

ITEM NO. CA 4

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 22, 2018

REGULAR _____ CONSENT X EFFECTIVE DATE June 01, 2018

DATE: May 22, 2018

TO: Public Utility Commission

FROM: *Jcfa DG Jcfa nm*
Deborah Glosser and Mitch Moore

THROUGH: *J JE*
Jason Eisdorfer and John Crider

SUBJECT: NORTHWEST NATURAL (Docket No. ADV 754/Advice No. 18-01)
Updates Schedules 185 and 186: Interstate storage, transportation and pipeline capacity credits.

STAFF RECOMMENDATION:

Staff recommends that Northwest Natural (NWN or the Company) be granted Commission approval to revise Schedule 185 and Schedule 186, respectively, to reflect the per-therm credit used to calculate the lump sum amount to be applied to the bills of customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32.

DISCUSSION:

Issue

Whether the Commission should approve NWN's proposal to revise its Tariff Schedule 185 and Schedule 186, respectively, to reflect the per-therm credit used to calculate the lump sum amount to be applied to the bills of customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32 effective June 01, 2018.

Applicable Rule or Law

Under ORS 757.205(1), a public utility must file schedules showing all rates, tolls and charges for service that have been established and are in force at the time. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0005 and OAR 860-022-0025. Filings that make any change in rates, tolls, charges, rules or regulations must be filed with the Commission at least 30 days before the effective date

of the changes. ORS 757.220. The Commission reviews tariffs filed under ORS 757.205 and 757.210 to determine whether they are fair, just and reasonable.

Analysis

The Schedule 185 credit represents the refund of the Oregon share of revenues NWN Natural received for interstate storage and related transportation service activities under a Limited Jurisdiction Blanket Certificate granted under FERC Regulations, 18 C.F.R. § 294.224.

The refund of \$2,665,657 million (before revenue sensitive effects) is comprised of \$2,636,047 million from revenues for 2017 activity, plus \$29,610 that is the residual remaining balance from the June 2017 credits.

By way of reference, the Schedule 185 credits approved by the Commission in 2017 were \$3,115,811 million, comprised of \$3,078,380 million from revenues for 2016 activity, plus \$37,431 that was the residual remaining balance from the June 2016 credits. The apparent reason for the lower 2018 Schedule 185 credits is a decrease in customer usage from the prior year.

Commencing with the June 2018 credits, the Schedule 185 amounts are proposed to be calculated on an equal percentage of margin basis to reflect rate allocation practices adopted in the Company's last general rate case (Docket No. UG 221).

NWN proposes also to revise Schedule 186 to add the per therm credit that will be applied to customer bills for the refund of the Oregon share of revenues received from the Company's core pipeline capacity optimization activities. The Schedule 186 credit applies across all sales-based rate schedules. The refund of \$9,029,742 is comprised of \$8,929,441 from revenues for 2017 activity, plus \$100,301 that is the residual remaining balance from the June 2017 credits.

The 2016 Schedule 186 amounts approved by the Commission were a refund of \$8,544,475 (before revenue sensitive effects) that was comprised of \$8,441,828 from revenues for 2016 activity, plus \$102,647 that is the residual remaining balance from the June 2016 credits.

CONCLUSION

After reviewing NWN's filing, Staff believes the proposed refund of \$11,695,399 million should be approved by the Commission. The refund is estimated to result in average bill effects as follows:

- The average Schedule 2 Residential customer will see a bill credit of about \$12.10.
- The average Schedule 3 Commercial customer will see a bill credit of about \$52.33.
- The average Schedule 31 Commercial Firm Sales customer will see a bill credit of about \$567.74.

- The average Schedule 32 Industrial Firm Sales customer will see a bill credit of about \$3,231.91.
- The average Schedule 32 Industrial interruptible Sales customer will see a bill credit of about \$6,709.40

PROPOSED COMMISSION MOTION:

Approve NWN's proposal to revise Schedule 185 and Schedule 186, respectively, to reflect the per-therm credit used to calculate the lump sum amount to be applied to the bills of customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32, effective June, 2018.