

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 13, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE January 14, 2015

DATE: January 2, 2015

TO: Public Utility Commission

FROM: Erik Colville



THROUGH: Jason Eisdorfer and Aster Adams

SUBJECT: NORTHWEST NATURAL: (Advice No. 14-21) Revisions and Additions to
Tariff P.U.C. Or. 25 to Provide for Service to CNG Vehicle Fueling
Equipment.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Northwest Natural's Advice No. 14-21, the replacement tariff sheet revisions and additions be allowed to go into effect on and after January 14, 2015, and approve Northwest Natural's Application for Waiver of Less Than Statutory Notice (LSN).

DISCUSSION:

Northwest Natural Gas Corporation (NWN) filed Advice No. 14-21 on October 8, 2014, with extensions of the effective date filed October 20, 2014, and December 2, 2014. A revised tariff was filed December 17, 2014, along with an LSN. The filings propose to revise and add to Tariff P.U.C. Or. 25 relating to compressed natural gas (CNG) vehicle fueling equipment installation by and for residential and non-residential customers. The tariff revisions and additions proposed in this filing apply to all service provided to CNG vehicle fueling equipment installed by customers, third parties, or under NWN tariffs.

While CNG vehicle fueling technology has been in existence for many years, the market has been slow to evolve. However, NWN expects residential Vehicle Fueling Appliance (VFA) manufacturers to soon come to market with more affordable units. This filing addresses metering issues for gas service and CNG vehicle fueling equipment.

Because there are unique service and billing needs applicable to serving VFA and CNG fueling units, it is important that NWN's Tariff be clear as to the terms and conditions that apply to providing this service. Specifically, one of NWN's proposed conditions of service is to separately meter the vehicle fueling unit. In most cases, a second meter can be installed on an existing service line and connected to just the CNG vehicle fueling equipment.

Separate metering will bring two benefits: First, it will enable the customer to easily calculate any fuel use tax that may apply to their use of natural gas for vehicle fueling. Second, separate metering will allow natural gas service to a home or business to continue uninterrupted should there be any unexpected issues with the vehicle fueling equipment, or with any of NWN's facilities that serve that equipment, should a meter shut-off be required to address the issue.

The initial filing proposed separate metering to allow NWN to distinguish natural gas used for vehicle fueling from natural gas used for space heating and other domestic purposes. The ability to distinguish vehicle fueling usage from other usage was important to NWN due to the Weather Adjusted Rate Mechanism (WARM) and Decoupling mechanisms which address usage variations associated with weather and energy conservation efforts, respectively. NWN stated that since natural gas used for vehicle fueling is not weather sensitive, nor are there energy efficiency measures that apply to vehicle fueling, it believed that vehicle fueling equipment usage should not be subject to the WARM or Decoupling mechanisms. NWN also sought to use the additional revenue resulting from the decoupling exclusion to compensate for costs yet unknown for providing this service.

Staff and Citizens' Utility Board of Oregon (CUB) opposed excluding from decoupling the natural gas used for CNG vehicle fueling. Staff and CUB's opposition was based on understanding that decoupling allows NWN to recover its fixed costs as loads decline due to more efficient furnaces and other energy efficiency investments. If loads are increasing because of CNG, then there should be less need for decoupling adjustments. As long as the fixed costs of the distribution network are used for CNG, then it should be included in the decoupling mechanism. To address NWN's desire for compensation for yet unknown costs arising from this service, Staff and CUB recommended including provisions for a separate fixed monthly charge. NWN's December 17, 2014, revised filing eliminated the decoupling exclusion and added a separate fixed monthly charge.

Staff notes that the wording revisions in the tariff state "If service can be provided from the existing gas line with a second meter set then..." NWN states that in the case an existing gas line cannot support the addition of a CNG meter, NWN will run a second gas line and set a meter on that line that will serve only the CNG equipment.

The customer will receive an allowance to offset the cost of the second gas line in accordance with General Rule 20, because the second gas line will be a condition of providing service. The customer will receive two bills; one for each service line and meter.

Staff investigated the proposed revisions and additions to Tariff P.U.C. Or. 25. Staff finds that the revisions and additions appear to address the unique code and inspection requirements for VFA and CNG fueling units, and clearly express the terms and conditions that apply to providing this service. In addition, NWN proposed to use a cost of service approach in development of the separate fixed monthly charge. Staff reviewed a worksheet used to calculate the fixed monthly charge and finds that the approach appears to capture the costs so that the service will not be subsidized by other ratepayers. CUB has indicated its support for approval of this filing. As a result, Staff recommends approval of the December 17, 2014, revised filing by NWN. NWN requests that the revisions be approved to become effective on and after January 14, 2015.

PROPOSED COMMISSION MOTION:

Northwest Natural's Advice No. 14-21 be approved, the replacement tariff sheet revisions be allowed to go into effect on and after January 14, 2015, and the LSN be approved.