

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 28, 2023**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 1, 2024

DATE: December 18, 2023

TO: Public Utility Commission

FROM: Ted Drennan

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. ADV 1562)
NW Natural Advice No. 23-25, Schedules 301 and 305 OLIEE and Bill Discount Program.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve the request by Northwest Natural (NW Natural or Company) to update Schedules 301 and 335 prices to recover costs associated with Oregon Low Income Energy Efficiency (OLIEE), public purpose charges funding Energy Trust of Oregon (Energy Trust) and NW Natural's Bill Discount Program.

DISCUSSION:

Issue

Whether the Commission should approve NW Natural's proposal to revise its Schedules 301 and 335.

Applicable Rule or Law

NW Natural's filing is made under ORS 757.205, ORS 757.210, and OAR 860-022-0025.

- ORS 757.205 requires that public utilities file all rates, tolls, and charges with the Commission.
- ORS 757.210 requires that public utilities demonstrate that changes to automatic adjustment clauses are fair, just, and reasonable.

- OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.

NW Natural's public purpose funding surcharge was established pursuant to Commission Order No. 02-634 in Docket No. UG 143 and supports several public purposes.

Analysis

NW Natural is requesting approval to adjust the rates associated with recovery under two schedules:

- Schedule 301: Public Purpose Funding Surcharge
- Schedule 335: Bill Discount Program Cost Recovery

The Company's filing lowers the collection rate for two components under Schedule 301, 1) OLIEE program portion of the rate from 0.85 percent to 0.0 percent, and 2) Schedule 350 Energy Efficiency Services and Programs – Residential and Commercial from 3.93 percent to 3.34 percent. For Schedule 335 the Company proposes raising the collection level by 473 percent to 579 percent, depending on the rate class impacted.

The revisions to Schedule 301-1 reflect the Energy Trust's forecasted budget, and pause the rate charged to customers for the OLIEE program portion. The changes will result in collection of approximately \$28 million for the Energy Trust in 2024, as well as a reduction in OLIEE collection of approximately \$7.1 million.

Revisions to Schedule 335 will result in the collection of \$10.18 million. This includes \$7.93 million recovery of forecasted costs in 2024, plus \$2.24 million needed to cover the current shortfall in the balancing account.

The overall impact of the multiple changes varies across rate schedules. Residential and commercial customers on Schedules 2 and 3 respectively will see average declines of 0.5 percent on monthly bills. Commercial customers on Schedule 27 will see an increase of 0.9 percent on monthly bills, while commercial firm sales on Schedule 31 will see a decrease of 0.6 percent on a monthly basis. Depending on the type of service under Schedule 32, customers will see a range of increases between 0.1 and 1.5 percent.

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Conclusion

Based on the review of NW Natural's application, Staff concludes that the proposed revisions are consistent with the intent of Schedules 301 and 335 and result in rates that are fair, just, and reasonable

PROPOSED COMMISSION MOTION:

Approve NW Natural's ADV 1562, Schedule 301 – Oregon Low-Income Energy Efficiency (OLIEE) Programs and Schedule 335 – Bill Discount Program Cost Recovery, effective for service rendered on and after January 1, 2024.

NWN ADV 1562 / Advice No. 23-25