

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1218

In the Matter of	)	
	)	
NORTHWEST NATURAL GAS	)	ORDER
	)	
Petition to Adopt New Billing Accuracy	)	
Service Quality Measure.	)	

**DISPOSITION: REQUEST APPROVED WITH CONDITIONS**

On August 17, 2006, Northwest Natural Gas Company, dba NW Natural (NW Natural), submitted a letter to the Public Utility Commission of Oregon (Commission) amending its letter of April 24, 2006, directed to the Commission Staff. The letter requests approval for an exclusion from the the B-1 Service Quality Measure for Billing Accuracy (B1 SQM) for its Automated Meter Reading (AMR) project. A description of the filing is found in Staff’s Report, attached as Appendix A, and incorporated by reference.

At its public meeting on September 5, 2006, the Commission adopted Staff’s recommendation to approve the exclusion from the B1 SQM for its AMR project, as provided for in Section VII(C) of the B1 SQM approved by the Commission in Order No. 05-1055, with conditions.

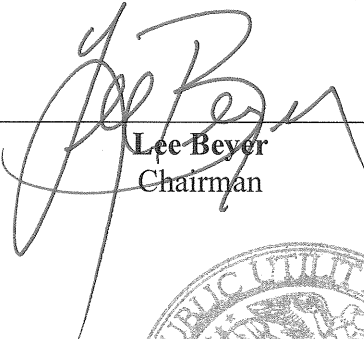
**ORDER**

IT IS ORDERED that:


1. Northwest Natural’s request for approval for exclusion from B-1 Service Quality Measure for billings related to Automated Meter Installation Project is granted.
2. A billing error that does not meet the definition of B-1 Service Quality Measure will be subject to the C-1 Service Quality Measure requirements that currently apply to Northwest Natural.

3. To be eligible for exclusion from the B-1 Service Quality Measure requirement, a billing error must have directly resulted from the Automated Meter Installation Project.

Made, entered, and effective SEP 11 2006.

  
\_\_\_\_\_  
**Lee Beyer**  
Chairman

  
\_\_\_\_\_  
**John Savage**  
Commissioner

  
\_\_\_\_\_  
**Ray Baum**  
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 5, 2006

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE \_\_\_\_\_ Upon Commission Approval \_\_\_\_\_

DATE: August 25, 2006

TO: Public Utility Commission

FROM: Deborah Garcia *DG*

THROUGH: *EB* Lee Sparling, *EB* Ed Busch and *JJ* Judy Johnson

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 1218) Request for exclusion from B-1 Service Quality Measure for billings related to Automated Meter Installation Project.

**STAFF RECOMMENDATION:**

I recommend that Northwest Natural's request be approved with the following conditions:

1. A billing error that does not meet the definition of B-1 Service Quality Measure will be subject to the C-1 Service Quality Measure requirements that currently apply to Northwest Natural.
2. To be eligible for exclusion from the B-1 SQM requirement, a billing error must have directly<sup>1</sup> resulted from the Automated Meter Installation Project.

**DISCUSSION:**

Background

Approximately 166,000 meters in Northwest Natural's (NWN or Company) Oregon service area<sup>2</sup> area will be converted to Automated Meter Reading (AMR) over a 12-month period from May 2006 through May 2007. There will be approximately 60,000 installations in the Portland area. The remaining 106,000 installations will be in the following districts: The Dalles, Astoria, Lincoln City, Salem, Albany, and Eugene.

<sup>1</sup> As an example, a rate error would not directly result from the Project, as rates are independent of the method used for metering service.

<sup>2</sup> This project excludes meters that are read in conjunction with the Joint Meter Reading agreement currently in effect with Portland General Electric.

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For each district, there are four process steps necessary for the successful completion of this project as follows:

- 1) Install the AMR device;
- (2) Perform Quality Assurance (QA) tests by running simultaneous manual and AMR meter reads in the first billing month following the AMR device installation;
- (3) Establish a mobile meter read route for each completed meter;
- (4) Optimize district meter routes for all converted meters after the meters have been tested in accordance with NWN's QA plan.

The districts having the most meter conversions will be Portland with 49,443, Eugene with 34,771, and Albany with 37,315. According to the installation plan established by the third party selected to complete the installations, the maximum number of installations that can be completed in a one month period is between 10,000 and 12,000.

#### Current Filing

NWN makes this request for approval for an exclusion from the B1 Service Quality Measure for Billing Accuracy (B1 SQM) for its AMR project, as provided for in Section VII(C) of the B1 SQM approved by the Commission in Docket UM 1218, OPUC Order No. 05-1005.

On April 24, 2006, NWN sent a letter addressed to Staff that requested the B-1 SQM exclusion and included comprehensive implementation and communication plans that include detailed descriptions of the AMR installation plan, quality assurance plan, and communication plan. Staff notified NWN that such a request would be appropriately addressed to the Commission under Docket UM 1218. In that notification, Staff also advised NWN that Staff was not prepared to support the exclusion period as requested in the letter, which consisted of a blanket exclusion for all districts for the duration of the project plus 60 days, or June 2006 through June 2007.

Since that time Staff and NWN have been working to determine what would constitute a reasonable middle ground for the exclusion period. The following table represents the negotiated agreement for a reasonable exclusion period.

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District	Target Start	Target End [1]	QA Period End [1]	B1 Exclusion Period [2]
The Dalles	Jun 2006	July 2006	Aug 2006	June 2006 – Oct 30, 2006
Eugene	Jul 2006	Oct 2006	Nov 2006	July 2006 – Jan 31, 2007
Albany	Oct 2006	Jan 2007	Feb 2007	Oct. 2006 – Apr 30, 2007
Portland	Nov 2006	April 2007	May 2007	Nov 2006 – Jul 31, 2007
Salem	Jan 2007	Feb 2007	Mar 2007	Jan 2007 – May 30, 2007
Astoria	TBD	Mar 2007	Apr 2007	Ends Jun 30, 2007
Lincoln City	TBD	April 2007	May 2007	Ends Jul 31, 2007

[1] Assumes a month-end "End" date

[2] These dates are subject to change if the Target Start or End dates change. In such event, the exclusion period will extend to the end of the 2nd complete billing cycle following the installation date of the last AMR device within that district.

Staff believes the periods for exclusion from the B-1 SQM requirements, as shown in the table above, are a reasonable compromise when the comprehensive level of planning and detail contained in both the implementation and communication plans that NWN developed for this project are considered. The Commission's Consumer Services Division reports that no consumer complaints have been raised in this process that began in June. Based on the complexity of the undertaking, the exclusion period provides reasonable protection for customers and an appropriate level of flexibility for NWN.

#### PROPOSED COMMISSION MOTION:

NWN's filing to request an exclusion period from the B1 SQM requirements be approved subject to the following conditions:

1. A billing error that does not meet the definition of B-1 Service Quality Measure will be subject to the C-1 Service Quality Measure requirements that currently apply to Northwest Natural.
2. To be eligible for exclusion from the B-1 SQM requirement, a billing error must have directly<sup>3</sup> resulted from the Automated Meter Installation Project.

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<sup>3</sup> As an example, a rate error would not directly result from the Project, as rates are independent of the method used for metering service.