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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 632

In the Matter of the Reauthorization of Deferred)	
Accounting for Costs Associated)	ORDER
with NORTHWEST NATURAL GAS)	
COMPANY's Demand-Side Management)	
Programs.)	

DISPOSITION: REAUTHORIZATION APPROVED

At its public meeting on June 20, 2000, the Commission adopted Staff's recommendation to approve reauthorization of deferred accounting for costs associated with Northwest Natural Gas Company's demand-side management programs. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED THAT reauthorization of deferred accounting for amounts related to Northwest Natural Gas Company's demand-side management program costs for a 12-month period beginning July 1, 2000, as described in Appendix A, is granted.

Made, entered and effective _____.

BY THE COMMISSION:

Vikie Bailey-Goggins
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 26, 2001**

REGULAR AGENDA ___ CONSENT AGENDA X EFFECTIVE DATE July 1, 2001

DATE: May 31, 2001

TO: Phil Nyegaard through Lee Sparling and Ed Busch

FROM: Ed Krantz

SUBJECT: UM 632 - Northwest Natural's Reauthorization to Defer Certain Costs
Associated with Demand-Side Management Programs

SUMMARY RECOMMENDATION:

Approve reauthorization of Northwest Natural's (Northwest or company) deferrals of conservation or energy efficiency costs for a 12-month period beginning July 1, 2001.

DISCUSSION:

By Order No. 94-195, the Commission authorized Northwest to defer, under Schedule No. 175, revenue requirements and lost margin revenues associated with the company's Commission-approved demand-side management (DSM) programs. This authorization was for the 12 months ending January 25, 1995. Deferrals were reauthorized for the 12 month period ending November 30, 1995, by Order No. 94-1766. Subsequently, the Commission reauthorized DSM related deferrals, each year, through June 30. Current reauthorization extends through June 30, 2001.

Deferral of revenue requirements and lost margins associated with Northwest DSM programs is consistent with the Commission's policy to remove the significant disincentives to acquiring DSM relative to supply-side resources. ORS 757.262 allows the Commission to "...adopt policies designed to encourage the acquisition of cost-effective conservation resources." Without deferral and recovery of these direct and indirect costs of DSM, the company would again have a disincentive to acquire cost-effective conservation.

The company estimates it will defer approximately \$1,200,000 under its Schedule 175, Conservation Resource Adjustment, during the 12 months ending June 30, 2002.

STAFF RECOMMENDATION:

I recommend the Commission approve reauthorization of Northwest Natural's deferred accounting for the 12 months beginning July 1, 2001, for revenue requirements and lost net revenues associated with the company's Commission-approved energy efficiency programs.