

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 163

In the Matter of)	
)	
NORTHWEST NATURAL)	PREHEARING
)	CONFERENCE
Investigation Regarding Possible Continuation)	REPORT
of Distribution Margin Normalization Tariff.)	

**DISPOSITION: SCHEDULE ADOPTED; PETITION TO INTERVENE
GRANTED**

On May 17, 2005, a prehearing conference was held in Salem, Oregon. The purpose of the conference was to establish a procedural schedule, and resolve any outstanding issues. Appearances were entered by Northwest Natural Gas Company (NWN), Northwest Industrial Gas Users (NWIGU), and Staff of the Public Utility Commission of Oregon (Staff).

The appearing parties, along with the NW Energy Coalition (NWECC), Natural Resources Defense Council (NRDC), Community Action Directors of Oregon (CADO), and Oregon Energy Coordinators Association (OECA) agreed to the following schedule, which was not opposed by Avista Corporation:

ACTION	DATE
NWN files proposal and supporting testimony	May 27, 2005
Staff and Intervenors file rebuttal testimony	August 10, 2005
Staff and Intervenors file testimony in response to the August 10 filing; NWN files surrebuttal testimony.	September 9, 2005
Hearing (Specifics to be determined; notice to be mailed at a later date.)	October 6 & 7, 2005
Briefing schedule	To be determined.

Filings are to be “in hand” on the due date.

The above-named parties also agreed to the following as part of this docket:

1. To enable the Commission to complete its investigation in this docket under the above schedule, the parties asked the Commission to extend NWN’s Schedule 190, Partial Decoupling Mechanism, beyond its scheduled September 30, 2005, termination date, subject to the following:

- a. For deferrals accrued by NWN in the Partial Decoupling Deferral Account for usage after September 30, 2005, such amounts shall not automatically be amortized in accordance with Schedule 190. Rather, treatment of such deferrals shall be addressed by the parties, and determined by the Commission's order in this proceeding.
- b. Any changes to the price elasticity adjustment pursuant to an order in this proceeding will be made only on a prospective basis (*i.e.*, in the event the tariff terminates at the conclusion of this proceeding, NWN will not be required to make refunds to customers).

On May 27, 2005, NWN will file a new tariff which is consistent with Schedule 190, beginning October 1, 2005, and containing no expiration date.

2. A potential issue in this proceeding concerns the meaning of NWN's "responsibility for demand-side management programs" as set forth in Article IV of the Stipulation in Order No. 02-634 (Docket UG 143). Any party desiring to address this potential issue must do so in its first submission under the schedule adopted on May 17, 2005. A party's submission on this issue may include both testimony and legal argument. A party who has addressed the issue in its first submission may respond in its rebuttal submission to other parties who also addressed the issue. However, a party who has not addressed the issue in its first submission may not respond to another party's submission on the issue.

Finally, On May 13, 2005, the NWECA and NRDC filed an amended petition to intervene, asking for both entities to be granted party status in this matter. NWECA's petition to intervene was previously granted. *See*, Prehearing Conference Report issued May 9, 2005. NWECA has sufficient interest in the proceeding, and its appearance and participation will not unreasonably broaden the issues, burden the record, or unreasonably delay the proceeding. *See* OAR 860-012-0001. NRDC's petition to intervene is conditionally granted, subject to timely objections.

Dated this 20th day of May, 2005.

Kathryn A. Logan
Administrative Law Judge