

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: May 30, 2017

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE \_\_\_\_\_ Upon Commission's Approval \_\_\_\_\_

DATE: May 23, 2017

TO: Public Utility Commission

FROM: <sup>DG</sup> Deborah Glosser

THROUGH: <sup>Jc for SE</sup> Jason Eisdorfer and <sup>Jc</sup> John Crider

SUBJECT: (Docket No. ADV 548/Advice No. 17-01) June 2017 Bill Adjustments, Schedule 185 "Special Annual Interstate Storage and Transportation Credit and Schedule 186 "Special Annual Core Storage and Pipeline Capacity Optimization Credit"

**STAFF RECOMMENDATION:**

Staff recommends that Northwest Natural (NWN or the Company) be granted Commission approval to revise Schedule 185 and Schedule 186, respectively, to reflect the per-therm credit used to calculate the lump sum amount to be applied to the bills of customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32.

**DISCUSSION:**

Issue

Whether the Commission should approve NWN's proposal to revise its Tariff Schedule 185 and Schedule 186, respectively, to reflect the per-therm credit used to calculate the lump sum amount to be applied to the bills of customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32 effective June 2017.

Applicable Rule or Law

Under ORS 757.205(1), a public utility must file schedules showing all rates, tolls and charges for service that have been established and are in force at the time. Tariff

revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0005 and OAR 860-022-0025. Filings that make any change in rates, tolls, charges, rules or regulations must be filed with the Commission at least 30 days before the effective date of the changes. ORS 757.220. The Commission reviews tariffs filed under ORS 757.205 and 757.210 to determine whether they are fair, just and reasonable.

### Analysis

The Schedule 185 credit represents the refund of the Oregon share of revenues NW Natural received for interstate storage and related transportation service activities under a Limited Jurisdiction Blanket Certificate granted under FERC Regulations, 18 C.F.R. § 294.224. The refund of \$3,115,811 million (before revenue sensitive effects) is comprised of \$3,078,380 million from revenues for 2016 activity, plus \$37,431 that is the residual remaining balance from the June 2016 credits. Commencing with the June 2017 credits, the Schedule 185 amounts are proposed to be calculated on an equal percentage of margin basis to reflect rate allocation practices adopted in the Company's last general rate case (Docket No. UG 221).

NWN proposes also to revise Schedule 186 to add the per therm credit that will be applied to customer bills for the refund of the Oregon share of revenues received from the Company's core pipeline capacity optimization activities. The refund of \$8,544,475 (before revenue sensitive effects) is comprised of \$8,441,828 from revenues for 2016 activity, plus \$102,647 that is the residual remaining balance from the June 2016 credits. The Schedule 186 credit applies across all sales-based rate schedules and is a credit of \$0.01518 per-therm.

### Conclusion

After reviewing NWN's filing, Staff believes the proposed tariff sheets will result in a refund of \$11,660,286 million as calculated by the Company, and should be approved by the Commission.

### **PROPOSED COMMISSION MOTION:**

Approve NWN's proposal to revise Schedule 185 and Schedule 186, respectively, to reflect the per-therm credit used to calculate the lump sum amount to be applied to the bills of customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32, effective June, 2017.