

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 18, 2016

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE November 1, 2016

DATE: October 4, 2016

TO: Public Utility Commission

FROM: Lisa Gorsuch

THROUGH: Jason Eisdorfer and Michael Dougherty

SUBJECT: NORTHWEST NATURAL: (Docket No. UG 311/Advice No. 16-15A)  
Revises Schedule 188, Industrial Demand-Side Management (DSM)  
Program.

**STAFF RECOMMENDATION:**

Staff recommends that Northwest Natural Gas Company's (NWN or Company) request to revise Schedule 188 be approved with an effective date of November 1, 2016.

**DISCUSSION:**

Issue

Whether the Commission should approve NWN's request to revise rates associated with the Industrial Demand-Side Management (Industrial DSM) program. The Company updates this schedule annually with its Purchased Gas Adjustment (PGA) filing.<sup>1</sup>

Applicable Law

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred under ORS 757.259(5) are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review and review of the utility's earnings. With some exceptions, a company's amortization of amounts deferred under ORS 757.259(5) cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. (ORS 757.259(6)).

<sup>1</sup> Other rate applications associated with this filing with an effective date of November 1, 2016, are UG 306, UG 307, UG 308, UG 309, UG 310, 312 and Docket No. UG 313.

Discussion and Analysis

Schedule 188 recovers the costs of NWN's Industrial Energy Efficiency Programs offered under Schedule 360. This schedule applies to Industrial Sales Service Customers taking service under Rate Schedules 3, 31, or 32, and Commercial Sales Service Customers taking service under Rate Schedule 32.

The table below shows the rate schedules and the number of customers in each schedule that will be impacted by this rate change.

<b>Rate Schedule</b>	<b>Number of Customers</b>
Schedule 3	346
Schedule 31	208
Schedule 32	551

NWN indicates that the rate impact on the monthly bill of the average industrial customer served under Rate Schedule 3 using 1,006 therms per month is an increase of approximately \$2.73. The monthly increase for the average Industrial Rate Schedule 31 customer using 5,375 therms per month is approximately \$14.57, and the monthly increase for the average Industrial Rate Schedule 32 firm sales customer using 21,274 therms per month is about \$57.65.

NWN has been recording the authorized deferrals<sup>2</sup> in the appropriate account. The Company is applying the appropriate rate of return on the deferrals and the applicable blended treasury rate on the amortization balance to calculate the interest amounts. In this Advice Filing, the Company is seeking to recover \$3,592,066, which will result in an increase of \$349,947 in revenues when netted against the removal of the current temporary rate adjustment of (\$3,242,119). The proposed amortization rate is \$0.02894 per therm.

This amortization is included in the calculation of the three percent test pursuant to ORS 757.259(6). The total proposed amortization subject to the three percent test will be the net of credits and surcharge. NWN reports, and Staff has confirmed, that the total amortizations for which NWN requests a November 1, 2016, effective date, does not exceed the three percent threshold.

Conclusion

Staff finds that the revisions proposed in this filing meet with the requirements of applicable law, and previous Commission Orders. Staff recommends approval of NWN's proposed rates based on its review of this filing and the associated work papers.

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<sup>2</sup> Deferral authorized in Docket No. UM 1420(7), Order No. 16-120:  
<http://apps.puc.state.or.us/orders/2016ords/16-120.pdf>

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**PROPOSED COMMISSION MOTION:**

Approve NWN's Docket No. UG 311 and allow the resulting tariff sheet revisions in Advice No. 16-15A to go into effect on November 1, 2016.

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