

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 28, 2014**

REGULAR _____ CONSENT X EFFECTIVE DATE November 1, 2014

DATE: October 14, 2014

TO: Public Utility Commission

FROM:  Lisa Gorsuch

THROUGH:  Jason Eisdorfer and  Aster Adams

SUBJECT: NORTHWEST NATURAL: (Docket No. UG 275/Advice No. 14-11)
Revises Schedule 188, Industrial Demand-Side Management (DSM)
Program.

STAFF RECOMMENDATION:

Staff recommends that Northwest Natural's (NWN or Company) request to revise Schedule 188 be approved with an effective date of November 1, 2014.

DISCUSSION:

The purpose of this filing is to authorize new rates proposed by NWN associated with the Industrial Demand-Side Management (Industrial DSM) program.

Schedule 188 recovers the costs of NWN's Industrial Energy Efficiency Programs offered under Schedule 360. This schedule applies to Industrial Sales Service Customers taking service under Rate Schedules 3, 31, or 32, and Commercial Sales Service Customers taking service under Rate Schedule 32.

The table below shows the rate schedules and the number of customers in each schedule that will be impacted by this rate change.

Rate Schedule	Number of Customers
Schedule 3	298
Schedule 31	195
Schedule 32	427

NWN indicates that the rate impact on the monthly bill of the average industrial customer served under Rate Schedule 3 using 1,302 therms per month is a decrease of approximately \$1.65. The monthly decrease for the average industrial Rate Schedule 31 customer using 6,227 therms per month is approximately \$7.84, and the monthly decrease for the average industrial Rate Schedule 32 firm sales customer using 19,285 therms per month is about \$24.30.

NWN has been recording the authorized deferrals in the appropriate account. The Company is applying the appropriate rate of return on the deferrals and the applicable blended treasury rate on the amortization balance to calculate the interest amounts. In this advice filing, the Company is seeking to recover \$1,742,355, which will result in a decrease of \$47,554 in revenues when netted against the removal of the current temporary adjustment of \$1,789,909. The proposed amortization rate is \$0.01494 per therm.

This amortization is included in the calculation of the three percent test pursuant to ORS 757.259(6). Per the statutes, the total proposed amortization subject to the 3 percent test will be the net of credits and surcharge, unless the Commission finds that allowing a higher amortization rate is reasonable under the circumstances. NWN reports, and Staff has confirmed, that the total amortizations for which NWN requests a November 1, 2014, effective date, does not exceed the three percent threshold.

Staff finds that the revisions proposed in this filing meet with the requirements of Oregon Administrative Rule (OAR) 860-022-0025,¹ and OAR 860-022-0030.² Staff

¹ 860-022-0025 Requirements for Filing Tariffs or Schedules Changing Rates

(1) An energy or large telecommunications utility may make tariff changes by filing an entirely new tariff or by filing revised sheets which shall refer to the tariff sheets on file. Additions to the tariff on file may be made by filing additional sheets. (2) Each energy or large telecommunications utility filing tariffs or schedules changing existing tariffs or schedules shall submit therewith the following information: (a) A statement plainly indicating the increase, decrease, or other change thereby made in existing rates, charges, tolls, or rules and regulations; (b) A statement setting forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) A detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

² 860-022-0030 Requirements for Filing Tariffs or Schedules Naming Increased Rates

(1) Each energy or large telecommunications utility filing tariffs or schedules which name increased rates shall submit therewith, in addition to requirements of OAR 860-022-0025, the following information: (a) A statement setting forth for each separate schedule the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule; (b) A statement setting forth for each separate schedule the average monthly use and resulting bills under both the existing rates and the proposed rates for characteristic customers, which will fairly represent the application of the proposed tariff or schedules; and (c) A detailed statement setting forth the reasons or grounds relied upon in support of the proposed increase. (2) Additional information from the energy or large telecommunications may be required to be filed either before the Commission's acceptance of the tendered filing or at any stage in the proceeding.

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recommends approval of NWN's proposed rates based on its review of this filing and the associated work papers.

PROPOSED COMMISSION MOTION:

NWN's Docket No. UG 275/Advice No. 14-11 be allowed to go into effect on November 1, 2014.

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