

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: May 21, 2019

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE June 1, 2019

DATE: May 9, 2019

TO: Public Utility Commission

FROM: Brian Fjeldheim *BF*

THROUGH: Jason Eisdorfer *EPA* and Marianne Gardner *SE for MG*

SUBJECT: NORTHWEST NATURAL: (Docket ADV No. 957/Advice No. 19-05)  
Updates Schedules 185 and 186: Interstate storage, transportation and pipeline capacity credits.

**STAFF RECOMMENDATION:**

The Public Utility Commission of Oregon (OPUC or Commission) approve Northwest Natural's (NWN or Company) Advice No. 19-05, which updates Schedule 185 and Schedule 186, to reflect a per-therm calculation for lump sum credit payment to customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32, respectively, effective for service on and after June 1, 2019.

**DISCUSSION:**

Issue

Whether the Commission should approve NWN's proposal to revise its Schedule 185 and Schedule 186 Tariffs and return funds to customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32.

Applicable 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.

OAR 860-022-0005 defines the required formatting all large energy utilities must use when making tariff submissions to the Commission.

ORS 757.220 and OAR 860-022-0015 state that energy utilities must provide the Commission with at least 30 days' notice prior to the effective date for any change in rates, tolls, charges, rules or regulations.

860-022-0025 illustrates energy utility requirements for filing tariffs or changes to rate schedules.

ORS 757.210 (1)(a) requires all tariff filings be reviewed to determine whether "the rate or schedule is fair, just and reasonable."

### Analysis

#### *Background Schedule 185*

The Schedule 185 credit represents a refund of the Company's Oregon share of revenues 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 2019 refund total is \$3,466,908 (before revenue sensitive effects) and is comprised of two parts:

- \$3,440,744 in revenues from 2018 activity, plus
- \$26,164 from a remaining residual balance from the June 2018 credits.

By comparison, the Schedule 185 Commission approved credits in 2018 totaled \$2,665,657 and were comprised of:

- \$2,636,047 in revenues from 2017 activity, plus
- \$29,610 from a remaining residual balance from the June 2017 credits.

The 2019 credit amount under Schedule 185 was 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 334).

Staff noted that despite delivering approximately 57.9 million fewer therms<sup>1</sup> in 2018 than 2017, the 2019 Schedule 185 credit is approximately \$801 thousand more than the prior year.

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<sup>1</sup> The total number of therms delivered differs between Schedule 185 and Schedule 186. This is due to additional customer schedules that are eligible to receive credit under Schedule 186.

#### *Schedule 186*

NWN proposes to revise Schedule 186 by applying a per therm refund credit to customer bills for Oregon's share of revenues received from the Company's core pipeline capacity optimization activities. The Schedule 186 credit applies across all sales-based rate schedules.

The 2019 refund total of \$12,787,219 (before revenue sensitive effects) is comprised of two parts:

- \$12,690,715 in revenues from 2018 activity, plus
- \$96,504 from a remaining residual balance from the June 2018 credits.

The 2018 Schedule 186 refund amount previously approved by the Commission totaled \$9,029,742 and was comprised of:

- \$8,929,441 in revenues for 2017 activity, plus
- \$100,301 from a remaining residual balance from the June 2017 credits.

The Schedule 186 credit applies across all sales-based rate schedules and is a credit of \$0.02036 per therm.

Staff noted that despite delivering approximately 62.6 million fewer therms in 2018 than 2017, the 2019 Schedule 186 credit is approximately \$3.8 million more than the prior year.

#### *Affected customers*

The combined effects of the Schedule 185 and Schedule 186 amounts results in a refund of \$16,254,126 (before revenue sensitive effects), which is comprised of \$16,131,458 from revenues for 2018 activity, plus \$122,668 that is the residual remaining balance from the June 2018 credits. The average bill effects of the combined 2019 Schedule 185 and Schedule 186 credits are as follows:

- The average Schedule 2 Residential customer will see a bill credit of about \$16.32.
- The average Schedule 3 Commercial customer will see a bill credit of about \$72.62.
- The average Schedule 31 Commercial Firm Sales customer will see a bill credit of about \$804.93.
- The average Schedule 32 Industrial Firm Sales customer will see a bill credit of about \$4,789.42.
- The average Schedule 32 Industrial interruptible Sales customer will see a bill credit of about \$9,599.25

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Staff reviewed the Company's workpapers for Schedule 185 and Schedule 186 and finds them to be accurate and supportable.

### Conclusion

Based on analysis of NWN's application, the workpapers associated with the filing, and the Company's 2018 Annual Report of Interstate and Intrastate Gas Storage and Optimization Activities,<sup>2</sup> Staff finds the proposed revisions to tariffs under Schedule 185 and Schedule 186 to be accurate, consistent, and supportable. Staff recommends the Commission approve NWN's filings.

### **PROPOSED COMMISSION MOTION:**

Approve NWN's Advice No. 19-05, which updates Schedule 185 and Schedule 186, respectively, to reflect a per-therm calculation for lump sum credit payment to customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32, effective for service on and after June 1, 2019.

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<sup>2</sup> Docket RG 32, filed with the Commission on March 29, 2019, as confidential.