

Rates and Regulatory Affairs
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March 1, 2011

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
550 Capitol Street, N.E., Suite 215
P.O. Box 2148
Salem, Oregon 97308-2148

Attn: Filing Center

Re: Docket No. UM 1218
2010 Annual Report for B1 Service Quality Measure for Billing Accuracy
(B1 SQM)

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), submits herewith the annual report of the B1 SQM results for the calendar year 2010.

Reported Bill Errors during the Measure Year

There were two Bill Errors¹ during the Measure Year (Year). The first Bill Error affected 865 of 608,191 total bills issued in the January 2010 revenue month. The second Bill Error affected 109,180 of 610,589 total bills issued in the June 2010 revenue month and 94 of 606,547 bills in the July 2010 revenue month, for a total of 109,274 customer bills issued in error due to that Bill Error. Each of the reportable Bill Errors are described below.

1. **Smart Energy Bill Error – January 2010.** The Company submitted its initial and final report on this Bill Error on January 8, 2010. The cause of this Bill Error was an end date in the billing code that resulted in a failure to bill Smart Energy charges on 865 customer bills issued between January 4, 2010 and January 6, 2010. The end date was subsequently corrected to coincide with the end of the program pilot, September 1, 2012. Affected customers were issued corrected bills that contained a bill message explaining the billing error.

This Bill Error resulted in a Monthly Billing Accuracy Ratio in the month of January of 99.86%.

2. **Bill Message Error – June and July 2010.** The Company submitted its initial report on this Bill Error on June 25, 2010 and its final report on July 9, 2010. The cause of this Bill Error was a CIS synchronization problem that caused an overlay of an old bill print program code which resulted in the following failures: (a) on some printed bills, a bill message relating to a January 2009 rate change was displayed instead of the message relating to the June 2010 rate change; (b) on some printed bills the bill message regarding the June bill credit did not print

¹ A billing error by the Company due to the Same Cause that affects a total of five hundred (500) or more bills issued to Oregon customers.

at all; and (c) on the HTML bill image of paperless bills the wrong bill message was printed. The TIF image of the paperless bills was displayed accurately.

The bills that were issued with the wrong bill message displayed the following:

```
Description          Rate change for 1/1/2009
Comment
    The proration of this bill reflects a change approved by
    regulators effective Jan. 1, 2009. For more information about the
    rate change, please visit nwnatural.com or call 800-422-4012.
```

The message that should have printed and that was correctly displayed on the TIF image of paperless bills was:

```
Description          Rate change for 06/01/2010
Comment
    This bill has been prorated to reflect a June 1, 2010 rate
    change approved by Oregon regulators for the true-up of income
    taxes. Visit nwnatural.com for more information.
```

There were no errors in the calculation of any of the bill amounts issued during this time due to the incorrect bill message being printed. The bill message error affected 109,180 customer bills in June 2010 and 94 customer bills in July 2010. The Company did not re-issue any bills. No customer inquiries about this error were recorded.

Non-Reportable Bill Corrections

The attached report additionally shows the number and types of non-reportable bill corrections that occurred during the Year. These bill corrections are specifically excluded from the definition of a Bill Error. There were a total of 18,973 non-reportable bill corrections during the Year. As in previous years, the largest number of bill corrections occurred due to a change in service start or end date, which result primarily because of incorrect or untimely customer-provided information. The next largest number of bill corrections resulted from a one-time CIS program code problem that affected the email notification to paperless billing customers. This code problem did not result in any billing errors.

The Company experienced an overall bill accuracy ratio for the Year, including the reportable and non-reportable Bill Errors, of 98.23%.

Conclusion

The Company's billing accuracy target is a monthly billing accuracy ratio of greater than or equal to 99.4%. The bill message error that occurred in June 2010 caused June's accuracy ratio to fall below the target, to 82.12%. The annual bill accuracy ratio was 98.49%. The remedy calculation for falling below the billing accuracy target is \$58,520.

The Company requests that the Commission consider a reduced penalty determination under the mitigating circumstances provisions of Section V of the Company's B1 SQM. This request is based on the following facts:

- Of the 3,330 paperless bills that were affected, the TIF version of the bills displayed the correct bill message. The ability to view the bill in either HTML or TIF is readily accessible to all paperless billing customers. It is unknown how many customers actually saw the incorrect message.
- All of the affected bills were calculated correctly. The Bill Error did not require a re-issuance of any bills.
- None of the affected customers were harmed by the bill message error.
- No customer inquires about the Bill Error were recorded.

Thank you for your consideration in this matter.

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

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Please do not hesitate to call if you have questions or desire further information.

Sincerely,

/s/ Onita R. King

Onita R. King
Rates & Regulatory Affairs

Attachment:

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