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November 17, 2014

NWN OPUC Advice No. 14-24

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Attn: Filing Center

Re: **Schedule 301, Public Purposes Funding Surcharge**

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revisions to its Tariff, P.U.C. Or. 25, stated to become effective with service on and after January 1, 2015:

Second Revision of Sheet 301-1,
Schedule 301,
“Public Purposes Funding Surcharge,”

and

First Revision of Sheet 301-2
Schedule 301,
“Public Purposes Funding Surcharge.”

The purpose of this filing is to revise the portion of public purpose funds allocated to Energy Trust of Oregon (Energy Trust) for the administration of residential and commercial energy efficiency programs from 3.07% to 2.24%. This change will ensure that Energy Trust of Oregon (Energy Trust) will have approximately \$23.1 million dollars of total program funding in 2015, which is sufficient to acquire 5.2 million therm savings.

This filing will result in a total public purpose charge of 3.24% applied to Residential bills and 2.49% applied to Commercial bills. The effect of this filing is to reduce the average residential bill by about \$0.51 per month and the average commercial bill by about \$1.97 per month

Revisions are also made to the language on Sheet 301-2 that currently requires the Company to determine by October 1 of each year if the public purpose charge is sufficient to fund the Company's therm savings goal for the next calendar year. The Company has been complying with this requirement by filing changes to the public purpose charge each year when it submits its Purchased Gas Adjustment filing, which is effective November 1. The Energy Trust has requested that the Company wait to revise the public purpose charge so that changes are effective January 1, as this later date is better aligned with Energy Trust's budgeting cycle. While the tariff continues to require an annual review of public purpose charge funding, a specific date by when this review must take place is removed to allow the Company to adjust to Energy Trust's budgeting cycle again, if necessary.

Attached are work papers demonstrating the calculation of the rate, the impact this will have on customer bills, and a work paper from Energy Trust detailing their funding requirements for 2015.

Copies of this letter and the filing made herewith are available in the Company's main office in Portland, Oregon and on its website at www.nwnatural.com.

Please address correspondence on this matter to me with copies to the following:

Kelley C. Miller
Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, ext. 3589
eFiling@nwnatural.com

Please contact me at (503) 226-4211, extension 3590, if you have questions.

Sincerely,

/s/ Jennifer Gross

Jennifer Gross
Tariffs and Regulatory Compliance

attachments

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet 301-1
Cancels First Revision of Sheet 301-1

SCHEDULE 301 PUBLIC PURPOSES FUNDING SURCHARGE

PURPOSE:

To specify the method of billing of a Public Purposes surcharge that is to fund public purposes activities to be administered through one or more independent entities. Public purposes activities include, but may not necessarily be limited to, energy efficiency programs, market transformation programs, residential low-income energy efficiency programs, and residential low-income bill payment assistance programs designed to benefit Residential and Commercial Customers within NW Natural's service territory in Oregon.

APPLICABLE:

To Residential and Commercial Customers served on the following Rate Schedules of this Tariff:

Residential	Commercial
Rate Schedule 2	Rate Schedule 3 (03CSF)
	Rate Schedule 27 (27R)
	Rate Schedule 31 (31CSF)

ADJUSTMENT TO RATES: Effective: November 1, 2013

A Public Purposes surcharge will be assessed on the total energy use billed (the total of the Customer Charge plus the per therm usage charges) and shown as a line item on each customer's monthly bill as follows:

Residential: 3.24% of the total energy use billed (R)
Commercial: 2.49% of the total energy use billed (R)

The funds collected from such Public Purposes surcharge shall be allocated to specific separate accounts to fund the specified public purposes program(s) as follows:

RESIDENTIAL:

2.24% will support public purpose funding for **Schedule 350** energy efficiency programs delivered and administered by the Energy Trust of Oregon (Energy Trust). (R)

0.75% will support public purpose funding for **Schedule 310** low-income bill payment assistance activities.

0.25% will support public purpose funding for **Schedule 320** low-income energy efficiency activities.

COMMERCIAL:

2.24% will support public purpose funding for **Schedule 350** energy efficiency programs delivered and administered by the Energy Trust. (R)

0.25% will support public purpose funding for **Schedule 320** low-income energy efficiency activities.

(continue to Sheet 301-2)

Issued November 17, 2014
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Effective with service on
and after January 1, 2015

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet 301-2
Cancels Original Sheet 301-2

SCHEDULE 301 PUBLIC PURPOSES FUNDING SURCHARGE

(continued)

DETERMINATION OF RATE:

The Company will annually determine if the Public Purpose Funding Surcharge for the **Schedule 350** energy efficiency programs needs to be adjusted so that forecasted collections, plus unspent collections held by the Energy Trust are sufficient for acquiring cost-effective demand side management based upon resource portfolio and conservation supply curve methodologies consistent with the Company's last acknowledged Integrated Resource Plan or Integrated Resource Plan update, plus a spending reserve appropriately sized for economic conditions and forecasted growth.

(C)

SPECIAL CONDITIONS:

1. Each month, the Company will bill the Public Purposes surcharge on all Residential and Commercial Customer bills. By the 20th of the month following the billing month, the Company will forward the amount of funds expected to be collected from billings issued for the prior calendar month, less a reserve for uncollectibles in an amount equal to NW Natural's average percentage of net write-offs, to the respective fund administrator or program account. Funds retained in the accounts after the 20th of the month will earn interest at the Company's currently authorized rate of return until distributed, unless otherwise specified in an approved program or other agreement,
2. The Company will retain an amount not to exceed \$50,000 per year from the monies collected to fund **Schedule 320** low-income energy efficiency programs to be used for the purpose of an independent program performance evaluation.
3. The monies collected for **Schedule 350** programs will be transferred to the Energy Trust. The Energy Trust is the entity approved by the Oregon Public Utility Commission (OPUC) to receive such public purposes funds, and to use such funds to design, promote and administer Natural Gas energy efficiency programs in accordance with agreements executed between the Company and the Energy Trust.
4. The monies collected for **Schedule 310** and **Schedule 320** programs will be transferred to the appropriate internal program accounts (OLGA and OLIEE, respectively) based on the allocation set forth in this **Schedule 301**.
5. Each year, to be effective October 1, or such other date as the Commission may approve, the Company will determine the amount of residential low-income public purposes funds that will be allocated between **Schedule 310** and **Schedule 320** programs. In making this determination, the Company will consult with at least one representative from: (a) the staff of the Public Utility Commission, (b) Citizens' Utility Board, and (c) Community Action Partnership of Oregon. The minimum public purposes fund allocation for **Schedule 310** programs shall be 0.75% of monthly residential customer bills.

(continue to Sheet 301-3)

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NW Natural
Rates & Regulatory Affairs
OPUC Advice No. 14-24 - 2015 Public Purpose Charges
Oregon Bill Impacts of 2015 Public Purpose Charges

	Monthly bill w/out PPC	ETO related PPC charge	Monthly bill w/ PPC	
1				
2				
3				
4	<u>Residential</u>			
5	Current Bill (ETO PPC = 3.07%)	\$61.70	\$1.89	\$63.59
6	Proposed Bill (ETO PPC = 1.36%)	\$61.70	\$1.38	\$63.08
7	\$ Change		(\$0.51)	(\$0.51)
8	% Change		-27.0%	-0.8%
9	RS2 using average therms/month:	53		
10				
11				
12	<u>Commercial</u>			
13	Current Bill (ETO PPC = 3.07%)	\$237.56	\$7.29	\$244.85
14	Proposed Bill (ETO PPC = 1.36%)	\$237.56	\$5.32	\$242.88
15	\$ Change		(\$1.97)	(\$1.97)
16	% Change		-27.0%	-0.8%
17	RS3 using average therms/month:	233		
18				
19				
20	<u>Notes:</u>			
21	Current Bill (ETO PPC = 3.07%)			
22	Proposed Bill (ETO PPC = 2.24%)			

NW Natural
 OPUC Advice No. 14-24
 Schedule 301

ETO-Related PPC Calculation

Schedule	customers	Estimated collection for tracker year	Addition for new PPC charge	Current average bill with new PPC	Current average bill with old PPC	Total % Bill Change
2R	563,128.0	419,113,850	\$1.38	\$63.08	\$63.59	-0.8%
27 dry-out	1,525.0	834,118.0	\$1.03	\$47.04	\$47.42	-0.8%
3C Firm Sales	56,617.0	161,473,034	\$5.32	\$242.88	\$244.85	-0.8%
31C Firm Sales	1,048.0	34,445,004	\$61.49	\$2,806.72	\$2,829.51	-0.8%
	Total expected collection	<u>615,866,006</u>				
	PPC 1 year	<u>13,805,611</u>				
	Proposed ETO PPC Rate	2.24%				
	Current ETO related PPC	3.07%				
	Change	-0.83%				
	% Change in Rate	-27.0%				

Energy Trust of Oregon

2015 Program Funding Requirements

NWN OPUC Advice No. 14-24

PROGRAM EXPENSE	
Program Costs to Achieve 3,866,473 ann. therms in 2015	\$ 16,851,308
Negotiated Reserve	\$ 6,268,405
TOTAL EXPENSE plus Reserve	\$ 23,119,713

* Reserve is based upon budget expenditures.

PROGRAM FUNDING	
2015 Schedule 301 Collections (as revised per Advice No. 14-24)	\$ 13,805,611
2014 Year End Carry Over	\$ 9,314,102
TOTAL FUNDING	\$ 23,119,713