

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1635

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURAL,

Mechanism for Recovery of
Environmental Remediation Costs.

BENCH REQUEST

On July 11, 2013, the parties filed a joint prudence and earnings test stipulation, and on August 7, 2013, the parties filed testimony in support of the stipulation. In order for the Commission to better understand the proposed stipulation, the stipulating parties are directed to jointly respond to the following questions by Friday, September 20, 2013.

A. Construct and provide an Excel spreadsheet template with all data contained in Staff/102, Johnson/1, with all formulas intact. Amend the template in the following ways:

1. Add a column for the year 2012. Input the relevant data for 2012 (lines 1-14), and conduct the same analyses for 2012 (including all "Environmental Deferrals Earnings Test Scenarios" at lines 31-56) as those performed for each of the previous years. Amend "totals" columns to include 2012 data.
2. Below the "Environmental Deferrals Earnings Test Scenarios" supplied in Staff/102, using the historical data for years 2003-2012, for each year apply the proposed future earnings test mechanism set forth in the stipulation. For each year, report, at a minimum, the earnings sharing between NW Natural and ratepayers within each sharing band, the total earnings sharing between NW Natural and ratepayers, and the final ROE after application of the proposed future earnings test mechanism.

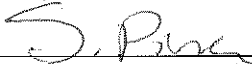
B. Using the amended Excel spreadsheet template prepared in response to questions A1 and A2, conduct the following analyses:

Using the total insurance proceeds assigned by the stipulation to the period prior to January 1, 2013 (\$40,704,064), assign the proceeds to each year from 2003 to 2012 in the following ways, resulting in four spreadsheets:

- a. Divide the total insurance proceeds amount evenly by 10 years (2003-2012). For each year, subtract insurance proceeds for that year from total environmental deferrals with interest for that year, resulting in an updated net environmental cost for that year. With the new estimates of net environmental costs for each year, rerun all the environmental deferral earnings test scenarios in Staff/102, as well as the calculation of the future earnings test mechanism set forth in the stipulation.
- b. Allocate the total insurance proceeds prior to January 1, 2013 among the 10 years from 2003 to 2012 based on the share of the overall expenses over the entire period incurred in each year. For example, if the total cost over the period is \$97 million, and the company incurred \$2 million in a given year, assign $2/97$ times \$40,704,064 to that year. For each year, subtract the allocated insurance proceeds from total environmental deferrals with interest for that year. With the new estimates of net environmental costs for each year, rerun all the environmental deferral earnings test scenarios in Staff/102, as well as the calculation of the future earnings test mechanism set forth in the stipulation.
- c. Using the actual years in which insurance proceeds were received, apply the future earnings test insurance methodology proposed in the stipulation to the years 2003-2012.
- d. Provide an Excel spreadsheet template with all data requested in questions A1 and A2, with no data in row 22 ("Insurance Proceeds"), to allow the Commissioners to input additional hypothetical insurance numbers and determine their effect on Earnings Test Scenarios and the parties' proposed future earnings test mechanism.

In addition to a printed version of the requested spreadsheets, the parties' response should include a CD containing the Excel spreadsheets detailed above with all formulas intact. An original and five hard copies of the CD should be provided to the Commission's filing center.

Dated this 17th day of September, 2013, at Salem, Oregon.



Shani Pines
Administrative Law Judge