

ORDER NO. 16 069

ENTERED FEB 23 2016

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1732

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURAL,

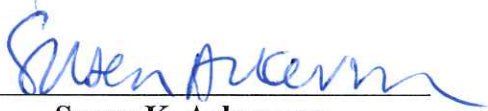
Application for Annual Prudence Review of
Environmental Remediation Costs.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at the public meeting on February 23, 2016, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 23 day of February, 2016, at Salem, Oregon.



Susan K. Ackerman
Chair



John Savage
Commissioner

COMMISSIONER BLOOM WAS
UNAVAILABLE FOR SIGNATURE

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.

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT

PUBLIC MEETING DATE: February 23, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE February 23, 2016

DATE: February 11, 2016

TO: Public Utility Commission

FROM: Judy Johnson *JJ*

THROUGH: Jason Eisdorfer and Marc Hellman *MH*

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 1732) Requests Prudence Review of Environmental Remediation Costs.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Northwest Natural's (NW Natural or Company) request and find that the Environmental Remediation Costs from April 1, 2014, through December 31, 2014, are prudent.

ISSUE:

NW Natural requests that the Commission issue an order finding environmental remediation costs incurred between April 1, 2014, and December 31, 2014, are prudent and are eligible for recovery under Commission Order No. 15-049.

APPLICABLE RULES AND LAWS:

NW Natural makes this filing in accordance with Order No. 15-049. In that order, the Commission determined that environmental remediation costs incurred on and after January 1, 2013, would be reviewed for prudence prior to becoming eligible for offset by insurance proceeds and amounts collected in base rates or amortization under the Site Remediation Recovery Mechanism (SRRM). To determine whether a cost was prudently incurred and recoverable in rates, "the Commission examines the objective reasonableness of a company's actions measured at the time the company acted."¹

¹ *In re PacifiCorp, dba Pacific Power, Application for an Accounting Order Regarding Excess Net Power Costs*, Docket No. UM 995, Order No. 02-469 at 4 (July 18, 2002).

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ANALYSIS:

Background:

At the time this docket was filed, Staff determined that the prudence issue was best handled using a stipulation and supporting briefs. Staff used that process and had a stipulation and brief submitted to the Administrative Hearings Division (AHD) by October 6, 2015. Subsequently, Staff was informed by AHD that it had not used the appropriate method for handling a matter not docketed as a contested case and was told to submit the issue to the Commission via a Staff Memo.

Description:

NW Natural seeks to have its Environmental Remediation Costs from April 1, 2014, through December 31, 2014, declared prudent. As noted above, the Company, the Staff, and the Citizens' Utility Board (CUB) signed a stipulation agreeing that the Company's Environmental Remediation Costs from April 1, 2014, through December 31, 2014, were prudent.

Staff Analysis and Recommendation:

Staff has reviewed the costs and insurance proceeds reported by NW Natural for April 1, 2014, through December 31, 2014. Staff concludes the costs were objectively reasonable at the time NW Natural incurred them.

Staff recommends that the Commission find that that NW Natural's Environmental Remediation Costs from April 1, 2014, through December 31, 2014, are prudent.

PROPOSED COMMISSION MOTION:

Northwest Natural's request that the Environmental Remediation Costs from April 1, 2014, through December 31, 2014, are prudent, be approved.

NWN UM 1732 Prudent Env Costs