

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1748

In the Matter of

PUBLIC UTILITY COMMISSION OF OREGON,

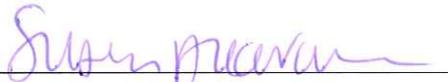
Report to the Legislature on Access to Natural Gas
Infrastructure in Unserved Areas per Senate Bill 32.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at the public meeting on January 12, 2016, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 12 day of January, 2016, at Salem, Oregon.



Susan K. Ackerman
Chair



John Savage
Commissioner



Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 12, 2016

REGULAR X CONSENT _____ EFFECTIVE DATE _____ Upon Commission Approval

DATE: January 4, 2016

TO: Public Utility Commission

FROM: *for LG*
Lisa Gorsuch

THROUGH: *J*
Jason Eisdorfer

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1748) Requests approval of proposed work group participants to determine findings and conclusions regarding access to natural gas infrastructure in unserved areas per Senate Bill 32.

STAFF RECOMMENDATION:

Public Utility Commission of Oregon Staff (Staff) recommends that the Commission approve the following Senate Bill (SB) 32 working group members as detailed below.

ISSUE:

The Public Utility Commission of Oregon (Commission) is forming a work group for the purposes of conducting a study of methods by which a public utility that furnishes natural gas may expand the public utility's service to areas that do not have access to natural gas.

RELEVANT LAW:

Senate Bill 32 provides, in relevant part, that:

SECTION 1. The Legislative Assembly finds and declares that having access to natural gas is in the public interest and that the extension of natural gas pipelines and other infrastructure necessary for providing natural gas to areas that do not have access to natural gas is necessary for the communities of this state to preserve local economies, enlarge tax bases and generate additional economic opportunities.

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SECTION 2. (1) The Public Utility Commission shall form a work group for the purpose of conducting a study on methods by which a public utility that furnishes natural gas may expand the public utility's service to areas that do not have access to natural gas. As part of the study, the work group shall review the commission's authority to authorize, and the commission's policies on, the expansion of natural gas services. At a minimum, the work group shall study:

- (a) The commission's policies regarding the extension of natural gas mains;
- (b) Mechanisms for funding the expansion of natural gas services, including the use of tariffs, the imposition of charges and fees, the use of unclaimed refunds and the establishment of accounts dedicated to the expansion of natural gas services;
- (c) The submission of recommendations by public utilities that furnish natural gas;
- (d) Possible processes for including in a public utility's rates the cost of projects involving the extension of natural gas pipelines and other infrastructure necessary for providing natural gas;
- (e) Possible selection criteria for projects involving the extension of natural gas pipelines and other infrastructure necessary for providing natural gas; and
- (f) The potential rate cap for projects involving the extension of natural gas pipelines and other infrastructure necessary for providing natural gas.

(2) The commission shall include in the work group:

- (a) Representatives from public utilities that furnish natural gas;
- (b) One member from the House of Representatives who represents an area that does not have access to natural gas; and
- (c) One member from the Senate who represents an area that does not have access to natural gas.

(3) The commission shall compile a report, including any recommendations for legislation, of the work group's findings and conclusions. The commission shall submit the report in the manner provided in ORS 192.245 to an interim committee of the Legislative Assembly related to energy no later than September 15, 2016.

DISCUSSION:

On August 6, 2015, the Commission opened Docket No. UM 1748 to implement SB 32. SB 32 requires the Commission to establish a work group to provide recommendations regarding access to natural gas infrastructure in unserved areas. SB 32 also requires the Commission to submit a report with recommendations to the Oregon Legislature by September 15, 2016.

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On September 21, 2015, the Commission implemented a process¹ for interested parties to submit letters of interest for consideration to participate as part of the SB 32 work group.

Staff held multiple meetings with various interest groups to inform the interested parties about the current natural gas expansion policy and to identify a representative from each interest group to represent them on the SB 32 work group. Staff met with stakeholders representing local distribution natural gas companies and interstate pipeline owners, electric utilities, natural gas utility ratepayers, propane dealers, and local governments.

SB 32 directs the Commission to appoint one member of the Senate and one member from the House of Representatives to the work group. Senator Whitsett and Representative Kennemer were recommended by the leadership in their respective bodies and both have generously agreed to participate as members of the work group.

As a result of the letters of interest received and the aforementioned interest group meetings, Staff recommends that the Commission approve and establish the Senate Bill (SB) 32 work group members as follows:

SB 32/Docket No. UM 1748 Working Group Members		
Member Name	Company/Organization	Representing
Senator Doug Whitsett	Oregon State Senate	
Representative Bill Kennemer	Oregon House of Representatives	
Clackamas County Commissioner Martha Schrader	Clackamas County	
Lake County Commissioner Ken Kestner	Lake County	
City Administrator Ric Ingham	City of Veneta	
Danelle Romain	Oregon PUD Association	Consumer Owned Utilities
Joe Westby	Ferrellgas/Blue Rhino	Propane Companies
Dan Kirschner	Northwest Gas Association	Natural Gas Companies
Etta Lockey	Pacific Power	Electric Companies

¹ Notification of process to participate as part of the SB 32 working group:
<http://edocs.puc.state.or.us/efdocs/HAH/um1748hah13584.pdf>

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Bob Jenks	Citizens' Utility Board	Residential Customers
Ed Finklea	Northwest Industrial Gas Users	Industrial Customers

Those stakeholders who are not specifically members of the work group will still be able to participate in the work group process. The work group will establish rules that allow effective and efficient participation by both work group members and non-members.

We currently anticipate that the work group will hold four meetings. The first meeting will be held at the end of January. The following three meetings will take place in March, May, and June, respectively. In July, a draft report will be completed and circulated to SB 32 working group members for comment. On August 16, 2016, Staff will bring the final SB 32 report and parties' comments and recommendations before the Commission at a regular public meeting. The Commission's report to an interim committee of the Legislative Committee related to energy is to be provided no later than September 15, 2016.

PROPOSED COMMISSION MOTION:

The Commission approves the Staff recommended SB work group members as outlined in this memorandum.

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