

**Testimony of Gary Bauer**  
**NW Natural**  
**Before the House Energy and Environment Committee**  
**In Support of SB 32**  
April 28, 2015

Chair Vega Pederson, members of the committee, my name is Gary Bauer and I represent NW Natural.

NW Natural and other natural gas utilities routinely are asked by communities and Business Oregon about supplying natural gas to areas that do not currently have natural gas. For a number of years, the City of Estacada has sought natural gas, Reedsport had an entity looking at a closed mill site, other communities along the coast, in the gorge and in eastern and southern Oregon have asked for service, or asked companies to serve businesses that want to locate or expand.

Requests can be:

- for economic development purposes - supporting jobs and tax revenue for communities and schools
- in support of community functions such as taking waste gas from waste water treatment plants
- to provide fueling capabilities for alternative fueled vehicles
- to help a community meet air quality standards
- to provide residents with lower cost energy options
- to provide additional energy choices for consumers
- to establish energy stability, natural gas service is generally not subject to outages due to a storm

The cost to extend service to a community depends on a number of factors:

- Distance from existing natural gas infrastructure
- Construction conditions (rock, adequate space in right of way, road condition, etc.)
- Potential natural gas usage

SB 32 was introduced, because natural gas utilities are regulated and projects are subject to PUC approval. We recognize that circumstances surrounding the expansion of the natural gas system vary so as a result, SB 32 sets up a work group to study mechanisms that can be used to provide service to unserved areas and it highlights some potential issues that the workgroup should consider including methods that are used in other states as well as any potential rate impacts.

SB 32 as introduced and passed by the Senate lists a few specific participants with the understanding that PUC workgroups are open to the public and others have an opportunity to participate. However, various organizations have expressed an interest to be included in the workgroup – Propane dealers, CUB, industrial customers, cities and counties. As a result, we are proposing that the committee consider the -3

amendments. Rather than list specific entities only to have others become frustrated that they weren't listed, we suggest using language similar to that adopted by this committee when it established a workgroup to address wood stove issues. The -3 amendments result in having the commission include other energy suppliers (propane, electric, etc.) local governments (cities and counties), elected officials (state, county and municipal), stakeholders who have an interest in the outcome of the study (CUB, NW Industrial Gas Users, business and environmental organization, etc.), and individuals that are knowledgeable about the subject. We believe this is very inclusive.

I understand there is some opposition by other energy suppliers that have a concern about competition. Natural gas is a fuel of choice. Most customers do not have to have natural gas, or if they need natural gas for their business, I suppose they can continue to locate in more populated parts of the state - but it would be too bad if we continue to disadvantage Oregon's smaller communities.

We urge you to support SB 32 and to adopt the -3 amendments