



Oregon

Kate Brown, Governor

Public Utility Commission

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June 28, 2022



BY EMAIL

Northwest Natural Gas Company

efiling@nwnatural.com

RE: Advice No. 22-03

At the public meeting on June 28, 2022, the Commission adopted Staff's recommendation in this matter docketed as ADV 1402. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

ITEM NO. CA4

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 28, 2022**

REGULAR CONSENT EFFECTIVE DATE June 29, 2022

DATE: June 13, 2022

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

SUBJECT: NORTHWEST NATURAL:
(Docket No. ADV 1402/Advice No. 22-03)
Schedule M – Meter Testing Procedures.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Northwest Natural Gas Company (NW Natural, NWN, or Company) Advice No. 22-03 filing relating to Schedule M – Meter testing Procedures, effective with service on and after June 29, 2022.

DISCUSSION:

Issue

Whether the Commission should approve NWN's proposed revision to its Schedule M-Meter testing procedures, which provides bill credits to customers.

Applicable Law

Under Oregon Revised Statute (ORS) 757.205(1):

Every public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules, which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection

therewith or performed by any public utility controlled or operated by it.

Oregon Administrative Rules (ORS) 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other changes made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and, the reasons or grounds relied upon in support of the proposed change.

Analysis

Background

On May 26, 2022, NWN filed revised Docket No. ADV 1402 to update its Schedule M. Schedule M generally describes Company's meter testing processes and procedures (Sampling Program) and reflects the Company's internal Engineering procedures for testing meters, which are also consistent with national and industry standards.

Schedule M Change: New Customer Credit Proposal

As indicated in Schedule M, NWN conducts a meter sampling program to determine if each meter family meets an acceptable standard of accuracy. If a meter family does not meet this standard of accuracy, NW Natural typically replaces those meters by December 31st of the year following determination of the need for replacement (i.e., by December of the second year following the year of sampling).

Schedule M has a section that allows NWN to extend its meter replacement schedule by up to four years if the number of meters that are found to be nonconforming and need replacing is over three percent of the total meters in its Sampling Program. The proposed changes to this Schedule M clarify that NWN will refund the customer via bill credit for meters that are found to be nonconforming and fall within the extended meter replacement schedule. The refund will take into account the extended time it took the utility remove, test and replace the meter.

In discussions with Staff, NWN has represented that, due to issues including supply chain constraints, it is likely that it will need to invoke the option to extend its meter replacement schedule because it is currently difficult to replace meters within one year. This change to Schedule M ensures that customers are not harmed by the extended time it takes NWN to replace the meter by making sure their bill is credited to reflect the accurate amount.

Staff believes that crediting the customer based on the acceptable accuracy of each meter as tested at change out to be consistent with the extended time allowed for meter replacement is in the public interest because it protects customers from the harm associated with the delay in replacing their nonconforming meter. Therefore, Staff supports this schedule change because it is fair and reasonable and not contrary to the public interest.

The Company stated that the proposed change will not have an impact on rates, and that the number of customers affected by the change is dependent on the Sampling Program results. Staff agrees that this information is compliant with OAR 860-022-0025.

The Company has reviewed this memo and has no objections to Staff's recommendation.

Conclusion

After reviewing NWN proposed revisions to Schedule M, Staff concludes that the proposed tariff providing refunds in the form of credits to customers that have nonconforming meters that fall under the meter replacement extension is fair, just, and not contrary to the public interest because it ensures customers are not harmed by the delay.

PROPOSED COMMISSION MOTION:

Approve Northwest Natural Gas Company Advice No. 22-03 filing relating to Schedule M, effective with service on and after June 29, 2022.

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet M-1
Cancels First Revision of Sheet M-1

SCHEDULE M METER TESTING PROCEDURES

The Company shall test new meters and meters that are removed from service and intended for reuse in the manner set forth in this Schedule, as more completely described in the Company's Meter Testing Standards and Procedures.

Meter test equipment and methods used by the Company shall conform to the applicable standards of the American National Standards Institute (ANSI) and American Gas Association (AGA).

The minimum acceptable accuracy for all new and rebuilt meters is $100\% \pm 1\%$ at specified flow rates. New meter shipments may be sample-tested in accordance with the applicable standards of ANSI and the American Society for Quality Control, and the entire batch accepted or rejected on the basis of the sample test results.

The Company's performance control program allows diaphragm meters with a rated capacity of up to and including 1,000 cf per hour to remain in service outside of the periodic testing requirements of OAR 860-23-015, provided that the meters satisfy the program's performance requirements.

Each meter in the performance control program is initially assigned to a meter family according to manufacturer, size, type, and set year. At Company's option, meters in any family may be further subdivided according to location, age, or other factors which may be disclosed by test data to have an effect on the performance of the meters. Subsequently, meter families may be modified or combined as justified by the performance records.

Each meter family in the meter sampling program is subject to an annual statistical performance evaluation using a random sample of the family. A meter family is considered to be acceptable if the family sample indicates (a) a minimum proportion of .80 of the family measures between 98.0% and 102.0% accurate (an "accuracy" requirement), and (b) a minimum proportion of .90 of the family measures no more than 102.0% accurate (a "not fast" requirement). Based on the annual performance evaluation, each meter family determined to be acceptable is allowed to remain in service, subject to sample testing and review in succeeding years.

Meters in families determined to require change-out are changed by December 31st of the Year following determination of the need for change-out (*i.e.*, by December of the second year following the year of sampling).

However, if in any given Year, the number of meters required for change-out exceeds three (3) percent of the total number of meters in the Meter Sampling Program, the Company may, at its option, extend the change-out schedule so that the meter family is changed within a maximum of four (4) years from determination that change-out is required (*i.e.*, by December of the fourth year following the year of sampling). If the change-out schedule is extended, the rates collected by the Company from customers whose meters are subject to the extended schedule and are later found to not meet the accuracy requirement are deemed subject to refund to the extent that the company will provide appropriate credits to such customers based on the date when the meter family was determined to require change-out to the date the meter was replaced. Any credits will be based on the acceptable accuracy of each meter at change out.

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Issued May 26, 2022
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MAY 26 2022

Effective with service on
and after June 29, 2022