

ORDER NO. 15 264

ENTERED SEP 08 2015

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1750

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Investigation of Northwest Natural's WARM
Program.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at the public meeting on September 8, 2015, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 8 day of September, 2015, at Salem, Oregon.

Susan K. Ackerman

Susan K. Ackerman
Chair



John Savage

John Savage
Commissioner

Stephen M. Bloom

Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 8, 2015

REGULAR X CONSENT EFFECTIVE DATE N/A

DATE: August 31, 2015

TO: Public Utility Commission

FROM: Marc Hellman *E for MH*

THROUGH: Jason Eisdorfer *E*

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: Staff Request to Open an Investigation on 2014/15 Winter Season Northwest Natural's WARM Program Issues Pursuant to ORS 756.515.

STAFF RECOMMENDATION:

Staff recommends that the Commission open an investigation pursuant to ORS 756.515 into Northwest Natural Gas Company's (Northwest Natural or Company) Weather Adjusted Rate Mechanism (WARM) issues related to the 2014-15 winter season.

ISSUE:

Should the Commission open an investigation into issues related to the operation of WARM in the 2014-5 winter season?

RULE:

ORS 756.515 provides that the Commission may summarily investigate matters related to public utilities on motion, with or without notice.

DISCUSSION:

In years past, Consumer Services Staff (CSS) has received a small number of complaints from customers of Northwest Natural about Schedule 195, the Weather Adjusted Rate Mechanism (WARM), generally related to the need to contact Northwest Natural to opt-out of the WARM Program. Beginning in February 2015, CSS began receiving numerous complaints about WARM. Unlike earlier complaints generally related to the opt-out provision of WARM, these newer complaints were related to the end-of-season true-up charge.

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Between February 18, 2015, and August 19, 2015, CSS opened 30 residential and 26 commercial cases representing a total of 75 specific complaints. Some cases include more than one complaint. A call from a customer may contain two specific complaints, one about the opt-out requirement and one about the size of their true-up. For example, the 30 residential cases represent 37 complaints. Twenty-three of those complaints are regarding the opt-out requirement and 14 are about the true-up amount. The 26 commercial cases include 38 complaints. Twenty of those complaints are regarding the opt-out requirement and 18 are regarding the true-up amount.

This is the first time that CSS has received such a significant number of complaints about the true-up charge. It appears that the fact the winter of 2014/15 was exceptionally warm is a factor leading to unusually high true-up charges. Information from the weather station at the Aurora Airport showed the number of degree days for the heating season to be far less than any heating season for at least the last six years. (The Aurora Airport was chosen as representative because it is at a mid-valley location.). And, it appears that many of the customers that filed complaints do not use gas as their primary heating source. Many have only a gas water heater or gas cooking, and some have only freeze protection.

ANALYSIS:

Given the number of complaints about new issues related to WARM, a targeted investigation into the WARM is warranted. The proposed purpose of the investigation is to focus on the issues arising from the 2014/15 Winter Season. For example:

1. Is Northwest Natural calculating the WARM adjustment correctly?
2. What are the factors leading to a high volume of complaints related to the 2014-15 winter season and which of the factors are common to all the complaints?
3. Are there targeted and appropriate modifications to WARM that adequately address the issues raised in the complaints?

Staff proposes that an investigation be opened to allow Staff and interested parties the opportunity to address the questions above and/or those established by the hearings officer.

PROPOSED COMMISSION MOTION:

Open an investigation pursuant to ORS 756.515 into Northwest Natural's WARM Program related to issues associated with the 2014/15 winter season.