

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 15, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2016

DATE: November 30, 2015

TO: Public Utility Commission

FROM: Max St. Brown ^{MSB} and Elaine Prause ^{EP}

THROUGH: Jason Eisdorfer ^J and Marc Hellman ^{MH}

SUBJECT: NORTHWEST NATURAL: (Docket No. ADV 145/Advice No. 15-18)
Adjustments to Schedule 301, Public Purpose Funding Surcharge.

STAFF RECOMMENDATION:

Staff recommends the Commission approve changes to Northwest Natural Gas Company's (NW Natural or Company) Schedule 301, Public Purposes Funding Surcharge, effective January 1, 2016.

ISSUE:

Should the commission approve NW Natural's proposed revisions to Schedule 301?

APPLICABLE LAW:

The Public Purposes Funding Surcharge came about through Commission Order 02-634, which adopted a partial decoupling mechanism for NW Natural and transferred the non low-income energy efficiency programs to Energy Trust of Oregon (ETO). The order states, "... NW Natural agrees to transfer the responsibility for its energy efficiency, demand-side management (DSM) programs, and energy audits to the Energy Trust of Oregon, or to another independent entity approved by the Commission."¹ And further states, "through an adjustment schedule, NW Natural will collect energy efficiency, DSM, and energy audit costs ..."²

¹ Order No. 02-634 at p .
² Order No. 02-634 at p .

DISCUSSION:

On November 19, 2015, NW Natural filed Advice No. 15-18, relating to the public purpose charge applied to Residential bills and Commercial bills.

NW Natural is proposing to increase the public purpose funding surcharge from 3.24 percent to 3.54 percent for residential customers and from 2.49 percent to 2.79 percent for commercial customers. The Company is proposing to allocate the increased funds to the energy efficiency programs delivered and administered by the ETO. The table below shows the proposed allocations and the current allocations (with adjustments highlighted).

Public purposes program	Proposed		Current	
	Residential	Commercial	Res.	Comm.
Schedule 350 energy efficiency programs delivered and administered by the ETO.	2.54%	2.54%	2.24%	2.24%
Schedule 310 low-income bill payment assistance activities.	0.75%	---	0.75%	---
Schedule 320 low-income energy efficiency activities.	0.25%	0.25%	0.25%	0.25%
Total:	3.54%	2.79%	3.24%	2.49%

This filing makes no change to the residential surcharges for low-income bill payment assistance and low-income energy efficiency activities. This filing makes no changes to the commercial surcharge for low-income energy efficiency activities.

The proposed funding levels were developed through discussions with the ETO as the levels needed to achieve 2016 energy efficiency program funding requirements and are needed to acquire all cost-effective energy efficiency in 2016³. Although there is \$6M in carryover funds from 2015 programs that will be applied to 2016 program expenses, in 2014, the Company decreased the public purpose funding surcharge from 3.07 percent to 2.24 percent for both residential and commercial customers, subsequently lowering

³ See: Energy Trust's 2016-17 Draft Budget and Action Plan. Available at: <https://energytrust.org/About/policy-and-reports/Plans.aspx>

the revenue to ETO.⁴ As a result, if no changes to the public purpose charge were made for 2016, total revenues to ETO would be insufficient to meet estimated expenditures for acquiring this cost effective resource. The tariff revision will ensure that ETO will have 2016 program funding that is sufficient to acquire nearly 3.8 million annual therms of energy savings.

The revision increases an average Residential monthly bill by \$0.17 cents, which is 0.3 percent of the total bill. The revision increases an average Commercial monthly bill by \$0.66 cents, which is 0.3 percent of the total bill.

ANALYSIS:

The Company's initial filing details that carryover funds from 2015 will be applied to 2016 expenses for energy efficiency programs administered by the ETO.

Staff issued three information requests. Staff has reviewed this filing and supports the tariff revisions that increase the collections that support public purpose funding for Schedule 350 energy efficiency programs delivered and administered by the Energy Trust of Oregon.

PROPOSED COMMISSION MOTION:

NW Natural's proposed revisions to its Schedule 301, Public Purposes Funding Surcharge, be approved effective January 1, 2016.

Memo 12-15_Advice No. 15-18

⁴ See: Staff Report for (NWN) Advice No. 14-24 (approved in the December 16, 2014 Public Meeting with an Effective Date of January 1, 2015).