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September 20, 2013

VIA U.S. MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 1088
Salem, OR 97308-1088

Re: Docket UM 1635 – Northwest Natural Gas Company's Mechanism for Recovery of
Environmental Remediation Costs

Attention Filing Center:

Enclosed for filing are printed and electronic versions of the Joint Parties' responses to Bench Requests issued on September 17, 2013. With these responses, we appreciate the opportunity to make the following points:

The Bench Requests ask that the parties detail the financial results of various hypothetical scenarios in order to assist the Commission in evaluating the proposed Stipulation. We note that many considerations—other than the scenarios posed by the requests—influenced the parties' decision to enter the Stipulation. In the event the Commission were inclined, for any reason, against adopting the Stipulation, the parties would look forward to an opportunity to engage the Commission through a workshop or other proceeding to discuss other considerations related to the Stipulation prior to any Commission action on the Stipulation.

As requested, the responses to the bench requests apply the terms of the forward-looking portion of the proposed earnings review to historical earnings. Importantly, the resulting analysis demonstrates that the proposed earnings test has a significant constraining effect on the Company's ROE. It requires the Company to bear a significant portion of the deferrals in many years, thus acting as a de facto sharing mechanism.

The attached spreadsheet contains the following tabs¹:

1. "Insurance Spread: None" (Tab A)
2. "Insurance Spread: Equal Over Ten Years" (Tab B.a)
3. "Insurance Spread: Percentage of Expense" (Tab B.b)
4. "Insurance Spread: Year of Reimbursement" (Tab B.c)
5. "Insurance Spread: None entered – open for testing" (Tab B.d)

All of these tabs show the updating requested in Question A1. The results for 2012 were added to the deferral period. The results for 2011 were updated to reflect actual expense and interest for the year. Previously, the results for 2011 included 9 months of actual expense and 3 months of forecast expense. Total deferral period expense and interest now totals \$93.4 million.

All of these tabs show the addition of the SRRM Mechanism requested in Question A2. In answering this question, the Parties assumed that the intent of the request was to illustrate how the SRRM Mechanism will work and to use historic data to test the range of possible future outcomes under the SRRM Mechanism. Under the SRRM Mechanism, insurance proceeds will be spread, or amortized, over a ten year period starting in the year after they are received. For purposes of illustrating and testing the mechanism, the Parties assumed that the \$40.7 million in insurance proceeds were received at the end of 2002 and spread evenly over the ten year period 2003 – 2012, unless the scenario requires a different pattern of insurance receipts to be assumed. The results show a diversity of outcomes. The SRRM Credit ranges from a low of \$0 in 2003 where earnings are more than 75 basis points below authorized ROE to a high of \$7.261 million in 2011 where earnings are more than 50 basis points above authorized ROE.

The results for the scenario requested in Question Ba are shown in the tab labeled "Insurance Spread: Equal Over Ten Years". Comparing the results in this tab to the results in the tab labeled "Insurance Spread: None" shows the impact of spreading the insurance proceeds evenly over the ten year period. For example, at an earnings test threshold equal to authorized ROE, this insurance proceeds scenario reduces the company write off from \$24.180 million to \$21.358 million. (See line 31 of Tab B.a compared with line 31 of Tab A). NW Natural would like to note that the \$24.180 million relies upon an earnings test applied to an annually calculated ROE, whereas if one considers the ROE over the entire period, the Company's earnings would be under its authorized ROE and not result in a write off.

Because settlements are "package deals" that reflect give and take by the parties, the results summarized above illustrate that some parties compromised on the backward-looking results (see results for Questions Ba and Bc) in exchange for the forward-looking results of the SRRM Mechanism (see results for Question A2), and vice versa.

¹ All of the tabs in the spreadsheet provide the functionality requested in Question Bd.

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Each Party weighed these benefits and others to arrive at the Stipulation. For ratepayers one benefit is the clear process for determining when and at what levels shareholders will have responsibility for environmental remediation costs.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lisa Rackner". The signature is written in a cursive style with a large, prominent initial "L".

Lisa Rackner

Enclosures

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served a true and correct copy of the foregoing document in Docket UM
3 1635 on the following named person(s) on the date indicated below by email addressed to said
4 person(s) at his or her last-known address(es) indicated below.

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16 DATED: September 20, 2013

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Wendy McIndoo
Office Manager

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Future Earnings Test Proposed Methodology Applied to Past Results

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
ROE - Earnings Test	8.05%	9.49%	9.77%	10.31%	10.17%	10.05%	11.21%	11.10%	11.19%	9.87%	
A - Insurance not Included											
SRRM Credit - Company Responsibility	\$0	\$27	\$257	\$1,322	\$622	\$526	\$8,283	\$6,593	\$7,261	\$439	\$25,330
SRRM Amortization - Customer Responsibility	\$1,034	\$2,178	\$8,952	\$5,238	\$8,140	\$7,639	\$1,684	\$7,081	\$8,059	\$18,983	\$68,989
ROE given SRRM	8.05%	9.48%	9.73%	10.15%	10.10%	9.99%	10.25%	10.24%	10.25%	9.82%	9.81%
B.a. Equal 10 year application of Insurance											
SRRM Credit - Company Responsibility	\$0	\$0	\$257	\$1,322	\$622	\$526	\$5,896	\$6,593	\$7,261	\$439	\$22,916
SRRM Amortization - Customer Responsibility	(\$3,036)	(\$1,866)	\$4,882	\$1,168	\$4,070	\$3,569	\$0	\$3,011	\$3,989	\$14,913	\$30,699
ROE given SRRM	8.05%	9.49%	9.73%	10.15%	10.10%	9.99%	10.53%	10.24%	10.25%	9.82%	9.83%
B.b. Insurance proportional to Expense											
SRRM Credit - Company Responsibility	\$0	\$27	\$257	\$1,322	\$622	\$526	\$7,986	\$6,593	\$7,261	\$439	\$25,033
SRRM Amortization - Customer Responsibility	(\$3,036)	(\$1,866)	\$4,882	\$1,168	\$4,070	\$3,569	\$0	\$3,011	\$3,989	\$14,913	\$30,699
ROE given SRRM	8.05%	9.48%	9.73%	10.15%	10.10%	9.99%	10.29%	10.24%	10.25%	9.82%	9.81%
B.c. Insurance applied to year of receipt											
SRRM Credit - Company Responsibility	\$0	\$27	\$257	\$1,322	\$622	\$526	\$8,283	\$6,593	\$7,261	\$439	\$25,330
SRRM Amortization - Customer Responsibility	\$1,034	\$2,178	\$8,952	\$5,238	\$8,140	\$7,639	\$1,684	\$7,081	\$4,410	\$14,913	\$61,269
ROE given SRRM	8.05%	9.48%	9.73%	10.15%	10.10%	9.99%	10.25%	10.24%	10.25%	9.82%	9.81%

Insurance Spread: None

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
Per Results of Operations ("ROO") as filed: data is from filed ROOs, column c (after Type I normalizing adjustments), there are slight rounding differences												
Net Operating Revenue	\$61,541	\$71,694	\$78,821	\$82,753	\$83,957	\$83,918	\$89,513	\$84,845	\$86,680	\$82,251		
Total Rate Base	\$814,052	\$858,497	\$940,148	\$958,767	\$975,963	\$978,907	\$986,180	\$967,308	\$993,165	\$1,028,353		
Return on Rate Base	7.56%	8.35%	8.38%	8.63%	8.60%	8.57%	9.08%	8.77%	8.73%	8.00%		
Return on Equity	8.05%	9.49%	9.77%	10.31%	10.17%	10.05%	11.21%	11.10%	11.19%	9.87%		
Authorized ROE	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.08%	see note 1	
ROE Threshold for each year's Spring Earnings Test	13.27%	13.27%	13.32%	13.44%	13.40%	13.14%	11.54%	11.02%	10.92%	10.92%		
Environmental costs:											Totals	
Environmental deferrals (as actually recorded each year)	\$1,034	\$2,205	\$9,209	\$5,290	\$6,754	\$5,415	\$6,464	\$9,231	\$9,762	\$15,571	\$70,934	see note 2
Interest on deferrals (as actually recorded each year)	\$0	\$0	\$0	\$1,270	\$2,008	\$2,750	\$3,503	\$4,444	\$5,559	\$3,852	\$23,385	
Total Environmental deferrals with interest	\$1,034	\$2,205	\$9,209	\$6,560	\$8,762	\$8,165	\$9,967	\$13,675	\$15,320	\$19,423	\$94,319	
Insurance proceeds		0									0	
Net Environmental costs	\$1,034	\$2,205	\$9,209	\$6,560	\$8,762	\$8,165	\$9,967	\$13,675	\$15,320	\$19,423	\$94,319	
Environmental Deferrals Earnings Test Scenarios: these scenarios consider the pre-tax amount exceeding an example threshold ROE, and calculate the amount of environmental costs that would be written off if the test is interpreted that exceeding the threshold results in a writeoff of costs to the extent that earnings exceeded the threshold. Under this interpretation, the writeoff is the lesser of the pre-tax amount exceeding threshold ROE or the actual environmental spent.												
											Totals	of enviro cost
Pre tax amount of ROE compared to 10.2%	(\$14,492)	(\$5,379)	(\$3,535)	\$878	(\$233)	(\$1,327)	\$8,719	\$6,940	\$7,643	(\$1,707)	(\$2,493)	
write off to extent of earnings exceeded 10.2% deadband	\$0	\$0	\$0	\$878	\$0	\$0	\$8,719	\$6,940	\$7,643	\$0	\$24,180	25.6%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$878	\$0	\$6,166	\$0	\$5,889	\$5,172	\$0	\$18,105	19.2%
using deadband that existed in relevant Spring Earnings Test [a]												
write off to extent of earnings exceeded deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$599	\$2,081	\$0	\$2,680	2.8%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
100 bps deadband												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.1%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
50 bps deadband												
write off to extent of earnings exceeded 10.7% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$4,417	\$3,074	\$3,780	\$0	\$11,271	12.0%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$1,775	\$0	\$2,022	\$1,309	\$0	\$5,107	5.4%
-50 bps deadband												
write off to extent of earnings exceeded 9.7% deadband	\$0	\$0	\$536	\$5,008	\$4,067	\$3,064	\$9,967	\$10,807	\$11,506	\$1,384	\$46,338	49.1%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$536	\$5,008	\$4,067	\$8,165	\$0	\$9,756	\$9,035	\$0	\$36,567	38.8%
-100 bps deadband												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$7,454	\$9,967	\$13,675	\$15,320	\$5,450	\$73,551	78.0%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$8,165	\$1,377	\$13,622	\$12,898	\$0	\$57,747	61.2%
Variable bps deadbands:												
100												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.1%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
-100												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$7,454	\$9,967	\$13,675	\$15,320	\$5,450	\$73,551	78.0%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$8,165	\$1,377	\$13,622	\$12,898	\$0	\$57,747	61.2%
SRRM Application of Insurance Proceeds per Stipulation												
SRRM Credit - Company Responsibility	\$0	\$27	\$257	\$1,322	\$622	\$526	\$8,283	\$6,593	\$7,261	\$439	\$25,330	
SRRM Amortization - Customer Responsibility	\$1,034	\$2,178	\$8,952	\$5,238	\$8,140	\$7,639	\$1,684	\$7,081	\$8,059	\$18,983	\$68,989	
ROE given SRRM application	8.05%	9.48%	9.73%	10.15%	10.10%	9.99%	10.25%	10.24%	10.25%	9.82%	9.81%	Simple Average
SRRM Band - ROE less 75 bps up to ROE	\$0	\$27	\$257	\$620	\$622	\$526	\$645	\$580	\$579	\$439		
SRRM Band - ROE to 50 bps over ROE				\$702			\$3,442	\$3,093	\$3,090			
SRRM Band - Over 50 bps over ROE							\$4,196	\$2,920	\$3,591			

Insurance Spread: Equal over 10 years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
Per Results of Operations ("ROO") as filed: data is from filed ROOs, column c (after Type I normalizing adjustments), there are slight rounding differences												
Net Operating Revenue	\$61,541	\$71,694	\$78,821	\$82,753	\$83,957	\$83,918	\$89,513	\$84,845	\$86,680	\$82,251		
Total Rate Base	\$814,052	\$858,497	\$940,148	\$958,767	\$975,963	\$978,907	\$986,180	\$967,308	\$993,165	\$1,028,353		
Return on Rate Base	7.56%	8.35%	8.38%	8.63%	8.60%	8.57%	9.08%	8.77%	8.73%	8.00%		
Return on Equity	8.05%	9.49%	9.77%	10.31%	10.17%	10.05%	11.21%	11.10%	11.19%	9.87%		

Authorized ROE	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.08%		
ROE Threshold for each year's Spring Earnings Test	13.27%	13.27%	13.32%	13.44%	13.40%	13.14%	11.54%	11.02%	10.92%	10.92%		
Environmental costs:											Totals	
Environmental deferrals (as actually recorded each year)	\$1,034	\$2,205	\$9,209	\$5,290	\$6,754	\$5,415	\$6,464	\$9,231	\$9,762	\$15,571	\$70,934	
Interest on deferrals (as actually recorded each year)	\$0	\$0	\$0	\$1,270	\$2,008	\$2,750	\$3,503	\$4,444	\$5,559	\$3,852	\$23,385	
Total Environmental deferrals with interest	\$1,034	\$2,205	\$9,209	\$6,560	\$8,762	\$8,165	\$9,967	\$13,675	\$15,320	\$19,423	\$94,319	
Insurance proceeds	(4,070)	(4,070)	(4,070)	(4,070)	(4,070)	(4,070)	(4,070)	(4,070)	(4,070)	(4,070)	(40,704)	
Net Environmental costs	(\$3,036)	(\$1,866)	\$5,139	\$2,490	\$4,692	\$4,095	\$5,896	\$9,604	\$11,250	\$15,352	\$53,615	
Environmental Deferrals Earnings Test Scenarios: these scenarios consider the pre-tax amount exceeding an example threshold ROE, and calculate the amount of environmental costs that would be written off if the test is interpreted that exceeding the threshold results in a writeoff of costs to the extent that earnings exceeded the threshold. Under this interpretation, the writeoff is the lesser of the pre-tax amount exceeding threshold ROE or the actual environmental spent.												
Pre tax amount of ROE compared to 10.2%	(\$14,492)	(\$5,379)	(\$3,535)	\$878	(\$233)	(\$1,327)	\$8,719	\$6,940	\$7,643	(\$1,707)	Totals (\$2,493)	writeoff as % of enviro cost
write off to extent of earnings exceeded 10.2% deadband	\$0	\$0	\$0	\$878	\$0	\$0	\$5,896	\$6,940	\$7,643	\$0	\$21,358	39.8%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$878	\$0	\$4,095	\$0	\$5,889	\$5,172	\$0	\$16,033	29.9%
using deadband that existed in relevant Spring Earnings Test [a]												
write off to extent of earnings exceeded deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$599	\$2,081	\$0	\$2,680	5.0%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
100 bps deadband												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.2%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
50 bps deadband												
write off to extent of earnings exceeded 10.7% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$4,417	\$3,074	\$3,780	\$0	\$11,271	21.0%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$1,775	\$0	\$2,022	\$1,309	\$0	\$5,107	9.5%
-50 bps deadband												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$0	\$536	\$2,490	\$4,067	\$3,064	\$5,896	\$9,604	\$11,250	\$1,384	\$38,290	71.4%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$536	\$2,490	\$4,067	\$4,095	\$0	\$9,604	\$9,035	\$0	\$29,826	55.6%
-100 bps deadband												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$0	\$4,606	\$2,490	\$4,692	\$4,095	\$5,896	\$9,604	\$11,250	\$5,450	\$48,083	89.7%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$4,606	\$2,490	\$4,692	\$4,095	\$1,377	\$9,604	\$11,250	\$0	\$38,114	71.1%
Variable bps deadbands:												
100												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.2%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
-100												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$0	\$4,606	\$2,490	\$4,692	\$4,095	\$5,896	\$9,604	\$11,250	\$5,450	\$48,083	89.7%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$4,606	\$2,490	\$4,692	\$4,095	\$1,377	\$9,604	\$11,250	\$0	\$38,114	71.1%
SRRM Application of Insurance Proceeds per Stipulation	(\$4,070)	(\$4,070)	(\$4,070)	(\$4,070)	(\$4,070)	(\$4,070)	(\$4,070)	(\$4,070)	(\$4,070)	(\$4,070)	(\$40,704)	
SRRM Credit - Company Responsibility	\$0	\$0	\$257	\$1,322	\$622	\$526	\$5,896	\$6,593	\$7,261	\$439	\$22,916	
SRRM Amortization - Customer Responsibility	(\$3,036)	(\$1,866)	\$4,882	\$1,168	\$4,070	\$3,569	\$0	\$3,011	\$3,989	\$14,913	\$30,699	
ROE given SRRM application	8.05%	9.49%	9.73%	10.15%	10.10%	9.99%	10.53%	10.24%	10.25%	9.82%	Simple Average 9.83%	
SRRM Band - ROE less 75 bps up to ROE	\$0	\$0	\$257	\$620	\$622	\$526	\$645	\$580	\$579	\$439		
SRRM Band - ROE to 50 bps over ROE				\$702			\$3,442	\$3,093	\$3,090			
SRRM Band - Over 50 bps over ROE							\$1,809	\$2,920	\$3,591			

Insurance Spread: % of Expense

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
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Net Operating Revenue	\$61,541	\$71,694	\$78,821	\$82,753	\$83,957	\$83,918	\$89,513	\$84,845	\$86,680	\$82,251		
Total Rate Base	\$814,052	\$858,497	\$940,148	\$958,767	\$975,963	\$978,907	\$986,180	\$967,308	\$993,165	\$1,028,353		
Return on Rate Base	7.56%	8.35%	8.38%	8.63%	8.60%	8.57%	9.08%	8.77%	8.73%	8.00%		
Return on Equity	8.05%	9.49%	9.77%	10.31%	10.17%	10.05%	11.21%	11.10%	11.19%	9.87%		

Authorized ROE	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.08%		
ROE Threshold for each year's Spring Earnings Test	13.27%	13.27%	13.32%	13.44%	13.40%	13.14%	11.54%	11.02%	10.92%	10.92%		
Environmental costs:											Totals	
Environmental deferrals (as actually recorded each year)	\$1,034	\$2,205	\$9,209	\$5,290	\$6,754	\$5,415	\$6,464	\$9,231	\$9,762	\$15,571	\$70,934	
Interest on deferrals (as actually recorded each year)	\$0	\$0	\$0	\$1,270	\$2,008	\$2,750	\$3,503	\$4,444	\$5,559	\$3,852	\$23,385	
Total Environmental deferrals with interest	\$1,034	\$2,205	\$9,209	\$6,560	\$8,762	\$8,165	\$9,967	\$13,675	\$15,320	\$19,423	\$94,319	
Insurance proceeds	(446)	(951)	(3,974)	(2,831)	(3,781)	(3,524)	(4,301)	(5,901)	(6,612)	(8,382)	(40,704)	
Net Environmental costs	\$588	\$1,253	\$5,235	\$3,729	\$4,981	\$4,641	\$5,665	\$7,773	\$8,709	\$11,041	\$53,615	
Environmental Deferrals Earnings Test Scenarios: these scenarios consider the pre-tax amount exceeding an example threshold ROE, and calculate the amount of environmental costs that would be written off if the test is interpreted that exceeding the threshold results in a writeoff of costs to the extent that earnings exceeded the threshold. Under this interpretation, the writeoff is the lesser of the pre-tax amount exceeding threshold ROE or the actual environmental spent.												
Pre tax amount of ROE compared to 10.2%	(\$14,492)	(\$5,379)	(\$3,535)	\$878	(\$233)	(\$1,327)	\$8,719	\$6,940	\$7,643	(\$1,707)	Totals (\$2,493)	writeoff as % of enviro cost
write off to extent of earnings exceeded 10.2% deadband	\$0	\$0	\$0	\$878	\$0	\$0	\$5,665	\$6,940	\$7,643	\$0	\$21,127	39.4%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$878	\$0	\$4,641	\$0	\$5,889	\$5,172	\$0	\$16,580	30.9%
using deadband that existed in relevant Spring Earnings Test [a]												
write off to extent of earnings exceeded deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$599	\$2,081	\$0	\$2,680	5.0%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
100 bps deadband												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.2%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
50 bps deadband												
write off to extent of earnings exceeded 10.7% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$4,417	\$3,074	\$3,780	\$0	\$11,271	21.0%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$1,775	\$0	\$2,022	\$1,309	\$0	\$5,107	9.5%
-50 bps deadband												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$0	\$536	\$3,729	\$4,067	\$3,064	\$5,665	\$7,773	\$8,709	\$1,384	\$34,927	65.1%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$536	\$3,729	\$4,067	\$4,641	\$0	\$7,773	\$8,709	\$0	\$29,455	54.9%
-100 bps deadband												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$1,253	\$4,606	\$3,729	\$4,981	\$4,641	\$5,665	\$7,773	\$8,709	\$5,450	\$46,809	87.3%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$1,253	\$4,606	\$3,729	\$4,981	\$4,641	\$1,377	\$7,773	\$8,709	\$0	\$37,070	69.1%
Variable bps deadbands:												
100												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.2%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
-100												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$1,253	\$4,606	\$3,729	\$4,981	\$4,641	\$5,665	\$7,773	\$8,709	\$5,450	\$46,809	87.3%
□ writeoff if WACOG sharing excluded from all earnings tests	\$0	\$1,253	\$4,606	\$3,729	\$4,981	\$4,641	\$1,377	\$7,773	\$8,709	\$0	\$37,070	69.1%
SRRM Application of Insurance Proceeds per Stipulation	(\$45)	(\$140)	(\$537)	(\$820)	(\$1,198)	(\$1,551)	(\$1,981)	(\$2,571)	(\$3,232)	(\$4,070)		
SRRM Credit - Company Responsibility	\$0	\$27	\$257	\$1,322	\$622	\$526	\$7,986	\$6,593	\$7,261	\$439	\$25,033	
SRRM Amortization - Customer Responsibility	(\$3,036)	(\$1,866)	\$4,882	\$1,168	\$4,070	\$3,569	\$0	\$3,011	\$3,989	\$14,913	\$30,699	
ROE given SRRM application	8.05%	9.48%	9.73%	10.15%	10.10%	9.99%	10.29%	10.24%	10.25%	9.82%	Simple Average 9.81%	
SRRM Band - ROE less 75 bps up to ROE	\$0	\$27	\$257	\$620	\$622	\$526	\$645	\$580	\$579	\$439		
SRRM Band - ROE to 50 bps over ROE				\$702			\$3,442	\$3,093	\$3,090			
SRRM Band - Over 50 bps over ROE							\$3,899	\$2,920	\$3,591			

Insurance Spread: yr of reimbursement

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
Per Results of Operations ("ROO") as filed: data is from filed ROOs, column c (after Type I normalizing adjustments), there are slight rounding differences												
Net Operating Revenue	\$61,541	\$71,694	\$78,821	\$82,753	\$83,957	\$83,918	\$89,513	\$84,845	\$86,680	\$82,251		
Total Rate Base	\$814,052	\$858,497	\$940,148	\$958,767	\$975,963	\$978,907	\$986,180	\$967,308	\$993,165	\$1,028,353		
Return on Rate Base	7.56%	8.35%	8.38%	8.63%	8.60%	8.57%	9.08%	8.77%	8.73%	8.00%		
Return on Equity	8.05%	9.49%	9.77%	10.31%	10.17%	10.05%	11.21%	11.10%	11.19%	9.87%		

Authorized ROE	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.08%		
ROE Threshold for each year's Spring Earnings Test	13.27%	13.27%	13.32%	13.44%	13.40%	13.14%	11.54%	11.02%	10.92%	10.92%		
Environmental costs:											Totals	
Environmental deferrals (as actually recorded each year)	\$1,034	\$2,205	\$9,209	\$5,290	\$6,754	\$5,415	\$6,464	\$9,231	\$9,762	\$15,571	\$70,934	
Interest on deferrals (as actually recorded each year)	\$0	\$0	\$0	\$1,270	\$2,008	\$2,750	\$3,503	\$4,444	\$5,559	\$3,852	\$23,385	
Total Environmental deferrals with interest	\$1,034	\$2,205	\$9,209	\$6,560	\$8,762	\$8,165	\$9,967	\$13,675	\$15,320	\$19,423	\$94,319	
Insurance proceeds										(36,497)	(4,207)	(40,704)
Net Environmental costs	\$1,034	\$2,205	\$9,209	\$6,560	\$8,762	\$8,165	\$9,967	\$13,675	(\$21,177)	\$15,215	\$53,615	
Environmental Deferrals Earnings Test Scenarios: these scenarios consider the pre-tax amount exceeding an example threshold ROE, and calculate the amount of environmental costs that would be written off if the test is interpreted that exceeding the threshold results in a writeoff of costs to the extent that earnings exceeded the threshold. Under this interpretation, the writeoff is the lesser of the pre-tax amount exceeding threshold ROE or the actual environmental spent.												
Pre tax amount of ROE compared to 10.2%	(\$14,492)	(\$5,379)	(\$3,535)	\$878	(\$233)	(\$1,327)	\$8,719	\$6,940	\$7,643	(\$1,707)	Totals (\$2,493)	writeoff as % of enviro cost
write off to extent of earnings exceeded 10.2% deadband	\$0	\$0	\$0	\$878	\$0	\$0	\$8,719	\$6,940	\$0	\$0	\$16,537	30.8%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$878	\$0	\$6,166	\$0	\$5,889	\$0	\$0	\$12,932	24.1%
using deadband that existed in relevant Spring Earnings Test [a]												
write off to extent of earnings exceeded deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$599	\$0	\$0	\$599	1.1%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
100 bps deadband												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.2%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
50 bps deadband												
write off to extent of earnings exceeded 10.7% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$4,417	\$3,074	\$0	\$0	\$7,491	14.0%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$1,775	\$0	\$2,022	\$0	\$0	\$3,797	7.1%
-50 bps deadband												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$0	\$536	\$5,008	\$4,067	\$3,064	\$9,967	\$10,807	\$0	\$1,384	\$34,832	65.0%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$536	\$5,008	\$4,067	\$8,165	\$0	\$9,756	\$0	\$0	\$27,531	51.3%
-100 bps deadband												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$7,454	\$9,967	\$13,675	\$0	\$5,450	\$58,230	108.6%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$8,165	\$1,377	\$13,622	\$0	\$0	\$44,849	83.6%
Variable bps deadbands:												
100												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.2%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
-100												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$7,454	\$9,967	\$13,675	\$0	\$5,450	\$58,230	108.6%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$8,165	\$1,377	\$13,622	\$0	\$0	\$44,849	83.6%
SRRM Application of Insurance Proceeds per Stipulation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,650)	(\$4,070)	(\$7,720)	
SRRM Credit - Company Responsibility	\$0	\$27	\$257	\$1,322	\$622	\$526	\$8,283	\$6,593	\$7,261	\$439	\$25,330	
SRRM Amortization - Customer Responsibility	\$1,034	\$2,178	\$8,952	\$5,238	\$6,140	\$7,639	\$1,684	\$7,081	\$4,410	\$14,913	\$61,269	
ROE given SRRM application	8.05%	9.48%	9.73%	10.15%	10.10%	9.99%	10.25%	10.24%	10.25%	9.82%	Simple Average 9.81%	
SRRM Band - ROE less 75 bps up to ROE	\$0	\$27	\$257	\$620	\$622	\$526	\$645	\$580	\$579	\$439		
SRRM Band - ROE to 50 bps over ROE				\$702			\$3,442	\$3,093	\$3,090			
SRRM Band - Over 50 bps over ROE							\$4,196	\$2,920	\$3,591			

Insurance Spread: None entered - open for testing

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
Per Results of Operations ("ROO") as filed: data is from filed ROOs, column c (after Type I normalizing adjustments), there are slight rounding differences												
Net Operating Revenue	\$61,541	\$71,694	\$78,821	\$82,753	\$83,957	\$83,918	\$89,513	\$84,845	\$86,680	\$82,251		
Total Rate Base	\$814,052	\$858,497	\$940,148	\$958,767	\$975,963	\$978,907	\$986,180	\$967,308	\$993,165	\$1,028,353		
Return on Rate Base	7.56%	8.35%	8.38%	8.63%	8.60%	8.57%	9.08%	8.77%	8.73%	8.00%		
Return on Equity	8.05%	9.49%	9.77%	10.31%	10.17%	10.05%	11.21%	11.10%	11.19%	9.87%		

Authorized ROE	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%	10.08%		
ROE Threshold for each year's Spring Earnings Test	13.27%	13.27%	13.32%	13.44%	13.40%	13.14%	11.54%	11.02%	10.92%	10.92%		
Environmental costs:											Totals	
Environmental deferrals (as actually recorded each year)	\$1,034	\$2,205	\$9,209	\$5,290	\$6,754	\$5,415	\$6,464	\$9,231	\$9,762	\$15,571	\$70,934	
Interest on deferrals (as actually recorded each year)	\$0	\$0	\$0	\$1,270	\$2,008	\$2,750	\$3,503	\$4,444	\$5,559	\$3,852	\$23,385	
Total Environmental deferrals with interest	\$1,034	\$2,205	\$9,209	\$6,560	\$8,762	\$8,165	\$9,967	\$13,675	\$15,320	\$19,423	\$94,319	
Insurance proceeds											0	
Net Environmental costs	\$1,034	\$2,205	\$9,209	\$6,560	\$8,762	\$8,165	\$9,967	\$13,675	\$15,320	\$19,423	\$94,319	
Environmental Deferrals Earnings Test Scenarios: these scenarios consider the pre-tax amount exceeding an example threshold ROE, and calculate the amount of environmental costs that would be written off if the test is interpreted that exceeding the threshold results in a writeoff of costs to the extent that earnings exceeded the threshold. Under this interpretation, the writeoff is the lesser of the pre-tax amount exceeding threshold ROE or the actual environmental spent.												
Pre tax amount of ROE compared to 10.2%	(\$14,492)	(\$5,379)	(\$3,535)	\$878	(\$233)	(\$1,327)	\$8,719	\$6,940	\$7,643	(\$1,707)	Totals (\$2,493)	of enviro cost
write off to extent of earnings exceeded 10.2% deadband	\$0	\$0	\$0	\$878	\$0	\$0	\$8,719	\$6,940	\$7,643	\$0	\$24,180	25.6%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$878	\$0	\$6,166	\$0	\$5,889	\$5,172	\$0	\$18,105	19.2%
using deadband that existed in relevant Spring Earnings Test [a]												
write off to extent of earnings exceeded deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$599	\$2,081	\$0	\$2,680	2.8%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
100 bps deadband												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.1%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
50 bps deadband												
write off to extent of earnings exceeded 10.7% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$4,417	\$3,074	\$3,780	\$0	\$11,271	12.0%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$1,775	\$0	\$2,022	\$1,309	\$0	\$5,107	5.4%
-50 bps deadband												
write off to extent of earnings exceeded 9.7% deadband	\$0	\$0	\$536	\$5,008	\$4,067	\$3,064	\$9,967	\$10,807	\$11,506	\$1,384	\$46,338	49.1%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$536	\$5,008	\$4,067	\$8,165	\$0	\$9,756	\$9,035	\$0	\$36,567	38.8%
-100 bps deadband												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$7,454	\$9,967	\$13,675	\$15,320	\$5,450	\$73,551	78.0%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$8,165	\$1,377	\$13,622	\$12,898	\$0	\$57,747	61.2%
Variable bps deadbands:												
100												
write off to extent of earnings exceeded 11.2% deadband	\$0	\$0	\$0	\$0	\$0	\$0	\$115	\$0	\$0	\$0	\$115	0.1%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
-100												
write off to extent of earnings exceeded 9.2% deadband	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$7,454	\$9,967	\$13,675	\$15,320	\$5,450	\$73,551	78.0%
<input type="checkbox"/> writeoff if WACOG sharing excluded from all earnings tests	\$0	\$2,151	\$4,606	\$6,560	\$8,367	\$8,165	\$1,377	\$13,622	\$12,898	\$0	\$57,747	61.2%

SRRM Application of Insurance Proceeds per Stipulation	per line 22	per line 22	per line 22	per line 22	per line 22	per line 22	per line 22	per line 22	per line 22	per line 22	per line 22	
SRRM Credit - Company Responsibility	\$0	\$27	\$257	\$1,322	\$622	\$526	\$8,283	\$6,593	\$7,261	\$439	\$25,330	
SRRM Amortization - Customer Responsibility	\$1,034	\$2,178	\$8,952	\$5,238	\$8,140	\$7,639	\$1,684	\$7,081	\$8,059	\$18,983	\$68,989	
ROE given SRRM application	8.05%	9.48%	9.73%	10.15%	10.10%	9.99%	10.25%	10.24%	10.25%	9.82%	Simple Average 9.81%	
SRRM Band - ROE less 75 bps up to ROE	\$0	\$27	\$257	\$620	\$622	\$526	\$645	\$580	\$579	\$439		
SRRM Band - ROE to 50 bps over ROE				\$702			\$3,442	\$3,093	\$3,090			
SRRM Band - Over 50 bps over ROE							\$4,196	\$2,920	\$3,591			