

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 7, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE May 15, 2015

DATE: April 28, 2015

TO: Public Utility Commission

FROM: Suparna Bhattacharya ^{SB}

THROUGH: Jason Eisdorfer ^{JE} and Marc Hellman ^{MH}

SUBJECT: NORTHWEST NATURAL GAS: (Docket No. ADV 4/Advice No. 15-02)
Updates General, Residential and Non-Residential Rule 6 Tariff Sheets.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve NW Natural's (NW Natural or Company) Advice No. 15-02, the associated Rule 6 tariff sheets, and the waiver request for Less than Statutory Notice, effective on and after May 15, 2015.

Applicable Oregon Administrative Rules (OARs)

OAR 860-021-0200(4) and 860-0210-0205(1) and (3) are the relevant rules and they provide as follows:

OAR 860-021-0200(4) states:

For energy utilities, a deposit required under this rule shall not exceed one-sixth the amount of reasonable estimated billing for 12 months at rates then in effect. This estimate shall be based upon actual use at the premises during the prior 12 months, if known, or will be estimated based upon the type and size of the equipment at the premises. Each deposit shall be rounded to the nearest whole dollar.

860-0210-0205(1) and (3), respectively, state:

(1) When an energy utility requires a deposit, the customer or applicant may pay the deposit in full or in three installments. The first installment is due immediately; the remaining installments are due 30 days and 60 days after the first installment payment.

Except for the last payment, installments shall be the greater of \$30 or one-third of the deposit.

(3) When the energy utility requires the customer or applicant to pay an additional deposit, the customer shall pay one-third of the total deposit, or at least \$30, whichever is greater, within five days. The remainder of the deposit is due under the terms of section (1) of this rule. If the customer has an existing deposit installment agreement, the remaining installment payments will be adjusted to include the additional deposit; however, two installment payments cannot be required within the same 30-day period.

DISCUSSION:

Background

On March 9, 2015, NW Natural filed Advice No. 15-02 to clarify language in the tariff sheets RR-6, RR-6A and RR-6B to better reflect the Company's practices for deposit requirements and payments as provided by the OARs.

The Company proposed:

- a. to specify standard deposit amount requirements in Rule 6A and Rule 6B tariff sheets when there is no record of prior gas usage at the service address, or when there is less than 12 months of normal usage at the service address and be in compliance with the Oregon Administrative Rule OAR 860-021-0200(4);
- b. to elucidate language in the tariff to better describe the Company's practice for deposit payment arrangements as provided by OAR 860-021-0205(1) and (3), where the required deposit amount is more than \$30 but equal to or less than \$60;
- c. to revise the default deposit amounts with the Commission's approval if a change in customer rates results in an increase/decrease of \$10 or more to the average residential customer's monthly bill or \$25 or more to the average Schedule 3 small commercial customer's monthly bill.

Following discussions with Staff, on March 20, 2015, the Company requested an extension with an effective date of May 15, 2015, to allow more time for review. The Company incorporated revisions to Rule 6A tariff sheet to address changes requested by Staff and submitted a partial replacement filing, along with Less than Statutory Notice on April 23, 2015, with an effective date of May 15, 2015.

Staff's Analysis

Staff reviewed the Company's filings and the proposed language revisions of Rule 6, Rule 6A and Rule 6B to better comply with PUC administrative rules. Staff consulted its assigned counsel throughout the process and had several rounds of discussion with the Company to ensure that the proposed tariff would be in compliance with the applicable Commission rules.

The proposed Rule 6A tariff sheet incorporates Staff's suggestions to better reflect the intent of the applicable rules related to deposit requirements as well as timing and payment of residential deposits. The language clarifies the deposit requirements for new as well as existing customers. The two-installment deposit requirement plan for customers with deposit amounts of \$60 or less in the proposed tariff is in compliance with OAR 860-0210-0205(1) and (3). Residential customers who plan to enter into a deposit installment agreement will always get at least 30 days until the second installment is due, and at least 60 days until the third installment. This arrangement is even more favorable to customers than the requirements in the OAR 860-0210-0205(1) and (3). The initial deposit would be due immediately, however the Company may decide to bill it on the first monthly bill and the payment would not be required until the due date stated on the bill. If the Company collects the initial deposit at the time of application and bills the second installment on the first regular bill that has a due date less than 30 days, the deposit payment portion would not be due earlier than the 30 days.

The proposed standard deposit amounts specified in RR-6A for Schedule 2 residential customers and RR-6B for Schedule 3 customers comply with OAR 860-021-0200(4), and are appropriately calculated based on the type of gas-fired equipment and the expected monthly usage of such gas-fired equipment. The estimated deposit amounts are one-sixth the amount of the annual bill at the current effective rates. It seems reasonable to revise these standard deposits with the Commission's approval if the average monthly bill of a residential customer increases or decreases by \$10 or more, or the average monthly bill of a commercial customer increases or decreases by \$25 or more.

The Company has reviewed Staff's memo and has no areas of concerns.

Docket No. ADV 4/Advice No. 15-02 – Update to Rule 6
April 28, 2015
Page 4

PROPOSED COMMISSION MOTION:

NW Natural's (NW Natural or Company) Advice No. 15-02, the associated Rule 6 tariff sheets, and the waiver request for Less than Statutory Notice, effective on and after May 15, 2015, be approved.

Rule 6 Tariff