

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 19, 2016

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE July 20, 2016

DATE: July 11, 2016

TO: Public Utility Commission

FROM: George R. Compton *ARC*

THROUGH: *J* Jason Eisdorfer, *M* Marc Hellman, and *M* Michael Dougherty

SUBJECT: NORTHWEST NATURAL: (Docket No. ADV 316/Advice No.16-07)  
Requests additions to Rule 17 of Tariff P.U.C. Or. 25 to strengthen and clarify the sub-metered resale rates restriction.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve the Northwest Natural Gas Company's (NW Natural or Company) proposed addition and clarification to Gas Delivery and Measurement Rule 17 of Tariff P.U.C. Or. 25 for the purpose of strengthening the sub-metered resale rates restriction, effective July 20, 2016.

**DISCUSSION:**

Issue

Whether NW Natural's proposed additions and clarifications to its Measurement Rule 17 should be granted.

Applicable Law

ORS 757.205(2) requires each public utility to file with the Commission all rules and regulations that in any manner affect the rates charged or to be charged for any service. NW Natural's filing of May 27, 2016, along with its replacement filing of June 6, were made in compliance with ORS 757.205 and OAR 860-022-0005. The purpose of the filings is to achieve better conformance with ORS 90.532 and ORS 90.536, which prohibit a landlord from billing or collecting more money from tenants for utilities or services than the utility or service provider charges the landlord.

Discussion and Analysis

On May 27, 2016, the Company filed revisions to its Gas Delivery and Measurement Rule of Tariff P.U.C. Or. 25 with the purpose of clarifying language regarding gas re-metered or sub-metered by a customer for resale to others in light of the requirements found in ORS 90.532 and ORS 90.536. On June 6, 2016, the Company filed Advice No. 16-07A/ADV 316-Supplement A, which incorporated revisions requested by OPUC Staff to further clarify the rate charged for gas re-metered or sub-metered by a customer for resale to others.

The current language within Gas Delivery and Measurement Rule 17 directs a NW Natural Customer who resells gas to tenants on a sub-metered basis to bill those “tenants at the same rates and charges that would be charged under the applicable Rate Schedule if the tenant were directly billed for service....” This language can easily be interpreted as allowing the primary-metered Customer to charge each of the sub-metered tenants the particular customer charge within the Tariff corresponding to the Schedule that would apply to the tenant as if the tenant were itself a primary-metered customer of NW Natural. (In the case of non-residential Schedule 3, the monthly customer charge is \$15.) However, collecting multiple customer charges in addition to the applicable volumetric charge would enable the primary Customer to collect billed revenues which exceed the Customer’s own bill amount – contrary to the ORS provisions cited above.

In order to prevent summed tenant billings exceeding the primary-metered Customer’s bill, NW Natural has proposed that the following sentence be added to Rule 17: “The [primary-metered] Customer may not collect from tenants collectively more than the total amount billed to the Customer for service measured from the master meter.” To eliminate any ambiguity connected with the Rule’s mandate to “charge tenants for natural gas usage at the same rates and charges as stated on the [primary-metered] Customer’s bill,” the expression “per therm” was introduced after “same,” and the “s” was eliminated from “rates.” The proposed base requirement would then say that the tenants would be charged “for natural gas usage at the same per therm rate and charges as stated on the [primary-metered] Customer’s bill.”

Conclusion

NW Natural’s proposed changes to its Rule 17 eliminate the current ambiguity in the rule and would prevent a primary-metered customer from collecting more from customers than they are otherwise permitted to recover under ORS 90.532 and ORS 90.536. Accordingly, NW Natural’s proposed additions to its Gas Delivery and Measurement Rule 17 should be approved.

Docket No. ADV 316/Advice No. 16-07A  
July 11, 2016  
Page 3

**PROPOSED COMMISSION MOTION:**

Approve NW Natural's proposed additions to Gas Delivery and Measurement Rule 17 for the purpose of strengthening the sub-metered resale rates restriction, effective July 20, 2016.

ca4.ADV316.Advice No. 16-07 (NWN).grc