

ORDER NO. 03-352

ENTERED JUN 10 2003

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 632

In the Matter of)	
)	
NORTHWEST NATURAL GAS)	ORDER
COMPANY, dba NW NATURAL)	
)	
Application for Reauthorization to Defer)	
Certain Expenses associated with)	
Demand-Side Management Programs.)	

DISPOSITION: REAUTHORIZATION APPROVED

At its Public Meeting on June 3, 2003, the Commission adopted Staff's recommendation to approve reauthorization of deferred accounting for costs associated with Northwest Natural's conservation and energy efficiency 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's Demand-Side Management Program costs, for a 12-month period beginning July 1, 2003, as described in Appendix A, is granted.

Made, entered and effective _____.

BY THE COMMISSION:

BECKY L. BEIER
 Commission Secretary

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 3, 2003**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** July 1, 2003

DATE: June 11, 2003

TO: John Savage through Lee Sparling and Ed Busch

FROM: Ed Krantz

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 632) Requests reauthorization to defer certain costs associated with demand-side management programs.

STAFF RECOMMENDATION:

I recommend that the Commission approve reauthorization of Northwest Natural's (Northwest or company) deferrals of conservation or energy efficiency costs for a 12-month period beginning July 1, 2003.

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 authorization extends through June 30, 2003.

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 \$2,300,000 under its Schedule 175 (Conservation Resource Adjustments) and Schedule 209 (Residential High-Efficiency Furnace Program), during the 12-month period ending June 30, 2004.

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PROPOSED COMMISSION MOTION:

Northwest Natural's deferred accounting reauthorization for revenue requirements and net lost revenues associated with the company's Commission-approved energy efficiency programs be approved for the 12 months beginning July 1, 2003.

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APPENDIX A
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