

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1218(3)

| | | |
|--|---|-------|
| In the Matter of |) | |
| |) | |
| NORTHWEST NATURAL GAS, dba NW |) | ORDER |
| NATURAL |) | |
| |) | |
| Request for an exclusion from the B1 |) | |
| Service Quality Measure for Billing |) | |
| Accuracy for Phase II of its Automated |) | |
| Meter Reading project. |) | |

DISPOSITION: REQUEST APPROVED

On June 17, 2008, Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), filed its request for exclusion from B-1 Service Quality Measure (SQM) for billings related to Phase II of Automated Meter Installation Project with the Public Utility Commission of Oregon (Commission). The Company's request for exclusion from B-1 SQM also included comprehensive implementation and communication plans that provide detailed descriptions of the automated meter reading installation plan, quality assurance plan, and communication plan for Phase II of this project. A description of the filing is found in Staff's Report, attached as Appendix A, and incorporated by reference.

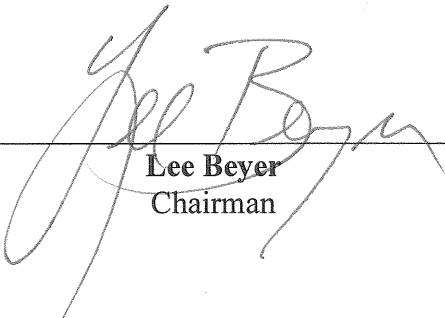
Staff believes the periods for exclusion from the B-1 SQM requirements, as shown in the table in Appendix A, are a reasonable compromise when the comprehensive level of planning and detail contained in both the implementation and communication plans that NW Natural developed for Phase II of this project are considered. The Commission's Consumer Services Division statistics indicate that no consumer complaints have been raised in this process that began in June 2006. As in Phase I of this project, based on the complexity of the undertaking, the exclusion period provides reasonable protection for customers and an appropriate level of flexibility for NW Natural.

ORDER


IT IS ORDERED that:

1. Northwest Natural Gas Company's request for exclusion from B-1 Service Quality Measure for billings related to Phase II of Automated Meter Installation Project is approved.
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 Gas Company.
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 JUL 14 2008



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: July 8, 2008

REGULAR _____ CONSENT X EFFECTIVE DATE _____ Upon Commission Approval

DATE: June 18, 2008

TO: Public Utility Commission

FROM: Lisa Gorsuch

THROUGH: ^{li} Lee Sparling, ^{EB} Ed Busch, and ^{JJ} Judy Johnson

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 1218(3)) Request for exclusion from B-1 Service Quality Measure for billings related to Phase II of Automated Meter Installation Project.

STAFF RECOMMENDATION:

Staff recommends that Northwest Natural's request for exclusion 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 directly¹ resulted from the Automated Meter Installation Project.

The above conditions were a requirement of Phase I of the Automated Meter Installation Project, filed on August 17, 2006, and approved by the Commission in Order No. 06-513.

DISCUSSION:

Background

Northwest Natural (NWN or Company) will be converting the Joint Meter Reading areas of NWN's service territory to a radio based, drive-by automated meter reading (AMR) system. The 17-month project will begin in August 2008 and end in December 2009.

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

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This request for exclusion from B-1 Service Quality Measure for Billing Accuracy (B-1 SQM) is for Phase II of its AMR project. This request is made in accordance with Section VII(C) of the B-1 SQM approved by the Commission in Docket UM 1218, OPUC Order No. 05-1055.

NWN filed a similar request for exclusion from B-1 SQM for Phase I of this project on August 17, 2006, which was approved by the Commission in Order No. 06-513.

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.

NWN will be converting approximately 380,000 meters during Phase II of this project. There will be approximately 97,000 installations in the Beaverton district, 46,000 in Salem, 9,000 in Woodburn, 40,000 in Tualatin, 2,000 in Sheridan, 91,000 in the Central area, 32,000 in Oregon City, and 63,000 in Gresham.

The proposed exclusion periods vary due to the number of meter conversions associated with each district. Longer exclusion periods correlate to the larger number of meter conversions required. According to the installation plan, the maximum number of installations that can be completed in a one month period is between 10,000 and 12,000.

Current Filing

NWN's filing was received on June 17, 2008. The company's request for exclusion from B-1 SQM also included comprehensive implementation and communication plans that provide detailed descriptions of the AMR installation plan, quality assurance plan, and communication plan for Phase II of this project. The following table represents the exclusion period for each impacted area.

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| District | Target Start | Target End [1] | QA Period End [1] | B1 Exclusion Period [2] |
|----------------|------------------|-------------------|----------------------|--------------------------------------|
| Beaverton | August 2008 | February 2009 | March 2009 | August 2008 – May 31, 2009 |
| Salem | December 2008 | April 2009 | May 2009 | December 2008 – July 31, 2009 |
| Woodburn | March 2009 | April 2009 | May 2009 | March 2009 – July 31, 2009 |
| Tualatin | May 2009 | August 2009 | September 2009 | May 2009 – November 30, 2009 |
| Sheridan | June 2009 | July 2009 | August 2009 | June 2009 – October 31, 2009 |
| Central | February 2009 | August 2009 | September 2009 | February 2009 – November 30, 2009 |
| Oregon City | July 2009 | October 2009 | November 2009 | July 2009 – January 31, 2010 |
| Gresham | August 2009 | November 2009 | December 2009 | August 2009 – February 28, 2010 |

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

[2] The Target Start or End dates are subject to change. In such event, the company requests that the exclusion period 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 Phase II of this project are considered. The Commission's Consumer Services Division statistics indicate that no consumer complaints have been raised in this process that began in June 2006. As in Phase I of this project, based on the complexity of the undertaking, the exclusion period provides reasonable protection for customers and an appropriate level of flexibility for NWN.

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PROPOSED COMMISSION MOTION:

NWN's filing to request an exclusion period from the B-1 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 resulted from the Automated Meter Installation Project.

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