

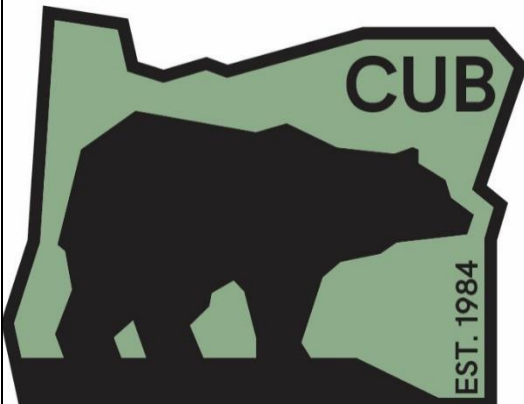
**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 384

In the Matter of)
)
SUNRIVER WATER, LLC and NW)
NATURAL WATER OF OREGON,)
)
Joint Application for Approval of the Sale of)
Sunriver Water, LLC.)
_____)

**RESPONSE TESTIMONY
OF THE
OREGON CITIZENS' UTILITY BOARD**

February 21, 2019



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OF OREGON**

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SUNRIVER WATER, LLC and NW)	RESPONSE TESTIMONY OF THE
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)	BOARD
Joint Application for Approval of the Sale of)	
Sunriver Water, LLC.)	
_____)	

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is William Gehrke. I am an Economist employed by Oregon Citizens'
3 Utility Board (CUB). My business address is 610 SW Broadway, Ste. 400
4 Portland, Oregon 97205. My witness qualification statement is attached as exhibit
5 CUB/101.

6 **Q. Who is CUB?**

7 A. CUB is a nonprofit organization established by statutory mandate to represent the
8 interests of residential customers of investor-owned electricity, natural gas, and
9 some water companies in the state. Legislation creating the Oregon Citizens'
10 Utility board was enacted into law in 1985. CUB was created to ensure that utility
11 customers have an effective advocate to reflect their needs and interests when it
12 comes to public polices effecting the quality and price of utility services.

13 **Q. How was CUB involved in the formation of the NW Natural Holding**
14 **Company (HoldCo)?**

1 **A.** CUB was an intervener in OPUC docket UM 1804. In that docket, NW Natural
2 reorganized its corporate structure to form a larger holding company to be the
3 parent of both NW Natural Gas Company and, separately, other subsidiaries such
4 as NW Natural Water of Oregon. As part of the reorganization process, NW
5 Natural worked to stakeholders to provide several commitments to protect
6 ratepayers from the risks of reorganization and to produce a net benefit for Oregon
7 natural gas customers. In particular, the commitments ensure that NW Natural’s
8 gas operations will not be adversely impacted by operations at the holding
9 company level, or by operations associated with another subsidiary.

10 **Q. What is the nature of CUB’s involvement in this case?**

11 **A.** As a stakeholder in the UM 1804 corporate reorganization proceeding, CUB
12 advocated for effective ring-fencing provisions to insulate NW Natural Gas
13 Company.¹ Beyond ensuring that those provisions continue to insulate the
14 Company, CUB intervened in this proceeding to ensure that the transaction is
15 generally in the interest of all parties, does not fundamentally affect service to
16 Sunriver Water, LLC customers, and that there is no rate increase associated with
17 this transaction.

18 **Q. Who is NW Natural Water of Oregon?**

19 **A.** NW Natural Water of Oregon (Oregon Water) is wholly owned subsidiary of the
20 NW Natural Holding Company. In 2018, Oregon Water was formed to acquire
21 water utilities in the state of Oregon.²

22 **Q. Who is Sunriver Water, LLC?**

¹ OPUC Order No. 17-526.

² UP 384, Joint Application for an Order Approving the Sale of Sunriver Water, LLC at 1-2.

1 **A.** Sunriver Water, LLC is a privately owned, rate-regulated water utility located in
2 Sunriver, Oregon. The current owner of Sunriver Water is Sunriver Resort.
3 Sunriver Resort is a major resort and residential community in Sunriver, Oregon.
4 The primary attraction for the Sunriver resort is the Mount Bachelor ski area.

5 **Q. What is a major concern of CUB in water utility acquisition cases?**

6 **A.** Baring extraordinary circumstances, CUB is not supportive of a purchasing utility
7 seeking an acquisition adjustment to rates.

8 **Q. Does an acquisition adjustment apply to this case?**

9 **A.** No. Oregon Water has committed to not proposing an acquisition adjustment to
10 SRW customer rates at this time.

11 **Q. Does CUB any additional comments on this docket?**

12 **A.** CUB notes that the Oregon Water anticipates no interruption in service at Sunriver
13 Water.

14 **Q. Does CUB have a position on the proposed transaction at this time?**

15 **A.** No. CUB looks forward to reviewing other parties' testimony in this docket and
16 engaging in settlement discussions.

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

18 **A.** Yes.

WITNESS QUALIFICATION STATEMENT

NAME: William Gehrke

EMPLOYER: Oregon Citizens' Utility Board

TITLE: Economist

ADDRESS: 610 SW Broadway, Suite 400
Portland, OR 97205

EDUCATION: MS, Applied Economics
Florida State University, Tallahassee, FL

BS, Economics
Florida State University, Tallahassee, FL

EXPERIENCE: Provided testimony or comments in several Oregon Commission dockets. Worked as an Economist for the Florida Department of Revenue. Worked as Utility Analyst at the Florida Public Service Commission, providing advice on rate cases and load forecasting. Attended the Institute of Public Utilities Annual Regulatory Studies program in 2018.