

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 12, 2017

REGULAR CONSENT EFFECTIVE DATE November 1, 2017

DATE: September 25, 2017

TO: Public Utility Commission

FROM: Marianne Gardner *MB*

THROUGH: *E* Jason Eisdorfer and *JC* John Crider

SUBJECT: NORTHWEST NATURAL: (Docket No. UG 328/Advice No. 17-06)
Revises Schedule 178, Amortization of Residual Account Balances.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Northwest Natural Gas Company's (NW Natural or Company) filing requesting amortization of residual amounts in several dockets for inclusion in rates effective November 1, 2017.

DISCUSSION:

Issue

Whether the Commission should allow NW Natural to update Tariff Schedule 178 to amortize residual amounts from several deferred accounts that have been consolidated into one deferred account balance.

Applicable Law

Under ORS 757.259, the Commission may authorize utilities to defer actual costs for later amortization in rates. Deferred amounts are allowed in rates in a proceeding to change rates under ORS 757.210, after a prudence and earnings review.

In Order No. 10-279, the Commission determined that a utility may create a deferred account for the purpose of rolling over any residual amounts left at the end of the amortization period of any deferred account that is subject to annual or biannual requests for amortization as long as the residual amount is equal to or less than 0.05 percent of the utility's retail operating revenues in the previous calendar year.

Discussion and Analysis

The purpose of the Company's filing is to request amortization of residual deferral balance amounts included in a residual balance account under Order No. 10-279. NW Natural last adjusted rates for this purpose effective November 1, 2016.

The Company filed Advice No. 17-06 on July 28, 2017. NW Natural filed supplemental Advice No. 17-06A September 15, 2017 to replace sheet 178-1.

There are no residual account balances for inclusion in rates effective November 1, 2017. The net effect of removing the temporary adjustment applied to rates, effective November 1, 2017, is to decrease the Company's annual revenues by \$55,770, or a negative 0.01 percent. The number of customers affected by the proposed change is 588,720 residential customers, 60,839 commercial customers, and 942 industrial customers.

Conclusion

All of the deferrals included in this filing occurred with appropriate Commission approval and have previously been approved for amortization. The amounts to be amortized under this filing are residual amounts left over after amortization of most of the deferral balances.

After a review of this filing and workpapers, Staff believes that the proposed rates are correctly calculated and applied. A review of NW Natural's earnings was performed prior to the Commission's approval of the original amortization of these amounts.

Because the amounts subject to amortization in this filing have previously been approved for amortization, Staff focused its prudence review on whether the amounts to be amortized and rates are accurate.

The Company has reviewed this memo and has no issues with it.

PROPOSED COMMISSION MOTION:

Approve Northwest Natural's filing requesting amortization of residual amounts in several Dockets for inclusion in rates and allow the associated tariff sheets to take effect on November 1, 2017.