative rules, and policies with an emphasis on potential impact to consumers. Identified trends, services, and policies where no statute, rule or precedent applied and recommended appropriate action. (1992 - 2000)

CASE: UM 1654
WITNESS: DEBORAH GARCIA

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 302

Exhibit in Support
Of Supplemental Testimony

November 22, 2013

		Allocation of Net AMA Optimization Income						Allocation of Net AMA Optimization Income after Earnings Sharing (overearnings equal to NWN's share of Net AMA Optimization Income)			
	Total Net AMA Optimization income[1]	A		B		C		D		E	
		Interstate Storage Share		Ratepayer Share				Amount to be shared per the results of an Earnings Review $5,791,000		Total Retained AMA Optimization Income after Earnings Sharing	
1	$ 10,000,000	53%	5,300,000	47%	4,700,000	Total Allocated Income					
2	NWN Share	80%	4,240,000	33%	1,551,000	$ 5,791,000	58%	67% [2]	3,879,970	$ 3,879,970	39%
3	Customer Share	20%	1,060,000	67%	3,149,000	$ 4,209,000	42%	33% [2]	1,911,030	$ 6,120,030	61%

[1]For illustrative purposes only

[2] The earnings sharing allocation percentages related to the Earnings Review are set by the Commission.

CERTIFICATE OF SERVICE

UM 1654

I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 22nd day of November, 2013 at Salem, Oregon

Kay Barnes

Kay Barnes
Public Utility Commission
3930 Fairview Industrial Drive SE
Salem, Oregon 97302
Telephone: (503) 378-5763

UM 1654
SERVICE LIST

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