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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1029

In the Matter of the Application of)	
NORTHWEST NATURAL for Deferred)	ORDER
Accounting of Excess Statutory)	
Weatherization Program Expenses)	

DISPOSITION: APPLICATION APPROVED

On July 15, 2002, Northwest Natural (NW Natural) requested reauthorization for deferral of costs related to statutory weatherization program expenses in excess of those amounts approved in UG 132 rates. The Commission originally authorized deferral of costs related to this program for twelve months beginning July 10, 2001, under ORS 757.259. NW Natural estimates that its year 2002 actual expenses for these services will be about \$1,480,000. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on September 3, 2002, the Commission adopted Staff's Recommendations and approved NW Natural's current request.

ORDER

IT IS ORDERED THAT Northwest Natural's application for reauthorization to defer costs relating to statutory weatherization program expenses in excess of those amounts approved in UG 132 rates, for a 12-month period beginning July 15, 2002, is approved.

Made, entered and effective _____.

BY THE COMMISSION:

Becky Beier
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.

ITEM NO. CA6

PUBLIC UTILITY COMMISSION OF OREGON

STAFF REPORT

PUBLIC MEETING DATE: September 3, 2002

REGULAR _____ CONSENT X EFFECTIVE DATE July 15, 2002

DATE: August 16, 2002

TO: John Savage through Lee Sparling and Ed Busch

FROM: Judy Johnson

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 1029) Requests
Reauthorization for Deferral of Excess Statutory Weatherization Program
Expenses

STAFF RECOMMENDATION:

I recommend the Commission approve Northwest Natural's request for reauthorization, under ORS 757.259, to defer costs relating to statutory weatherization program expenses in excess of those amounts approved in UG 132 rates, for a 12-month period beginning July 15, 2002.

DISCUSSION:

On July 15, 2002, Northwest Natural (NW Natural) requested reauthorization for deferral of costs related to statutory weatherization program expenses in excess of those amounts approved in UG 132 rates. These activities include residential and commercial energy audits, rebates, and program advertising and administration. The Commission originally authorized deferral of costs related to this program for twelve months beginning July 10, 2001, under ORS 757.259. The original deferral was authorized in Order No. 01-821 (Docket UM 1029). NW Natural expected to defer \$1.0 million, while it actually deferred \$0.7 million.

NW Natural states that its Residential and Commercial customers are seeking an "unprecedented" level of conservation and weatherization assistance from the company. In its DSM Reports, the company has stated that it performed 2,827 residential audits in 1998, 4,049 in 1999, 3,551 in 2000 and 7,716 in 2001. The general rates approved by the Commission in the company's last general rate case, Docket No. UG 132, which used 1998 as the test period, included funding for its Residential and Commercial statutory weatherization programs of approximately \$780,000. NW Natural estimates that its year 2002 actual expenses for these services will be about \$1,480,000.

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The company requests deferred accounting plus interest for the amount by which actual statutory weatherization program expense exceeds expenses included in rates in UG 132.

Reason for Deferral

Adoption of this deferred account is authorized by 757.259(2)(e) in order to better match the costs borne and benefits received by the ratepayer. NW Natural has met the requirements of OAR 860-027-0300 in its filing.

Proposed Accounting

The proposed continued deferrals would be recorded in a subaccount of account 186 (Miscellaneous Deferred Debits). In the absence of deferral approval, the company would record the amounts in the subaccounts of FERC account 401 (Utility Operation Expense).

Estimated New Deferrals in Next Authorization Period

The estimated amount to be recorded in the 186 subaccount over the 12-month period subsequent to this application is \$0.7 million.

PROPOSED COMMISSION MOTION:

NW Natural's request for reauthorization to defer costs relating to statutory weatherization program expenses in excess of those amounts approved in UG 132 rates, for a 12-month period beginning July 15, 2002, be approved.