

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 19, 2018

REGULAR CONSENT EFFECTIVE DATE July 1, 2018

DATE: June 7, 2018

TO: Public Utility Commission

FROM: Scott Gibbens *SG*

THROUGH: Jason Eisdorfer and John Crider *J Eisdorfer JC*

SUBJECT: NORTHWEST NATURAL GAS: (Docket No. ADV 766 Advice No. 18-02)
Updates Advanced Automated Meter Reading (AAMR) and Charges for
Special Metering Equipment, Rental Meters, and Metering Services.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Northwest Natural's (NWN or Company) Advice No. 18-02A requesting updates to Advanced Automated Meter Reading (AAMR) charges and operation, as well as various other housekeeping changes, effective for service rendered on and after July 1, 2018.

DISCUSSION:

Issue

Whether the Commission should approve Advice No. 18-02 and allow NWN's updated charges and operational changes to AAMR meters to take effect July 1, 2018.

Applicable Rule or Law

The Commission may approve tariff changes if they are fair, just and reasonable. See ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. Filings that propose 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 change. See ORS 757.220; OAR 860-022-0020. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with

the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change. OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

Analysis

Background

This filing serves several purposes. The first is to reflect changes to the operation of AAMR devices for all customers required to have these devices under Rate Schedule 31, 32, and 33. As a result of a 2012 FCC ruling, telecom utilities are planning to convert from analog technology to a digital infrastructure. Current AAMR devices will no longer be able to send usage data from existing analog phone lines once the transition occurs. NWN therefore plans to convert all of their AAMR devices to wireless technology. Because the installation of wireless AAMR devices takes longer, the company is proposing a requirement for customers to activate electric power 45 days prior to the effective date of service as electric service is required for the device.

The second purpose of ADV 766 is to update the rates for Schedule 15. A natural gas customer may request to have a non-standard meter installed for a charge. This filing will update the cost of installing an AAMR device to reflect the cost of installing a wireless AAMR device. Additionally, meter rental rates have been reviewed by the Company and updated to reflect actual costs and listings.

Third, the Company has terminated the telemetry equipment charge in Schedule 15 with this filing. Although, the Company reserves the ability to install telemetry equipment on the customer site for operational purposes.

Lastly, certain typos and references are corrected as a part of this filing. Primarily, any reference to "AMR meters" is changed to "AAMR meters." The meters are similar, but the latter are able to obtain hourly usage data.

NWN found a calculation error in the sheets originally filed on April 26, 2018, and filed updated tariff sheets on May 18, 2019. At the same time they changed the effective date from June 1, 2018 to July 1, 2018 in order to allow Staff sufficient time for review.

Staff requested and received electronic versions, with formulae intact, of the Company's workpapers associated with NWN's Advice No. 18-02A tariff filing. Staff reviewed the workpapers to establish consistency among the model inputs, outputs, and the actual tariff entries. Staff found the calculations to be correct and accurate. The meter costs increased across the board, from as little as \$1.30 for the smallest and most basic meters to \$223 for the largest meter. The largest of the cost increases centers around the increased complexity of installation and device requirement to maintain cell service for the new meters. As the need to change the devices to have wireless capability is beyond the Company's control, Staff believes the change to the operational nature of the devices is a reasonable compliance measure. The additional costs proposed by NWN in this filing are supported by correct calculations. Based on the information provided, Staff concludes that these changes are necessary to provide safe and reliable service and are fair, just, and reasonable.

Effect on Ratepayers

This tariff will impact only those customers who choose to request an AAMR meter on or after July 1, or those who are required to have one because of an already approved Commission tariff. NWN states that 40 customers have optional AAMR devices.

Conclusion

Based on the analysis discussed above, Staff recommends that the Commission approve the new Advice No. 18-02 rates and permit the revised schedules to go into effect for service on and after July 1, 2018.

PROPOSED COMMISSION MOTION:

Approve NWN's proposed updates to AAMR and charges for special meter equipment, rental meters, and metering services, effective for service rendered on and after July 1, 2018.