

Rates and Regulatory Affairs
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March 1, 2010

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
550 Capitol Street, N.E., Suite 215
P.O. Box 2148
Salem, Oregon 97308-2148

Attn: Vikie Bailey-Goggins

Re: Docket No. UM 1218
2009 Annual Report for B1 Service Quality Measure for Billing Accuracy
(B1 SQM)

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), submits herewith the annual report of the B1 SQM results for the calendar year 2009.

Reported Bill Errors during the Measure Year

There was one Bill Error¹ during the Measure Year (Year) that affected 429 of 625,417 total bills issued in the November 2010 revenue month, and affected 56,628 of 606,256 total bills issued in the December 2010 revenue month, for a total of 57,057 customer bills issued in error due to the following Bill Error:

1. **WARM Code Error – December 11, 2009.** The Company submitted its initial report on December 11, 2009, and its final report of this Bill Error on January 6, 2010. The cause of this Bill Error was the code change completed in October 2008 to allow for the proration of bills during the WARM period. The October 2008 code change was made to accommodate a January 1, 2009 change to base rates arising from Commission Order 08-578 in Docket UM 1335. This was the first time that a change to billing rates occurred during the WARM Period. All other components of the WARM calculation performed accurately and in accordance with the Company's approved Tariff, Schedule 195. Of the 57,057 bills issued in error, 51,789 were over-billed.

¹ A billing error by the Company due to the Same Cause that affects a total of five hundred (500) or more bills issued to Oregon customers.

The amount of the over- and under-billing associated with this Bill Error ranged between four (4) and one (1) cent per bill. There were no accounts over-billed by more than four (4) cents. No bill adjustments were made where an under-billing occurred. The amount associated with the 51,789 over-billed customers was \$1,998.04. The bill correction for the over-billed customers will be accomplished through the individual customer's WARM deferral balance during the 2009-2010 WARM Period.

This Bill Error affected bills in November and December 2009; the Monthly Billing Accuracy Ratio in the month of November was 99.93% and in the month of December was 90.66%. For the Measure Year the bill accuracy ratio was 99.21%.

Non-Reportable Bill Corrections

The attached report shows the number and types of non-reportable bill corrections that occurred during the Year. These bill corrections are specifically excluded from the definition of a Bill Error. There were a total of 24,058 non-reportable bill corrections during the Year. As in previous years, the largest number of bill corrections occurred due to a change in service start or end date, which result primarily because of incorrect or untimely customer provided information. The next largest number of bill corrections resulted from correcting meter reading errors that are normally encountered in meter reading operations².

The Company experienced an overall bill accuracy ratio for the Year, including the reportable and non-reportable Bill Errors, of 98.88%.

Conclusion

The Company's billing accuracy target is a monthly billing accuracy ratio of greater than or equal to 99.4%. The ratio is determined as the aggregated monthly bills issued in error divided by the total number of bills issued during the bill month. This is not the first time that the monthly billing accuracy ratio fell below the monthly target ratio of 99.4% (see NW Natural's 2008 Annual B1 SQM Report). However, it is the first time that the billing accuracy ratio for the Measure Year fell below 99.4%, coming in at 99.21%, a shortfall of only 0.19%.

The Company requests the Commission consideration for a zero penalty determination under the mitigating circumstances provisions of Section V of the Company's B1 SQM. This request is based upon the following facts: (1) that the total amount associated with the single Bill Error was immaterial - less than a total of \$2,000 across 51,789 customers, or an average per bill over-billing of less than four cents; (2)

² By way of example, but not of limitation, meter reading errors "normally encountered" include an inability to access a meter due to a dog, a locked gate, a cover over a meter, an unlocatable meter, or a hazardous condition, including but not limited to a confined space.

that the WARM Code Bill Error was the only Bill Error in the 2009 Measure Year; (3) that the Company could not have reasonably avoided making a change to billing rates during the WARM period given the nature of the rate change approved in Commission Order 08-578 in Docket UM 1335; and (4) that the Company performed extensive testing of the WARM Code changes prior to the January 1, 2009 rate change and could not have otherwise foreseen or guarded against the portion of the WARM code that failed and resulted in the Bill Error.

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

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Please do not hesitate to call if you have questions or desire further information.

Sincerely,

/s/ Onita R. King

Onita R. King
Rates & Regulatory Affairs

Attachment:

cc: David Anderson
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OPUC Staff:
Lori Koho
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Program: CNNSQMSR
 Bill Accuracy Report
 Revenue Month Period: 01/2009 - 12/2009
 as of 2/15/2010 9:26 AM

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Bills Issued - Oregon	604,146	606,293	604,547	604,120	602,323	602,018	598,979	598,574	599,366	587,417	625,733	606,256	7,239,772

BSQM Corrections - Oregon

WARM Error 200912	0	0	0	0	0	0	0	0	0	0	429	56,628	57,057
SubTotal BSQM	0	0	0	0	0	0	0	0	0	0	429	56,628	57,057
% of Total Bills Issued	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.07%	9.34%	0.79%
% of Total Bills Issued Correctly	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.93%	90.66%	99.21%

Other Bill Corrections - Oregon

Crossed Meter Correction	53	66	55	18	18	17	19	8	23	38	6	1	322
Bill Clerk Processing Error	34	12	22	21	9	15	12	10	5	7	21	19	187
Bill Undr/Ovr Registrd Mtr Use	210	202	228	218	158	128	115	102	82	44	28	13	1,528
Cancel of Correct (Good) Bill	72	124	68	40	15	10	6	6	26	18	11	14	410
Cancel/Bill Agn to Start PmtPln	17	8	3	2	2	3	0	0	0	1	3	14	53
Change Customer Rate Schedule	2	6	6	3	4	2	3	2	1	2	0	0	31
Change Service Start/End Date	758	843	810	733	1,082	1,027	764	844	742	717	711	633	9,664
Corrects for Meter Pressure	9	6	6	4	4	1	1	1	1	0	0	0	33
Corrects CIS Progrm Code Error	22	8	25	120	28	41	62	57	60	39	38	35	535
Corrects ERT Install Pgm Error	26	18	15	7	14	14	14	8	12	9	7	2	146
Corrects Info from Field Tech	19	18	14	32	27	13	13	4	3	3	10	10	166
Corrects Meter Read Data	0	0	0	0	0	0	0	1	0	0	0	16	17
Corrects Meter Read Error	1,072	2,349	630	678	663	680	440	451	383	276	21	12	7,655
Corrects Order Info From CSR	48	41	38	52	29	32	33	24	27	23	33	25	405
Corrects Payment Plan	3	5	0	1	0	0	0	0	0	0	0	0	9
Corrects Prior Estimated Read	158	95	64	85	89	304	96	96	85	101	29	24	1,226
Corrects Prorated Meter Read	2	2	5	1	3	3	3	1	1	5	0	4	30
Customer Provided Incorr Read	19	7	8	9	5	6	8	5	3	1	2	1	74
Deposit Proc'd Incorrectly	36	34	32	38	29	33	48	58	57	49	68	56	538
Other	43	32	33	36	18	21	20	13	13	13	14	26	282
Prior High Est Read (Auto)	53	34	47	61	89	127	60	19	15	20	29	41	595
Reverse Deposit - Credit Estab	14	4	16	12	3	9	14	7	12	20	16	13	140
WARM Opt-Out;Not Proc'd Timely	4	0	2	1	1	0	0	0	0	0	0	3	11
WARM Tariff Apprvd Opt-Out Chg	0	0	0	0	1	0	0	0	0	0	0	0	1
SubTotal Other	2,674	3,914	2,127	2,172	2,291	2,486	1,731	1,717	1,551	1,386	1,047	962	24,058

BSQM & Other Bill Corrections

Total Bill Corrections - Oregon	2,674	3,914	2,127	2,172	2,291	2,486	1,731	1,717	1,551	1,386	1,476	57,590	81,115
% of Total Bills Issued	0.44%	0.65%	0.35%	0.36%	0.38%	0.41%	0.29%	0.29%	0.26%	0.24%	0.24%	9.50%	1.12%
% of Total Bills Issued Correctly	99.56%	99.35%	99.65%	99.64%	99.62%	99.59%	99.71%	99.71%	99.74%	99.76%	99.76%	90.50%	98.88%

Program: CNNSQMSR
Bill Accuracy Report
Revenue Month Period: 01/2009 -
as of 2/15/2010 9:26 AM

	Jan	Feb	Mar	Apr	May	Jun
Total Bills Issued - Oregon	604,146	606,293	604,547	604,120	602,323	602,018

BSQM Corrections - Oregon

WARM Error 200912	0	0	0	0	0	0
SubTotal BSQM	0	0	0	0	0	0
% of Total Bills Issued	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Other Bill Corrections - Oregon

Crossed Meter Correction	53	66	55	18	18	17
Bill Clerk Processing Error	34	12	22	21	9	15
Bill Undr/Ovr Registrd Mtr Use	210	202	228	218	158	128
Cancel of Correct (Good) Bill	72	124	68	40	15	10
Cancel/Bill Agn to Start PmtPln	17	8	3	2	2	3
Change Customer Rate Schedule	2	6	6	3	4	2
Change Service Start/End Date	758	843	810	733	1,082	1,027
Corrects for Meter Pressure	9	6	6	4	4	1
Corrects CIS Progm Code Error	22	8	25	120	28	41
Corrects ERT Install Pgm Error	26	18	15	7	14	14
Corrects Info from Field Tech	19	18	14	32	27	13
Corrects Meter Read Data	0	0	0	0	0	0
Corrects Meter Read Error	1,072	2,349	630	678	663	680
Corrects Order Info From CSR	48	41	38	52	29	32
Corrects Payment Plan	3	5	0	1	0	0
Corrects Prior Estimated Read	158	95	64	85	89	304
Corrects Prorated Meter Read	2	2	5	1	3	3
Customer Provided Incorr Read	19	7	8	9	5	6
Deposit Proc'd Incorrectly	36	34	32	38	29	33
Other	43	32	33	36	18	21
Prior High Est Read (Auto)	53	34	47	61	89	127
Reverse Deposit - Credit Estab	14	4	16	12	3	9
WARM Opt-Out;Not Proc'd Timely	4	0	2	1	1	0
WARM Tariff Apprvd Opt-Out Chg	0	0	0	0	1	0
SubTotal Other	2,674	3,914	2,127	2,172	2,291	2,486

Total Bill Corrections - Oregon	2,674	3,914	2,127	2,172	2,291	2,486
% of Total Bills Issued	0.44%	0.65%	0.35%	0.36%	0.38%	0.41%

Total Bills Issued - Washington	68,672	68,759	69,016	68,888	68,770	68,537
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BSQM Corrections - Washington

SubTotal BSQM	0	0	0	0	0	0
% of Total Bills Issued	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Other Bill Corrections - Washington

Crossed Meter Correction	4	3	3	2	2	1
Bill Clerk Processing Error	2	0	1	4	3	3
Bill Undr/Ovr Registrd Mtr Use	12	17	20	26	24	10
Cancel of Correct (Good) Bill	2	2	2	3	0	0
Cancl/Bill Agn to Start PmtPln	1	0	2	0	1	0
Change Service Start/End Date	129	152	113	117	159	109
Corrects for Meter Pressure	0	0	0	0	2	1
Corrects CIS Progm Code Error	2	0	6	6	3	4
Corrects ERT Install Pgm Error	0	0	0	0	0	0
Corrects Info from Field Tech	3	3	3	5	1	0
Corrects Meter Read Error	0	0	1	0	0	0
Corrects Order Info From CSR	3	9	6	4	6	2
Corrects Payment Plan	1	1	0	0	0	0
Corrects Prior Estimated Read	2	0	0	1	3	4
Corrects Prorated Meter Read	0	2	0	0	0	0
Deposit Proc'd Incorrectly	1	4	4	3	2	19
Other	9	4	0	3	3	1
Prior High Est Read (Auto)	2	0	1	2	2	1
Reverse Deposit - Credit Estab	1	2	2	0	0	0
SubTotal Other	174	199	164	176	211	155

Total Bill Corrections - Washington	174	199	164	176	211	155
% of Total Bills Issued	0.25%	0.29%	0.24%	0.26%	0.31%	0.23%

Total Bills Issued - System	672,818	675,052	673,563	673,008	671,093	670,555
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BSQM Corrections - System

WARM Error 200912	0	0	0	0	0	0
SubTotal BSQM	0	0	0	0	0	0
% of Total Bills Issued	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Other Bill Corrections - System

Crossed Meter Correction	57	69	58	20	20	18
Bill Clerk Processing Error	36	12	23	25	12	18
Bill Undr/Ovr Registrd Mtr Use	222	219	248	244	182	138
Cancel of Correct (Good) Bill	74	126	70	43	15	10
Cancl/Bill Agn to Start PmtPln	18	8	5	2	3	3
Change Customer Rate Schedule	2	6	6	3	4	2
Change Service Start/End Date	887	995	923	850	1,241	1,136
Corrects for Meter Pressure	9	6	6	4	6	2
Corrects CIS Progm Code Error	24	8	31	126	31	45
Corrects ERT Install Pgm Error	26	18	15	7	14	14
Corrects Info from Field Tech	22	21	17	37	28	13

Corrects Meter Read Data	0	0	0	0	0	0
Corrects Meter Read Error	1,072	2,349	631	678	663	680
Corrects Order Info From CSR	51	50	44	56	35	34
Corrects Payment Plan	4	6	0	1	0	0
Corrects Prior Estimated Read	160	95	64	86	92	308
Corrects Prorated Meter Read	2	4	5	1	3	3
Customer Provided Incorr Read	19	7	8	9	5	6
Deposit Proc'd Incorrectly	37	38	36	41	31	52
Other	52	36	33	39	21	22
Prior High Est Read (Auto)	55	34	48	63	91	128
Reverse Deposit - Credit Estab	15	6	18	12	3	9
WARM Opt-Out;Not Proc'd Timely	4	0	2	1	1	0
WARM Tariff Apprvd Opt-Out Chg	0	0	0	0	1	0
SubTotal Other	2,848	4,113	2,291	2,348	2,502	2,641
Total Bill Corrections - System	2,848	4,113	2,291	2,348	2,502	2,641
% of Total Bills Issued	0.42%	0.61%	0.34%	0.35%	0.37%	0.39%

12/2009

Jul	Aug	Sep	Oct	Nov	Dec	Total
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598,979	598,574	599,366	587,417	625,733	606,256	7,239,772
0	0	0	0	429	56,628	57,057
0	0	0	0	429	56,628	57,057
0.00%	0.00%	0.00%	0.00%	0.07%	9.34%	0.79%

19	8	23	38	6	1	322
12	10	5	7	21	19	187
115	102	82	44	28	13	1,528
6	6	26	18	11	14	410
0	0	0	1	3	14	53
3	2	1	2	0	0	31
764	844	742	717	711	633	9,664
1	1	1	0	0	0	33
62	57	60	39	38	35	535
14	8	12	9	7	2	146
13	4	3	3	10	10	166
0	1	0	0	0	16	17
440	451	383	276	21	12	7,655
33	24	27	23	33	25	405
0	0	0	0	0	0	9
96	96	85	101	29	24	1,226
3	1	1	5	0	4	30
8	5	3	1	2	1	74
48	58	57	49	68	56	538
20	13	13	13	14	26	282
60	19	15	20	29	41	595
14	7	12	20	16	13	140
0	0	0	0	0	3	11
0	0	0	0	0	0	1
1,731	1,717	1,551	1,386	1,047	962	24,058

1,731	1,717	1,551	1,386	1,476	57,590	81,115
0.29%	0.29%	0.26%	0.24%	0.24%	9.50%	1.12%

68,642	68,412	68,531	68,652	68,865	69,181	824,925
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0	0	0	0	0	0	0
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2	1	3	15	0	0	36
3	2	1	1	1	3	24
6	6	3	1	3	1	129
0	0	0	1	1	0	11
0	0	0	0	0	1	5
112	111	107	100	100	109	1,418
1	1	1	0	0	0	6
4	4	11	5	7	3	55
0	0	1	0	0	0	1
1	0	1	1	0	0	18
0	0	0	0	0	0	1
4	3	4	12	5	4	62
0	0	0	0	0	0	2
1	2	2	2	1	4	22
0	0	0	1	1	1	5
24	3	5	4	5	2	76
3	0	0	0	1	3	27
0	0	0	0	0	1	9
2	2	6	0	4	1	20
163	135	145	143	129	133	1,927

163	135	145	143	129	133	1,927
0.24%	0.20%	0.21%	0.21%	0.19%	0.19%	0.23%

667,621	666,986	667,897	656,069	694,598	675,437	8,064,697
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0	0	0	0	429	56,628	57,057
0	0	0	0	429	56,628	57,057
0.00%	0.00%	0.00%	0.00%	0.06%	8.38%	0.71%

21	9	26	53	6	1	358
15	12	6	8	22	22	211
121	108	85	45	31	14	1,657
6	6	26	19	12	14	421
0	0	0	1	3	15	58
3	2	1	2	0	0	31
876	955	849	817	811	742	11,082
2	2	2	0	0	0	39
66	61	71	44	45	38	590
14	8	13	9	7	2	147
14	4	4	4	10	10	184

0	1	0	0	0	16	17
440	451	383	276	21	12	7,656
37	27	31	35	38	29	467
0	0	0	0	0	0	11
97	98	87	103	30	28	1,248
3	1	1	6	1	5	35
8	5	3	1	2	1	74
72	61	62	53	73	58	614
23	13	13	13	15	29	309
60	19	15	20	29	42	604
16	9	18	20	20	14	160
0	0	0	0	0	3	11
0	0	0	0	0	0	1
1,894	1,852	1,696	1,529	1,176	1,095	25,985
1,894	1,852	1,696	1,529	1,605	57,723	83,042
0.28%	0.28%	0.25%	0.23%	0.23%	8.55%	1.03%