

ITEM NO. 1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 16, 2014

REGULAR X CONSENT EFFECTIVE DATE January 1, 2015

DATE: December 2, 2014

TO: Public Utility Commission

FROM: Erik Colville

THROUGH: Jason Eisdorfer and Aster Adams

SUBJECT: NORTHWEST NATURAL:

(Advice No. 14-25) Revisions to Schedule T – Imbalance Penalties and
Overrun/Underrun Charges.

STAFF RECOMMENDATION:

Staff recommends that Northwest Natural's Advice No. 14-25 be approved and the replacement tariff sheet revisions be allowed to go into effect on and after January 1, 2015.

DISCUSSION:

Northwest Natural (NWN) filed Advice No. 14-25 on November 17, 2014, proposing to revise Schedule T to change the pipeline overrun and underrun charges and the monthly imbalance thresholds to mirror changes approved by the Federal Energy Regulatory Commission (FERC) for Northwest Pipeline (Pipeline) on October 23, 2014 in Docket No. RP14-1283-000.

Overrun and Underrun¹ Charges

The Pipeline's daily overrun penalty has changed from \$5/dekatherm (Dth) (50 cents per therm) for the first 2 percent of unauthorized quantities and \$10/Dth (\$1.00 per therm) for unauthorized quantities over 2 percent, to an overrun penalty of the greater of \$10/Dth (\$1.00 per therm) or 150% of the highest spot price index for the day in question. For this purpose, the spot price index will be the midpoint prices at Northwest Wyoming Pool, Northwest South of Green River, Stanfield Oregon, Northwest Canadian

¹ Overrun is the term used to describe the situation where a receiving party uses more gas than that party scheduled to use. Underrun is the opposite situation to overrun.

Border (Sumas), Kern River Opal, or El Paso Bondad supply pricing points (as reflected in the Daily Price Survey published in "Gas Daily").

The Pipeline's underrun penalty rate has also changed to a flat rate of \$10/Dth for all unauthorized underrun quantities rather than the current tier penalty rates of \$5/Dth for the first 5 to 10 percent of unauthorized quantities and \$10/Dth for any additional unauthorized quantities above 10 percent.

Monthly Imbalance Threshold

The monthly imbalance threshold has been changed by the Pipeline to three percent (3%) above or below total monthly confirmed nominations during the August through February period, with an imbalance threshold of five percent (5%) above or below confirmed nominations during the March through July period. The Pipeline's filing states that reducing the upper imbalance limit from 5% to 3% from the end of August through the end of February will allow the Pipeline to utilize its system balancing flexibility in a more equitable manner in meeting peak heating season demands. NWN agrees with the Pipeline's position and is proposing here to adopt the same monthly imbalance thresholds.

NWN has historically attempted to mirror Pipeline's tariff provisions for imbalances and overrun and underrun charges in the Schedule T Tariff. The last time there were changes to the monthly imbalance provisions was in 1995, and the last time that changes to the overrun entitlement provisions were made was in September 2003.

Northwest Industrial Gas Users advised Staff it is supportive of approving this filing. Citizens' Utility Board of Oregon did not offer a position regarding approval of this filing.

Staff reviewed the proposed revisions in this filing and recommends their implementation as filed by NWN. NWN requests that the revisions be approved to become effective on and after January 1, 2015.

PROPOSED COMMISSION MOTION:

Northwest Natural's Advice No. 14-25 be approved and the replacement tariff sheet revisions be allowed to go into effect on and after January 1, 2015.