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March 9, 2015

NWN OPUC Advice No. 15-02 / ADV _____

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 Fairview Industrial Park Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Attention: Filing Center

Re: **General Rule 6 Deposits and Other Security: General**
General Rule 6A Deposits and Surety Agreements: Residential
General Rule 6B Deposits and other Security: Non-Residential

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith the following revisions to its Tariff P.U.C. Or. 25, stated to become effective on and after April 15, 2015:

First Revision of Sheet RR-6,
General Rules and Regulations,
“Rule 6A Deposits and Surety Agreements: Residential;”

First Revision of Sheet RR-6A,
General Rules and Regulations,
“Rule 6A Deposits and Surety Agreements: Residential;”

First Revision of Sheet RR-6B,
General Rules and Regulations,
“Rule 6B Deposits and Other Security: Non-Residential;” and

First Revision of Sheet RR-6B.1,
General Rules and Regulations,
“Rule 6B Deposits and Other Security: Non-Residential.”

The first purpose of this filing is to revise the above-referenced sheets to describe the Company’s practice for deposit requirements as provided by OAR 860-021-0200(4) when there is no record of prior gas usage at the service address, or where there is less than 12 months of normal usage at the service address

The second purpose of this filing is to revise the above-referenced sheets to describe the Company’s practice for deposit payment arrangements as provided by OAR 860-

021-0205(1) and (3) where the required deposit amount is more than \$30 but equal to or less than \$60.

1. OAR 860-021-0200(4): Less than 12-months usage.

Oregon Administrative Rule (OAR) 860-021-0200 Establishing Credit for Residential Utility Service, at section (4) states:

For energy utilities, a deposit required under this rule shall not exceed one-sixth the amount of reasonable estimated billing for 12 months at rates then in effect. This estimate shall be based upon actual use at the premises during the prior 12 months, if known, or will be estimated based upon the type and size of the equipment at the premises. Each deposit shall be rounded to the nearest whole dollar.

To comply with OAR 860-021-0200(4), the Company developed default deposit amounts for residential and small commercial customers that are based on expected gas usage for certain equipment types. These default deposit amounts are used for situations where there is no usage history or where there is less than 12 months of normal usage history. The use of standard default deposit amounts in these situations simplifies the application process and eliminates the need for a Customer Service Representative (“CSR”) to keep the customer on the telephone while they calculate estimated usage in order to determine the appropriate deposit amount.

There are three default deposit amounts in use for residential customers, and one default deposit amount in use for small commercial customers. Please note that the commercial default deposit does not apply to a commercial applicant where gas usage is expected to exceed 90 therms per month, or where gas is used as a primary fuel to operate the business (e.g. restaurants, food processing, manufacturing, etc.). The default deposit amounts are derived from the following equipment and average usage assumptions:

Equipment	Monthly Usage (therms)	Default Deposit Amount
Residential:		
Space and water heating	54	\$ 125.00
Space heating only	43	\$ 100.00
No space heating	12	\$ 40.00
Commercial:		
Space and water heating	90	\$ 200.00

A worksheet showing the calculation of the monthly and annual bill, and the resulting deposit amount, for each usage level is provided in support of this filing.

The default deposit process has worked well for the Company and for customers for many years. However, it was recently identified that this practice is not captured in the Company’s approved Tariff. To ensure transparency about the Company’s practices, with this

filing, the Company proposes to display the default deposit amounts in its Tariff at General Rule 6A and 6B.

In addition, in order to ensure that the default deposit amounts continue to reflect the appropriate relationship to average annual bills, the Company proposes to evaluate whether or not any changes to the default deposit amounts are required with each annual Purchased Gas Adjustment (“PGA”) filing or with any other filing that results in a change in customer billing rates. A change to the default deposit amounts would be filed for Commission review and approval if the Company’s evaluation shows that a change in rates will result in an increase or decrease to the average residential customer’s monthly bill of \$10.00 or more, or \$25.00 or more for the average Schedule 3 small commercial customer.

2. OAR 860-021-0205(1)(3): Deposits Between \$30 and \$60.

Oregon Administrative Rule (OAR) 860-021-0205 Deposit Payment Arrangements for Residential Energy Utility Service, at sections (1) and (3), respectively, states:

(1) When an energy utility requires a deposit, the customer or applicant may pay the deposit in full or in three installments. The first installment is due immediately; the remaining installments are due 30 days and 60 days after the first installment payment. Except for the last payment, installments shall be the greater of \$30 or one-third of the deposit.

(3) When the energy utility requires the customer or applicant to pay an additional deposit, the customer shall pay one-third of the total deposit, or at least \$30, whichever is greater, within five days. The remainder of the deposit is due under the terms of section (1) of this rule. If the customer has an existing deposit installment agreement, the remaining installment payments will be adjusted to include the additional deposit; however, two installment payments cannot be required within the same 30-day period.

The first sentence in section (1) above appears to provide only two options – payment in full or payment in three installments. The last sentence, however, limits each payment amount to not less than \$30 (except the last payment). Because there are many customer situations where the deposit requirement is \$60 or less, we must determine which rule condition to apply. NW Natural has had a long-standing practice of applying the condition that the minimum payment is \$30 (except for the last payment). This practice results in a deposit payment plan that allows for only two installments when the deposit amount is \$60 or less. If the deposit is \$30 or less, a payment plan would not be available at all.

A rulemaking would likely be required to address the conflicting language of the current rule. In the meantime, in order to ensure transparency about the Company’s practices in applying the requirements of the rule, with this filing, the Company proposes to clarify its Tariff to reflect the manner in which deposit amounts that are between \$30 and \$60 will be treated.

The Company respectfully requests that the tariff sheets filed herewith be permitted to become effective with service on and after April 15, 2015.

Copies of this letter and the filing made herewith are available in the Company’s main office in Portland, Oregon, and on the Company’s website at www.nwnatural.com.

The Company waives paper service in this proceeding.

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

eFiling
Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
E-mail: eFiling@nwnatural.com

Sincerely,

/s/ Onita King

Onita R. King
Rates & Regulatory Affairs

Enclosures

GENERAL RULES AND REGULATIONS

(continued)

Rule 6. Deposits and other Security: General.

The Company may require a deposit or other security from a Customer or Applicant for reasons set forth in **Rule 2** and for other reasons as set forth in this **Rule 6, Rule 6A, Rule 6B, or Rule 6C**. The requirements for a Residential Customer or Applicant are set forth in **Rule 6A**. The requirements for a Non-Residential Customer or Applicant are set forth in **Rule 6B** and **Rule 6C**. For builders, contractors, property developers, and property managers, when a deposit or other security is required the provisions applicable to Non-Residential service shall apply.

Where a deposit or deposit installment amount is billed and due and payable along with a Customer's bill for regular monthly gas usage, the amount paid by Customer shall first be applied toward payment of the amount due for the deposit, as set forth in **Rule 7**.

In the event an Applicant pays a deposit, in full or in part, as a condition of service activation and the check or draft for payment is returned or not honored by the respective financial institution, the deposit will be deemed unpaid and Customer status is not met for such Applicant. The Company will attempt telephone notice to the Applicant of the failed payment, and the Applicant will have one business day in which to make a valid payment. If a valid payment is not received and the gas service is active, service may be disconnected without further notice.

In the event a Customer pays a deposit or additional deposit amount, with a check or draft for payment that is returned or not honored by the respective financial institution, the Company may disconnect service for nonpayment of the deposit as set forth in **Rule 11**.

In the event a Customer concurrently terminates service at a current address and applies for service at a new address within the Company's service area, any deposit held by the Company for service at the current service address, plus accrued interest, will be applied to the new service address. Nothing precludes the Company from requiring an additional deposit under the terms set forth in **Rule 6A, Rule 6B, or Rule 6C**. If such Customer notified the Company of the change of address subsequent to the issuance of the closing bill for service at the terminated service address, then the Customer may be required to pay a new deposit as required by these rules.

Deposits will accrue interest at a rate prescribed by order of the Commission. Interest shall be computed from the date the deposit is paid (if paid in installments, from the date of the first payment) to the date of refund or application of the entire deposit amount to the Customer's account, or if applicable, to the end of any one Year period. Interest will be prorated on deposits held by the Company for less than a full Year.

The Company will review default deposit amounts with any change in billing rates. The default deposit amounts may be revised if a change in customer rates results in an increase or decrease of \$10.00 or more to the average Residential Customer's monthly bill, or \$25.00 or more to the average Schedule 3 small Commercial Customer's monthly bill.

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(continue to Sheet RR-6.1)

Issued March 9, 2015
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Effective with service on
and after April 15, 2015

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet RR-6A
Cancels Original Sheet RR-6A

GENERAL RULES AND REGULATIONS

(continued)

Rule 6A. Deposits and Surety Agreements: Residential.

Deposits.

A deposit may be required from a Residential Applicant as a condition of new or continued service as set forth in **Rule 2**.

The total deposit for any one Residential Customer account will not exceed one-sixth of the estimated annual billing at the service address based on twelve months of normal usage history at the premise, rounded to the nearest dollar. If the Company has no record of prior gas service at the service address, or if there is less than 12 months of normal usage history at the service address, the default deposit will be based on installed gas-fired equipment as follows:

Installed Gas-Fired Equipment	Deposit Amount
Space and Water Heat	\$ 125.00
Space Heat Only	\$ 100.00
No Space Heat	\$ 40.00

Deposits will be refunded or credited to Customers as set forth in **Rule 6**. Except as provided otherwise in this or any other applicable Schedule of this Tariff P.U.C. Or. 25, deposits are typically due prior to or at the time that service is activated, or reactivated. At the Company's discretion, a deposit or additional deposit amount may be billed with the first monthly bill following the date of notice that a deposit is required.

A deposit or additional deposit may be required from a Residential Customer following the Company's receipt of notification that such Customer is named as a debtor party to a bankruptcy filing. Such a deposit shall be separate and apart from any additional surety amount ordered by the bankruptcy court.

The Company may also require an additional deposit amount when there is a change in rate schedule, a change in billing rates, or a change in usage at the same or a different service address. An adjustment for usage may occur when (i) historical usage was based on a different occupant at the premise and is not reflective of the current Customer's usage; (ii) Customer adds or removes gas-fired equipment at the premise; or (iii) the average monthly usage at a new service address is different from the prior premise upon which the deposit was based. The Company will provide written notice to the Customer of such action at the time that the additional deposit amount is billed.

A Residential Customer that is required to pay an additional deposit amount must pay the deposit in full, or make deposit payment arrangements, within five (5) Business Days from the date of notice that the additional deposit is required. If a deposit installment arrangement is already in place, the existing installment payments will be adjusted for the additional deposit amount. In no event will two installment payments be required for the same account within a single bill period.

Any Applicant or Customer may pay a deposit, or additional deposit, of more than \$30 in up to three (3) consecutive installments. A deposit that is more than \$30 but equal to or less than \$60 may be paid in two consecutive installments. If a deposit is paid in installments, the first payment equal to the greater of \$30.00 or one-third of the total deposit amount shall be immediately due. The remaining payments shall be due and payable with the Customer's next regular monthly bills until the deposit is paid in full. Except for the last payment, installment payments will not be less than \$30.00.

(continue to Sheet RR-6A.1)

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GENERAL RULES AND REGULATIONS

(continued)

Rule 6B. Deposits and other Security: Non-Residential.

A deposit may be required from a Non-Residential Applicant or Customer as a condition of new or continued service as set forth in **Rule 2**.

A Non-Residential Customer may also be required to pay a deposit, or to pay an additional deposit, in the following circumstances:

- a) Upon the filing of an insolvency proceeding, including but not limited to bankruptcy, receivership, liquidation, bulk sale, or financial reorganization, naming the Customer or any principals of the corporation, partnership, or Non-Residential entity, as a debtor party to the filing;
- b) When Customer's bill has or is expected to increase by 50% or more due to a change in billing rates, a change in rate schedule, or a change in gas usage at the service address;
- c) When Customer is issued two or more final disconnection notices (also known as a 5-day notice) within a consecutive 12-month period; or
- d) When Customer was found by the Company to have committed theft, diversion of service, or tampering with utility facilities.

Any deposit or additional deposit collected by the Company under order of the bankruptcy court pursuant to Title 11 of the Bankruptcy Code and, in particular, 11 USC § 366, will be held separate from any deposit collected under this **Rule 6B**, and will be refunded following the final ruling of the bankruptcy court.

The Company may also require the receipt of other security, which may include, but is not limited to an irrevocable letter of credit, surety bond (performance bond) or some other form of guarantee acceptable to the Company.

Except for seasonal Applicants or Customers, the amount of the deposit for any one Non-Residential account will not exceed one-sixth of the estimated annual billing at the service address based on twelve months of normal usage history at the premise, rounded to the nearest dollar. If the Company has no record of prior gas service at the service address, if there is less than 12 months of normal usage history at the service address, or if the usage history at the service address was for a different business purpose, the Company may require a default deposit in the amount of \$200.00. The default deposit will not apply to a Non-Residential Customer whose natural gas usage is expected to exceed 90 therms per month based on the square footage of heated space, or the type of gas-fired equipment and the expected use of such gas-fired equipment.

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The deposit for a seasonal Applicant or Customer for any one account will not exceed the estimated ensuing season's billing for services provided by the Company.

Deposits will be refunded or credited to Customers as set forth in **Rule 6**.

Deposits are typically due in full prior to or at the time that service is activated or reactivated. However, at Company's discretion, a deposit may be billed with the first monthly bill following the service activation date.

(continue to Sheet RR-6B.1)

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P.U.C. Or. 25

First Revision of Sheet RR-6B.1
Cancels Original Sheet RR-6B.1

GENERAL RULES AND REGULATIONS

(continued)

Rule 6B. Deposits and other Security: Non-Residential (continued).

A Non-Residential Customer that is required to pay a deposit to re-establish credit or to pay an additional deposit amount as set forth in this **Rule 6B** must pay the deposit or request deposit payment arrangements within ten (10) Business Days from the date of the notice that a deposit is required. Such notice may also serve as the notice of disconnection required under OAR 860-021-0505. At the Company's discretion, the deposit may be billed with the Customer's next regular monthly bill.

At the Company's discretion, a Non-Residential Applicant or Customer that cannot pay a deposit or additional deposit of \$30 or more in full, may make payment arrangements to pay the deposit in up to three (3) consecutive installments. A deposit that is more than \$30 but equal to or less than \$60 may be paid in two consecutive installments. If paid in installments, the first payment equal to or greater than \$30 or one-third of the total deposit amount shall be immediately due. The remaining amount will be billed and will be due and payable with the Customer's next regular monthly bills until the deposit is paid in full. Failure to abide by the terms of a deposit installment plan is cause for Disconnection of Service. Service may be disconnected after written notice is issued not less than five (5) calendar days prior to the date of the scheduled disconnection, except that if a deposit is deemed unpaid because the check or draft for payment was not honored by the respective financial institution, notice of disconnection will be made as set forth in **Rule 6**.

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Failure to pay a deposit or deposit payment, or to provide any other required security, is cause for Disconnection of Service. If service is disconnected, the entire deposit, plus the past due account balance, plus the applicable reconnection fee and late payment fee must be paid before service will be restored.

(continue to Sheet RR-6C)

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NW Natural OPUC Advice 15-2
Derivation of Default Deposit Amounts

9-Mar-15

Schedule 2

	Monthly Usage	Monthly Charge [1]	Volumetric [1]	Monthly Bill	Annual Bill	Deposit
Space & Water	54	\$8.00	\$54.72	\$62.72	\$752.62	\$125.44
Space heat only	43	\$8.00	\$43.57	\$51.57	\$618.86	\$103.14
Other	12	\$8.00	\$12.16	\$20.16	\$241.92	\$40.32

Schedule 3

90	\$15.00	\$85.97	\$100.97	\$1,211.59	\$201.93
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[1]		Fixed Charge	Rate/Therm *
	Schedule 2	\$8.00	\$1.01330
	Schedule 3	\$15.00	\$0.95518

* Rates effective November 1, 2014