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July 11, 2016

NWN OPUC Advice No. 16-08 / ADV \_\_\_\_  
Docket UM 1750

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
Attention: Filing Center  
201 High Street SE Suite 100  
Post Office Box 1088  
Salem, Oregon 97308-1088

**Re:** UM 1750: Compliance Filing

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revisions to its Tariff P.U.C. Or. 25<sup>1</sup>, stated to become effective with service on and after July 15, 2016:

First Revision of Sheet 195-1,  
Schedule 195  
“Weather Adjusted Rate Mechanism (WARM);”

First Revision of Sheet 195-2,  
Schedule 195  
“Weather Adjusted Rate Mechanism (WARM) (continued);” and

First Revision of Sheet 195-3,  
Schedule 195  
“Weather Adjusted Rate Mechanism (WARM) (continued).”

This filing is made in accordance with OAR 860-022-0025 and in compliance with the Commission’s Order No. 16-223 entered June 20, 2016 in Docket UM 1750.

The purpose of this filing is to modify Schedule 195 “Weather Adjusted Rate Mechanism (WARM)” to reflect the modifications adopted by the Commission in Order 16-223 as follows:

- Special Conditions 2 and 3 are revised to reflect that the floor threshold for WARM adjustments will no longer be equal to the Company’s Weighted Average Cost of Gas (WACOG), but will be symmetrical with the thresholds established for the ceiling.
- Special Condition 4 is eliminated.

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<sup>1</sup> Tariff P.U.C. Or. 25 originated November 1, 2012 with Docket UG 221; OPUC Order No. 12-408 as supplemented by Order No. 12-437, and was filed pursuant to ORS 767.205 and OAR 860-022-0005.

- Special Condition 5 becomes Special Condition 4, and is revised to reflect the elimination of the June true-up and to identify that amounts not billed will be deferred for later collection concurrent with the Company's annual Purchased Gas Adjustment (PGA) filings.
- The elimination of the current Special Condition 4 necessitated the need to make minor housekeeping changes to certain sections, and to renumber all remaining Special Conditions, as shown at Schedule 195, Sheet 195-2 and Sheet 195-3.

The Company respectfully requests that the tariff sheets filed herein be approved by the Commission to become effective with service on and after July 15, 2016, and if deemed necessary by the Commission that a hearing be scheduled, in accordance with ORS 757.210.

In accordance with ORS 757.205, 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](http://www.nwnatural.com).

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

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

Sincerely,

*/s/ Onita King*

Onita R. King  
NW NATURAL

Attachments

**SCHEDULE 195  
WEATHER ADJUSTED RATE MECHANISM  
(WARM Program)**

**PURPOSE:**

To describe the Weather Adjusted Rate Mechanism (WARM) adopted by the Public Utility Commission of Oregon in Docket UG 221, Order No. 12-408 entered October 26, 2012, as modified in Docket UM 1750 by Commission Order No. 16-223 entered June 20, 2016..

**APPLICABLE:**

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

Rate Schedule 2	Rate Schedule 3
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**APPLICATION TO RATE SCHEDULES:**

The WARM Adjustment will be applied as an adjustment to the per-therm Billing Rate on applicable Residential and Commercial Customer bills issued during the WARM Period. The WARM Period covers bills that are generated based on meters read on or after December 1<sup>st</sup> and on or before May 15<sup>th</sup>.

**SPECIAL CONDITIONS:**

1. The WARM Adjustment will apply to Customer bills that are based on applicable Residential Rate Schedule 2 or Commercial Rate Schedule 3 meters read on or after December 1<sup>st</sup> and on or before May 15<sup>th</sup>.
2. Residential bills --The maximum WARM Adjustment (increase or decrease) that will be made to any regular monthly bill during the WARM Period will be twelve dollars (\$12.00), or twenty-five percent (25%) of the usage portion of that bill, whichever is less. For any billing period in which the total monthly WARM adjustment exceeds either \$12.00 or 25% of the usage, the balance of the WARM adjustment will be deferred in accordance with Special Condition 4. (C)  
(T)
3. Commercial bills--The maximum WARM Adjustment (increase or decrease) that will be added to any regular monthly bill during the WARM Period will be thirty-five dollars (\$35.00), or twenty-five percent (25%) of the usage portion of that bill, whichever is less. For any billing period in which the total monthly WARM adjustment exceeds either thirty-five dollars or 25% of the usage, the balance of the WARM adjustment will be deferred in accordance with Special Condition 4. (C)  
(T)
4. Any amounts not applied to a Residential or Commercial Customer's bill during the WARM Period due to the caps and floor described in Special Conditions 2 and 3 will be set aside in a respective Residential or Commercial WARM deferral account. Each year, concurrent with the Company's annual Purchased Gas Adjustment (PGA) filing, the balance in the Residential and Commercial WARM deferral accounts will be collected from or credited to all Rate Schedule 2 and Rate Schedule 3 customers, respectively, on an equal cent-per-therm basis. (D)  
(C)(T)  
  
(C)

(continue to Sheet 195-2)

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**SCHEDULE 195  
WEATHER ADJUSTED RATE MECHANISM  
(WARM Program)  
(continued)**

**SPECIAL CONDITIONS (continued):**

- 5. WARM is the Company's default billing method for the Rate Schedules to which this Schedule applies. Customers are included in the WARM program unless they opt-out of the program. Any customer that elects to opt-out of the WARM program will remain out of the program until such customer elects to change their opt-out status. (T)
- 6. Customers will have an opportunity to change their status in the WARM program each year. Customers will be notified annually through a bill insert and bill messages that they may change their status in the program. Customers will have until September 30 to make a status change. Except as provided in Special Conditions 7 and 8, any notice received after September 30 will not become effective until the effective date of the next WARM Period. (T)
- 7. Any new customer will have thirty (30) days from the date that the Company's new customer information packet is mailed to the Customer in which to opt-out. For purposes of this Schedule, a new customer is a customer that has not had a gas service account with the Company within the last twelve (12) month period, or is a customer that has been issued a new service account number by the Company due to a material change in their account. (T)
- 8. Customers will not be allowed to change their status in the program after September 30, except, upon customer request, in the following circumstances: (T)
  - a. The Company can verify that the customer does not have natural gas space heating equipment installed at the service address.
  - b. The customer moved from an address that used natural gas for space heating to a new address that **does not** have gas natural gas space heating equipment installed;
  - c. The customer moved from an address that did not use natural gas for space heating to a new address that **does** have natural gas space heating equipment installed;
  - d. The customer, or their authorized representative, can provide evidence that the customer had not received notice regarding the WARM Program;
  - e. The customer, or their authorized representative, can provide evidence that the customer was not capable of understanding the written information describing the program and the opt-out instructions.
  - f. The Company can verify a contact, prior to September 30, from the customer, or their authorized representative, requesting a change to their WARM status, but for whatever reason, the change was not processed;

Status changes granted in accordance with 8.a., and 8.d. will become effective with the customer's next regular monthly bill. Status changes granted in accordance with 8.b. and 8.c. will become effective with the first day of service at the new address. When status changes are made in accordance with 8.e. and 8.f., the customer's next bill will show revised billing amounts for customer's account back to the first bill issued following the beginning of the WARM heating season. (T)

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**SCHEDULE 195  
WEATHER ADJUSTED RATE MECHANISM  
(WARM Program)  
(continued)**

- 9. Upon request, the Company will provide Customer with historical billing information that reflects bills with and without the WARM adjustment for any month during the WARM Period. (T)
- 10. Should a change to the margin rate occur during the WARM Period, the equivalent therms used in the calculation of the WARM adjustment will be based on the entire billing period, and then prorated based upon the number of days applicable to each margin rate. The pro-rated therms are then multiplied by the applicable margin rate to determine the WARM adjustment for each rate period. Example: If a margin rate change occurred on January 1, a bill with a bill period between December 25 and January 24 would be prorated based upon 6 days at the prior margin rate and 24 days at the new margin rate. The calculations performed under the provisions of Special Conditions 2 and 3 will apply to each prorated period separately, except that the total WARM adjustment for each bill will not exceed the maximum (increase or decrease) WARM adjustment specified in Special Conditions 2 and 3. (T)  
(C)

**WARM FORMULA:**

1. The Formula is: 
$$\text{WARM Adjustment} = \sum_1^T (HDD_{n,t} - HDD_{a,t}) * B * Mrgn$$

Where:

- T = the days covered by the meter read dates for an individual customer's bill
- HDD<sub>n</sub>** = the 25 year average of heating degree-days for each day (1986-2010) determined using a 25-year average temperature published by the National Oceanic and Atmospheric Administration (NOAA).
- HDD<sub>a</sub>** = the actual heating degree-days for each day based on the individual customer's actual beginning and ending meter read dates
- B** = the statistical coefficient relating heating degree-days to therm use determined in the most recent general rate case, or other Commission authorized proceeding.
- Mrgn** = the relevant Rate Schedule margin defined as the current Billing Rate less the current Commodity Rate, Pipeline Capacity Charge, and any Temporary Adjustments.

- 2. For purposes of calculating the WARM Adjustment, the following shall apply:
  - a. A Heating Degree Day (HDD) is defined as the extent by which the daily mean temperature falls below a specified set point on a specified day. The HDD calculation uses a set point temperature of 59 degrees Fahrenheit for the **Rate Schedule 2** calculation, and 58 degrees Fahrenheit for the **Rate Schedule 3** calculation;
  - b. The statistical coefficients to be used in the calculation of the WARM Adjustment Factor effective with the WARM Period commencing November 1, 2012 are:

Rate Schedule 2: 0.16471	Rate Schedule 3: 0.85441
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(continue to Sheet 195-4)

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