



Oregon

Kate Brown, Governor

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Errata Via Electronic Filing

OREGON PUBLIC UTILITY COMMISSION

ATTENTION: FILING CENTER

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SALEM OR 97308-1088

**RE: Docket No. UG 344 Ph 2 – In the Matter of
NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL, Request for a General Rate
Revision.**

This filing is to correct Staff Rebuttal Testimony filed December 12, 2018:

Staff/1700, Fox/12, line 21-23 as filed:

“In the absence of the Second Partial Stipulation, Staff recommends that Commission consider interest on the PBA incurred after 2013 (\$19.8 million) as imprudently incurred.”

Staff/1700, Fox/12, line 21-23 as revised:

“In the absence of the Second Partial Stipulation, Staff recommends that Commission consider interest on the PBA incurred after **2012** (\$19.8 million) as imprudently incurred.”

A copy of the corrected filing is attached.

/s/ Kay Barnes

Kay Barnes

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1 it would be a reasonable expectation that they would inform the parties that the
2 PBA was no longer viable before they actually did in fall of 2017.

3 **Q. Please summarize Staff's position regarding the prudence of the**
4 **\$80 million PBA balance.**

5 A. The use of FAS 87 expense in ratemaking is a long standing Commission
6 policy and Staff agrees that the Company has a reasonable business
7 expectation to recover this amount and should be entitled to recover the FAS
8 87 portion (74 percent) of the account balance in full.

9 The magnitude of the interest portion of the outstanding balance
10 (26 percent) is a direct result of amounts in the PBA exceeding the original
11 projection and although all parties to the order establishing the PBA bear some
12 responsibility for monitoring the account, for the reasons discussed above the
13 Company should bear the vast majority of responsibility. Therefore, it is
14 appropriate for the Commission to disallow some or all of the accumulated
15 interest in the PBA as being imprudently incurred.

16 Staff also notes that concerns regarding recovery of the interest portion of
17 the account was one of the variables underlying Staff's decision to enter into
18 the Second Partial Stipulation in this case as discussed further below.

19 **Q. What is Staff's recommendation to the Commission regarding the**
20 **prudence of the interest portion of the Pension balancing account?**

21 A. In the absence of the Second Partial Stipulation, Staff recommends that
22 Commission consider interest on the PBA incurred after ~~2013~~ (\$19.8 million) as
23 imprudently incurred. 2012