

**This is an electronic copy. Attachments may not appear.**

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UM 734

In the Matter of the Reauthorization of Deferred	)	
Accounting for Costs Associated	)	ORDER
with WP 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 WP 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 WP 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 734: WP Natural Gas' Reauthorization to Defer Certain Costs  
Associated with Demand-Side Management Programs

**SUMMARY RECOMMENDATION:**

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

**DISCUSSION:**

By Order No. 93-1881, the Commission authorized WP to defer revenue requirements and estimated revenue margin losses associated with its demand-side management (DSM) investment and to establish an annual rate adjustment mechanism to reflect the deferred costs in rates on a timely basis. This authorization was for the 12 months ending December 31, 1994. Deferrals were reauthorized for the 12 month period ending calendar year 1995, by Order No. 95-184. Subsequently, the Commission reauthorized DSM related deferrals, each year, through June 30. Current reauthorization extends through June 30, 2001.

Deferral of DSM program investment costs and associated net lost margins 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 \$320,000 in conservation costs and \$180,000 of lost margin revenue during the 12 month period ending June 30, 2002.

**STAFF RECOMMENDATION:**

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

\wpdsm00.pub