

ITEM NO. CA8

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 24, 2017

REGULAR CONSENT EFFECTIVE DATE November 1, 2017

DATE: October 16, 2017

TO: Public Utility Commission

FROM: Scott Gibbens *SG*

THROUGH: Jason Eisdorfer and John Crider *JEB for Jason C.*

SUBJECT: NORTHWEST NATURAL GAS: (Docket No. ADV 629/Advice No. 17-16)
Revision to Schedule 301 Public Purposes Funding Surcharge and
Schedule 320 Oregon Low-Income Energy Efficiency Program.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Northwest Natural Gas Company doing business as NW Natural's (NWN's) filing Advice No. 17-16 and allow it to take effect November 1, 2017.

DISCUSSION:

Issue

Whether the Commission should allow NWN's proposed revisions to Schedule 301, Public Purposes Funding Surcharge and Schedule 320, Oregon Low-Income Energy Efficiency (OLIEE) Program.

Applicable Rule or Law

Under ORS 757.205(1):

Every public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it.

The Commission may approve tariff changes if they are deemed to be fair, just and reasonable per ORS 757.210. 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. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change. 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 change. ORS 757.220; OAR 860-022-0015.

NW Natural's public purpose funding surcharge was established pursuant to Commission Order No. 02-634 in Docket UG 143, and supports a number of public purposes, including low-income weatherization assistance. The low-income weatherization program supported by this surcharge is set forth in Schedule 320, which was most recently revised when Advice No. 16-01 went into effect on March 1, 2016, following Commission approval.

Analysis

Schedule 301

Advice No. 17-16 was filed on September 18, 2017 to serve two purposes. The first is to increase the public purposes funding surcharge from .25 percent to .55 percent by amending Sheet 301-1 in Schedule 301. The second is to propose revisions to Schedule 320, OLIEE Program.

Following changes to the OLIEE program as part of Docket No. ADV 206, program participation has increased by roughly 30 percent in the last year. The Company requests that the surcharge be increased in order to provide adequate funding moving forward. The Company states that the proposed change would increase the percent of total utility weatherization dollars spent in the state from 10 percent to 19 percent. This would place the program more closely in line with the Company's percentage of total Oregon residential home heating load (30 percent). It may also decrease or curb the growth in NW Natural's Oregon Low-Income Gas Assistance program, which has grown by 18 percent since 2010. The effect of this filing is to increase the average residential bill by about \$0.15 per month and the average commercial bill by about \$0.60 per month. While the surcharge is more than doubling, this element of the public purpose funding surcharge has stayed constant since 2002.

Staff reviewed the tariff calculations and stated need for the increase. Staff found no issues in the Company workpapers and notes only a small discrepancy in the Company application. The application states that the effect of the this filing is to increase residential and commercial bills by \$0.28 and \$1.10 respectively, however this is the total impact of the OLIEE surcharge, therefore the change from .25 percent to .55 percent results in the amounts stated earlier in the memo by Staff. Staff further notes that since the last surcharge increase in 2002, the average growth rate over that time would be approximately 8 percent, which seems much more reasonable than 150 percent in a single year. Staff finds the increase reasonable given the increase in program participation and the relative small impact to customers.

Schedule 320

NW Natural proposes four revisions to Schedule 320 sheets in this filing. The stated goal is to allow for clarification and more efficient administration of the OLIEE program. Staff notes that many of the changes requested by the Company become more important as the program grows in enrollment to ensure equitable treatment.

1. The first change simplifies the reimbursement cap from “the lesser of \$90,000 or 6% of the program collections plus an additional five percent of program collections for the Open Solicitation Program,” to less than five percent of total program funds. This change coupled with the increase in program surcharge have an offsetting effect on each other with regards to the cap.
2. The second change allows for the reimbursement of administrative costs *up to* \$750, whereas the current tariff, in effect since the reimbursement amount was raised in 2016, states the reimbursement will be in the *amount of* \$750. This clarifies the reimbursement in circumstances where administrative costs are less than \$750.
3. A change in the program which would require Company approval to allow an agency to serve more than its annual target of homes. This change is proposed to allow the Company to ensure funds are available to cover all projects.
4. Similar to the second change, this change replaces “in the amount of” with “up to”, for situations where audit and inspection costs are less than \$850.

Staff has no issues with the changes to the program or tariff sheets. As noted earlier, the changes will ensure equitable treatment for all participants as program participation increases. Staff believes the changes are reasonable and will result in clearer and more robust tariff pages.

Conclusion

Staff supports the revisions filed by NWN as appropriate. Staff reviewed the proposed schedule changes to ensure that they resulted in fair and reasonable rates. Staff recommends the Commission approve the tariff changes as filed.

PROPOSED COMMISSION MOTION:

Approve NWN's Advice No.17-16 and allow it to go into effect with service on and after November 1, 2017.

NWN Advice No. 17-16

