

**Rates and Regulatory Affairs**  
Facsimile: 503.721.2516



November 29, 2010

Public Utility Commission of Oregon  
550 Capitol Street, N.E., Suite 215  
Salem, Oregon 97301-2551

Attention: Lori Koho

Re: Docket Nos. UG 163 & UG 152 - Annual WARM Report for the 2009-2010 heating season

Attached please find NW Natural's Annual WARM Report, pursuant to the stipulation filed in Docket Nos. UG 163/UG 152, Extending the Term of Weather-Adjusted Rate Mechanism and Distribution Margin Normalization, as approved in Commission Order No. 07-426 (September 26, 2007).

An electronic copy of this letter and the attached spreadsheets has also been provided to each of the individual signatories of the stipulation.

Please feel free to call if you have questions.

Sincerely,

/s/ Natasha Siores

Natasha Siores  
Senior Rates Analyst  
Extension 3588

enclosure

cc: Onita King  
Alex Miller  
Moshrek Sobhy, OPUC

NW Natural  
Rates & Regulatory Affairs  
Annual Report of WARM  
For the WARM season December 2009-June 2010

		Revenue Month						WARM	
		Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Season Total
1	<b>I. Degree Day Differences</b>								
2	Total Billing Heating DD <sup>1/</sup>								
3	Albany Residential								
4	Actual	19,113,658	15,859,479	11,981,926	11,326,368	10,213,503	2,055,131	24	70,550,089
5	Normal	15,480,018	19,389,939	15,371,686	11,701,738	9,239,838	1,723,510	(61)	72,906,668
6	Difference	3,633,640	(3,530,460)	(3,389,760)	(375,370)	973,665	331,621	85	(2,356,579)
7									
8	Commerical								
9	Actual	2,169,374	1,768,193	1,312,399	1,242,219	1,104,178	274,979	(304)	7,871,038
10	Normal	1,731,314	2,194,705	1,717,048	1,291,980	997,579	226,648	(260)	8,159,014
11	Difference	438,060	(426,512)	(404,649)	(49,761)	106,599	48,331	(44)	(287,976)
12									
13	Astoria Residential								
14	Actual	3,938,152	4,103,151	3,087,000	3,179,918	2,857,414	1,394,407	(115)	18,559,927
15	Normal	3,365,565	4,943,794	4,212,084	3,745,416	3,128,852	1,301,464	(345)	20,696,830
16	Difference	572,587	(840,643)	(1,125,084)	(565,498)	(271,438)	92,943	230	(2,136,903)
17									
18	Commerical								
19	Actual	593,362	590,034	436,383	445,841	400,354	213,548	0	2,679,522
20	Normal	505,189	715,233	616,151	533,189	440,842	197,985	0	3,008,589
21	Difference	88,173	(125,199)	(179,768)	(87,348)	(40,488)	15,563	0	(329,067)
22									
23	Coos Bay Residential								
24	Actual	361,736	203,269	228,226	226,538	243,667	204,287	0	1,467,723
25	Normal	251,071	294,983	281,147	214,691	208,155	154,363	0	1,404,410
26	Difference	110,665	(91,714)	(52,921)	11,847	35,512	49,924	0	63,313
27									
28	Commerical								
29	Actual	99,756	54,170	60,432	61,396	67,878	57,071	0	400,703
30	Normal	67,174	81,239	76,307	57,906	56,933	41,992	0	381,551
31	Difference	32,582	(27,069)	(15,875)	3,490	10,945	15,079	0	19,152
32									
33	Eugene Residential								
34	Actual	16,798,004	16,992,982	11,134,645	10,561,712	10,472,719	5,340,001	1,389	71,301,452
35	Normal	14,634,870	17,926,165	14,846,048	11,683,430	9,257,194	4,610,940	860	72,959,507
36	Difference	2,163,134	(933,183)	(3,711,403)	(1,121,718)	1,215,525	729,061	529	(1,658,055)
37									
38	Commerical								
39	Actual	2,527,422	2,592,226	1,671,365	1,579,221	1,562,073	774,520	(2,730)	10,704,097
40	Normal	2,205,336	2,711,456	2,265,513	1,788,965	1,353,712	662,167	(2,818)	10,984,331
41	Difference	322,086	(119,230)	(594,148)	(209,744)	208,361	112,353	88	(280,234)
42									
43	Lincoln City Residential								
44	Actual	3,400,864	2,580,749	2,290,586	2,303,126	2,445,805	12,589	(646)	13,033,073
45	Normal	3,184,458	3,392,924	2,762,466	2,254,576	1,959,777	8,431	(510)	13,562,122
46	Difference	216,406	(812,175)	(471,880)	48,550	486,028	4,158	(136)	(529,049)
47									
48	Commerical								
49	Actual	472,734	346,169	310,551	315,067	330,751	1,168	0	1,776,440
50	Normal	437,553	474,516	379,798	312,109	261,089	784	0	1,865,849
51	Difference	35,181	(128,347)	(69,247)	2,958	69,662	384	0	(89,409)
52									
53	Portland Residential								
54	Actual	176,536,365	203,403,069	131,371,026	109,488,764	93,813,447	27,888,484	6,147	742,507,302
55	Normal	156,214,840	209,452,170	171,140,646	123,447,970	87,397,537	24,490,038	(1,702)	772,141,499
56	Difference	20,321,525	(6,049,101)	(39,769,620)	(13,959,206)	6,415,910	3,398,446	7,849	(29,634,197)
57									
58	Commerical								
59	Actual	15,867,028	18,575,892	11,615,268	9,744,556	8,173,912	2,350,167	(10,802)	66,316,021
60	Normal	13,964,083	19,120,578	15,487,217	11,089,482	7,587,236	2,067,249	(11,615)	69,304,230
61	Difference	1,902,945	(544,686)	(3,871,949)	(1,344,926)	586,676	282,918	813	(2,988,209)
62									
63	Salem Residential								
64	Actual	33,248,268	43,226,350	27,833,827	24,484,472	24,433,650	15,813,822	4,009	169,044,398
65	Normal	32,991,128	43,819,190	38,288,722	29,866,936	23,957,717	15,525,096	1,728	184,450,517
66	Difference	257,140	(592,840)	(10,454,895)	(5,382,464)	475,933	288,726	2,281	(15,406,119)
67									
68	Commerical								
69	Actual	3,366,944	4,387,305	2,754,896	2,408,903	2,394,447	1,443,435	(1,080)	16,754,850
70	Normal	3,336,780	4,487,675	3,857,805	2,988,812	2,339,431	1,420,862	(1,158)	18,430,207
71	Difference	30,164	(100,370)	(1,102,909)	(579,909)	55,016	22,573	78	(1,675,357)
72									
73	The Dalles Residential								
74	Actual	2,629,211	3,212,340	2,043,649	1,763,826	1,531,186	423,368	405	11,603,985
75	Normal	2,307,678	3,229,545	2,570,320	1,947,806	1,375,091	410,784	373	11,841,597
76	Difference	321,533	(17,205)	(526,671)	(183,980)	156,095	12,584	32	(237,612)
77									
78	Commerical								
79	Actual	589,506	768,452	483,952	400,152	355,338	125,165	180	2,722,745
80	Normal	526,616	741,565	613,354	457,155	320,030	121,396	184	2,780,300
81	Difference	62,890	26,887	(129,402)	(57,003)	35,308	3,769	(4)	(57,555)

<sup>1/</sup> Total Billing Degree Days equals sum of degree days for all bills issued during the revenue month. For example, if the degree days for a bill period was 100, and 10,000 bills were issued with the same bill period, the total degree days are 1,000,000.

		Revenue Month						WARM		
		Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Season Total	
86	<b>II. Charges and credits</b>									
87	Net Charges (includes settle-up amts)									
88										
89	Albany	Residential	(\$297,789)	\$283,247	\$268,706	\$33,236	(\$78,233)	(\$9,122)	\$4,713	\$204,758
90		Commerical	(\$99,574)	\$83,641	\$73,725	\$12,626	(\$24,241)	\$21,746	\$11,710	\$79,633
91										\$284,391
92										
93	Astoria	Residential	(\$46,332)	\$58,133	\$83,214	\$45,355	\$22,802	\$8,782	\$9,526	\$181,480
94		Commerical	(\$19,784)	\$19,127	\$29,928	\$17,644	\$9,171	\$17,118	\$15,516	\$88,720
95										\$270,200
96										
97	Coos Bay	Residential	(\$8,618)	\$6,683	\$4,178	(\$941)	(\$2,791)	(\$3,861)	\$230	(\$5,120)
98		Commerical	(\$7,695)	\$5,445	\$3,705	(\$857)	(\$2,588)	(\$3,281)	\$324	(\$4,947)
99										(\$10,067)
100										
101	Eugene	Residential	(\$176,407)	\$59,373	\$267,841	\$91,248	(\$98,270)	(\$37,192)	\$38,353	\$144,947
102		Commerical	(\$74,010)	\$9,395	\$100,089	\$42,982	(\$45,616)	\$1,085	\$44,210	\$78,135
103										\$223,082
104										
105	Lincoln City	Residential	(\$17,440)	\$61,847	\$37,470	(\$3,514)	(\$39,046)	\$6,384	\$29	\$45,731
106		Commerical	(\$8,582)	\$25,620	\$14,805	(\$446)	(\$15,622)	\$8,685	\$0	\$24,460
107										\$70,191
108										
109	Portland	Residential	(\$1,669,835)	\$499,709	\$3,151,031	\$1,161,396	(\$511,544)	(\$176,782)	\$99,747	\$2,553,723
110		Commerical	(\$446,794)	\$106,237	\$699,103	\$287,307	(\$127,929)	\$127,302	\$171,700	\$816,925
111										\$3,370,648
112										
113	Salem	Residential	(\$19,142)	\$44,477	\$782,971	\$443,641	(\$34,305)	(\$9,981)	\$102,968	\$1,310,627
114		Commerical	(\$11,373)	\$16,617	\$177,036	\$113,950	(\$9,794)	\$10,023	\$154,926	\$451,386
115										\$1,762,013
116										
117	The Dalles	Residential	(\$26,006)	\$1,508	\$39,893	\$14,470	(\$12,614)	\$1,178	\$2,209	\$20,638
118		Commerical	(\$14,866)	(\$6,696)	\$24,693	\$12,250	(\$8,101)	\$3,209	\$5,542	\$16,031
119										\$36,668
120										
121	TOTAL	Residential	(\$2,261,569)	\$1,014,977	\$4,635,304	\$1,784,891	(\$754,001)	(\$220,593)	\$257,776	\$4,456,784
122		Commerical	(\$682,679)	\$259,386	\$1,123,085	\$485,456	(\$224,720)	\$185,887	\$403,928	\$1,550,344
123										\$6,007,127
124										
125										

126	<b>III. Amounts Deferred and % of Bills With Deferrals</b>									
127	Bills Issued under WARM Program									
128		Residential								2,721,256
129		Commerical								289,629
130										3,010,885
131										
132	Deferred Amts									
133		Residential								
134		Charges								\$568,080
135		Credits								(\$92,322)
136		Commerical								
137		Charges								\$944,275
138		Credits								(\$219,421)
139										
140	Count of Bills where WARM Amts were Deferred									
141		Residential								294,650
142		Commerical								94,522
143										389,172
144	% of Bills where WARM Amts were Deferred									
145		Residential								10.8%
146		Commerical								32.6%
147										
148										
149										

150	<b>IV. Other Statistics</b>									
151	Number of Customers Opted out of WARM Program as of January 31, 2010									
152		Residential								47,643
153		Commerical								3,247
154										50,890
155										
156	Number of Customer Calls related to WARM program									
157										1,636
158	# At Fault Complaints related to WARM program									
159										0
160	Summary of Billing Issues related to WARM:									
161	A WARM billing error occurred which the Company reported initially on December 11, 2009, with the final report on January 6, 2010.									
162	Details of this error were included in the 2009 Annual Report for B1 Service Quality Measure for Billing Accuracy in Docket UM 1218(5), on March 1, 2010.									
163										
164										
165										
166										
167	Financial Impact December 2009 - June 2010									
168		Net Income Impact								\$3.6 million
169		EPS Impact								\$0.14 EPS



Rates & Regulatory Affairs

## **ANNUAL WARM Report - Narrative For the 2009-2010 Heating Season**

This report was developed in a manner consistent with the stipulation filed in Docket Nos. UG163/UG152 Extending the Term of Weather-Adjusted Rate Mechanism and Distribution Margin Normalization, as approved in Commission Order No. 07-426.

### **Item I: Degree Differences**

Item I on page 1 of the Annual WARM Report shows total billing degree day differences by weather zone and customer class for each month of the 2009-2010 WARM season. Total billing degree day differences equals the sum of degree days for all bills issued during the revenue month. Positive degree day differences indicate that weather was colder than normal.

### **Item II: Charges and credits**

Item II on page 2 of the Annual WARM Report shows the net charges or credits by weather zone and customer class billed to customers for each month of the 2009-2010 WARM season. Credit amounts denote a benefit or refund to customers. The total amount charged to customers for the 2009-2010 WARM season was \$6,007,127.

### **Item III: Amounts Deferred and % of Bills With Deferrals**

Item III on page 2 of the Annual WARM Report shows by class the amounts outside the limits that were deferred and the percentage of bills these deferrals represented.

For the Residential class, a total of \$2,202,014 in charges and \$59,145 in credits were deferred on 294,650 bills out of a total of 2,721,256 WARM bills issued resulting in a 10.8% overall average percentage of Residential bills with deferrals during the 2009-2010 WARM season.

For the Commercial class, a total of \$1,900,391 in charges and \$354,600 in credits were deferred on 94,522 bills out of a total of 289,629 WARM bills issued resulting in a 32.6% overall average percentage of Commercial bills with deferrals during the 2009-2010 WARM season.

### **Item IV: Other Statistics**

Item IV on page 2 of the annual WARM Report provides the following statistical information for the 2009-2010 WARM season:

1. As of January 31, 2010 there were 47,643 Residential and 3,247 Commercial customers who were opted out of the WARM program
2. There were 1,636 customer phone calls related to the WARM program
3. There were no at fault complaints related to the WARM program. There was one billing error related to the WARM program during the 2009-2010 WARM season
4. The estimated net income impact for the 2009-2010 WARM season was an increase of \$3.6 million, or approximately \$0.14 in EPS.