

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 10, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE March 12, 2015

DATE: February 23, 2015

TO: Public Utility Commission

FROM: Erik Colville *EC*

THROUGH: Jason Eisdorfer and Aster Adams *ME* *AK*

SUBJECT: CASCADE NATURAL GAS:
(Advice No. O15-02-01) Revisions to Tariff P.U.C. Or. No. 9 - Imbalance Penalties and Overrun/Underrun Charges.

STAFF RECOMMENDATION:

Staff recommends that Cascade Natural Gas' Advice No. O15-02-01 be approved and the replacement tariff sheet revisions be allowed to go into effect on and after March 12, 2015.

DISCUSSION:

Cascade Natural Gas (Cascade) filed Advice No. O15-02-01 on February 10, 2015, proposing to revise Tariff P.U.C. Or. No. 9 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 percent of the highest spot price index for the day in question. For this purpose, the spot price index will be the highest midpoint prices at Northwest Wyoming Pool, Northwest South of Green River, Stanfield Oregon,

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.

Northwest Canadian 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. Cascade agrees with the Pipeline's position and is proposing here to adopt the same monthly imbalance thresholds.

Cascade has historically attempted to mirror Pipeline's tariff provisions for imbalances and overrun and underrun charges in the Tariff P.U.C. Or. No. 9. The last time there were changes to the monthly imbalance provisions and the overrun entitlement provisions was approximately seven years ago.

Citizens' Utility Board of Oregon advised Staff it is supportive of approving this filing. Northwest Industrial Gas Users 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 Cascade. Cascade requests that the revisions be approved to become effective on and after March 12, 2015.

PROPOSED COMMISSION MOTION:

Cascade Natural Gas' Advice No. O15-02-01 be approved and the replacement tariff sheet revisions be allowed to go into effect on and after March 12, 2015.