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July 20, 2012

**VIA ELECTRONIC FILING
& FIRST CLASS MAIL**

Oregon Public Utility Commission
Attn: Filing Center
550 Capitol Street N.E., #215
P.O. Box 2148
Salem, Oregon 97308-2148

Re: In the Matter of Northwest Natural Gas Company –
Application for a General Rate Revision
Docket No. UG-221

Dear Filing Center:

Enclosed please find an original and five (5) copies of the **Rebuttal Testimony of Donald W. Schoenbeck** on behalf of the Northwest Industrial Gas Users.

Thank you for your assistance, and please do not hesitate to contact our office with any questions.

Very truly yours,



Tommy A. Brooks

TAB:sk
Enclosures

cc: UG 221 Service List

CERTIFICATE OF SERVICE

I CERTIFY that I have on this day served the foregoing document upon all parties of record in this proceeding via electronic mail and/or by mailing a copy properly addressed with first class postage prepaid.

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Dated in Portland, Oregon, this 20th day of July 2012.



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Docket UG 221
NWIGU /200
Schoenbeck

BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON

**REBUTTAL TESTIMONY OF DONALD W. SCHOENBECK
ON BEHALF OF THE NORTHWEST INDUSTRIAL GAS USERS**

July 20, 2012

1 **Q. ARE YOU THE SAME DONALD W. SCHOENBECK WHO FILED DIRECT**
2 **TESTIMONY ON BEHALF OF THE NORTHWEST INDUSTRIAL GAS USERS**
3 **(“NWIGU”) IN THIS DOCKET?**

4 A. Yes. My direct testimony, which addressed rate spread, environmental remediation cost
5 recovery, interruptible service elimination, and industrial rate design, was filed as
6 NWIGU/100 along with supporting Exhibits NWIGU/101-103.

7 **Q. DO YOU HAVE ANY CORRECTIONS TO MAKE TO THAT TESTIMONY?**

8 A. Not at this time.

9 **Q. HAVE YOU REVIEWED NORTHWEST NATURAL’S (“NW NATURAL” OR**
10 **“THE COMPANY”) REPLY TESTIMONY RELATING TO INTERRUPTIBLE**
11 **SERVICE?**

12 A. Yes. The Company and NWIGU are in agreement with regard to ceasing interruptible
13 service under Schedule 31. However, NWIGU continues to disagree with the Company’s
14 proposed revisions to provide interruptible service under Schedule 32.

15 **Q. HOW DO YOU CHARACTERIZE THE COMPANY’S REPLY TESTIMONY**
16 **WITH REGARD TO INTERRUPTIBLE SERVICE UNDER SCHEDULE 32?**

17 A. NW Natural has revised its original proposal in two regards. First, the Company has
18 created “guidelines” that it will use to determine the availability of interruptible service
19 for Schedule 32 customers. Second, the Company has agreed to remove any reference to
20 a “five-year” review of interruptible service. NWN/2800 King/11.

21 **Q. DOES NWIGU SUPPORT THE CHANGES NW NATURAL MADE TO ITS**
22 **ORIGINAL PROPOSAL?**

23 A: Only with respect to the Company’s removal of any reference to a five-year review of
24 interruptible service. NWIGU continues to oppose the remainder of the Company’s
25 proposal. Although the Company’s reply testimony indicates that the revised proposal is

1 “an effort to address NWIGU’s concerns,” NWIGU’s concern remains that the
2 Company’s proposal is extraordinary because it eliminates a customer’s ability to elect
3 the level of service it wants and needs. NWIGU/100 Schoenbeck/18. Although the
4 Company’s revised proposal would “grandfather” some existing customers who already
5 elect interruptible service on Schedule 32, that protection lasts only as long as the
6 customer does not elect a different service. That aspect of the proposal removes all
7 flexibility for existing interruptible customers and leaves out completely any customer
8 that could otherwise elect that service in the future. Thus, while NWIGU appreciates the
9 slightly more moderate approach the Company has taken with its revised proposal, that
10 proposal does not address NWIGU’s concerns set forth in my direct testimony as the
11 Company has stated.

12 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

13 **A.** Yes, it does.