

**Testimony of Gary Bauer  
NW Natural**  
**Before the House Energy and Environment Committee**  
**In Support of SB 456**  
February 19, 2015

Chair Vega Pederson, members of the committee, my name is Gary Bauer and I represent NW Natural. NW Natural is a natural gas utility serving 700,000 customers in the Willamette Valley, Columbia Gorge, portions of the Oregon coast, and Southwest Washington.

Last session the legislature passed a measure (SB 844 – 2013 session, ORS 757.539) directing the Public Utility Commission (PUC) establishing a voluntary incentive program for natural gas utilities to invest in projects that reduce emissions and provide benefits to customers.

During the interim, the PUC developed the rules necessary to implement the law. The workshops leading up to the rulemaking and the actual rulemaking proceedings included participation from customer groups, environmental organizations, utilities, and the PUC staff. During the rulemaking, all of the parties that submitted comments generally supported the intent of the new law including the concept that utilities should receive an incentive for investing in emission reduction projects.

As the rulemaking was drawing to a close and the Commission was preparing to adopt the rules, a question was raised regarding whether the language in the statute should be amended to make it clear that when the commission issues a final order regarding how the utility can recover costs and investments related to the project, that they can include different types of incentives beyond the traditional mechanisms utilized by the commission. The law uses the word “incentivizing” and “incentives,” but it is not used in the sentences that mention recovering costs and investments.

The purpose of SB 456 is to reaffirm and clarify that the commission clearly has the authority and flexibility to develop the appropriate incentives. Additional mechanisms may include recovery based on the amount of emissions reduced, allowing a return on a specific project that is different from the return authorized for other investments, or combinations of mechanisms.

We urge your support of SB 456.