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March 17, 2014

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Attn: Filing Center

**Re: AR 578 - Rulemaking
Regarding Due Dates for Certain Energy Utility Reports**

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), submits the following comments with regard to the proposed changes to OAR 860-027-0005 and OAR 860-027-0015 in the above-referenced docket. Unless specifically stated otherwise, the Company’s comments apply equally to OAR 860-027-0005 and to OAR 860-027-0015.

NW Natural has several comments and concerns with regard to the proposed rule revisions, as discussed below.

1. NW Natural questions whether the proposed rule language satisfies the intent behind the changes to ORS 757.105 § 2, as the proposed language does not establish a date by which the utility is to prepare and file the budget.

In addition, since the proposed rule revisions do not establish a budget submission date, there would be nothing in the rule to preclude a utility from informing the Commission on December 1 that they will file the required budget reports for the ensuing year at the end of that budget year. This outcome, while an extreme example, is not prohibited by the proposed rule change, and if not addressed, could result in a conflict with ORS 757.105 § 3, which provides that the budget may be rejected by the Commission if the Commission’s review determines that the budget is not fair, reasonable, and not contrary to the public interest - a review which would be inappropriate to occur at the end of the period, or on a post-period basis.

2. Although the proposed rule revision does not specify a budget submission date, because the timing of NW Natural’s budget process does not change from year-to-year (which we understand to be similar to other utility practices) NW Natural would submit

its budget reports at the same time each year. This means that the annual requirement to advise the Commission by December 1 of the date the Company will file the report will quickly become a nuisance compliance filing. In NW Natural's opinion, revising the rule to provide for a specific budget report date is preferable to what has been proposed.

3. ORS 757.105 § 2 refers to the requirement to prepare a budget for the ensuing "year." The term "year" is not defined in the statute. Similarly, Division 27 of the Oregon Administrative Rules contains no definition for "year." While a year is generally thought to be the calendar months January through December, for financial and other reporting purposes, a "year" can be any series of 12 consecutive calendar months. The rule should be specific as to the definition of "year" as it pertains to the required budget reports.
4. With regard to OAR 860-027-0015, additional ambiguity exists as to whether the report pertains to a prior period or to a proposed future period. Historically, NW Natural has reported based on a proposed budget, which is consistent with the budget report submitted under OAR 860-027-0005, so the assumption is that the requirement in this rule pertains to a proposed budget. The rule revisions to OAR 860-027-0015 should address the ambiguity in the report period.
5. Should the Commission determine that "year" as used in these rules is a calendar year for all utilities, then NW Natural suggests that the Commission consider simply changing the date in the rule from the current date of November 1 to either February 15th, or to something like "not later than 45 calendar days following the end of the prior calendar year." NW Natural suggests 45 calendar days as a reasonable timeframe, but another time period may be warranted. NW Natural requests only that the Commission not set a date that is less than 30 days following the end of the prior calendar year as anything sooner than that would place us in the same position as in the past of having to annually request an extension of time in which to submit the budget report.
6. Should the Commission determine that the budget year could be some other series of 12 consecutive months as determined by the individual utility, then NW Natural suggests that the Commission consider rule revisions along the lines of the following:

860-027-0005

Utilities Required to File Reports

Each energy utility operating within Oregon and having gross operating revenues of \$50,000 or more per annum is required to file with the Commission within 45 calendar days from the start of the utility's budget year ~~on or before the first day of November of each year~~, a copy of its proposed Budget of Expenditures for such budget year, on forms approved by the Commission.

860-027-0015

New Construction Budget

Each energy utility operating within Oregon is required to file annually within 45 calendar days from the start of the utility's budget year, ~~on or before December 31~~ on forms approved by the Commission, the utility's proposed budgeted expenditures for information on new construction, extensions, and additions to the utility's property for such budget year.

NW Natural supports the proposed revisions to the other rules addressed in this docket.

NW Natural appreciates the opportunity to comment in this matter. Please contact me should you have any questions about these comments.

Sincerely,

NW NATURAL

/s/ Onita King

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Rates and Regulation

attachments