

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 25, 2005

REGULAR X CONSENT _____ EFFECTIVE DATE October 26, 2005

DATE: October 24, 2005

TO: Public Utility Commission

FROM: Deborah Garcia

THROUGH: Lee Sparling, Ed Busch, and Judy Johnson

SUBJECT: Northwest Natural: (Advice No. 05-11) Makes revisions to Schedule T: Service Election.

STAFF RECOMMENDATION:

I recommend that Northwest Natural's Application to Waive Statutory Notice be granted and the tariff filed in Advice No. 05-11 be allowed to go into effect on October 26, 2005.

DISCUSSION:

On October 20, 2005, Northwest Natural (NWN or Company) filed Advice No. 05-11 along with an application to Waive Statutory Notice. The purpose of the filing is to modify Schedule T by providing a limited window of time for a customer taking Transportation Service to withdraw a previously submitted election to receive Sales Service for 2005 – 2006.

On October 21, 2005, after discussions with Staff, Northwest Industrial Gas Users, and counsel representing Georgia Pacific, NWN filed a replacement sheet to increase the amount of time a customer would have to withdraw or modify its election to receive sales service from NWN. The modified filing also deletes housekeeping changes that were included in the first filing. NWN has agreed to file the housekeeping changes at a later time so they may be considered apart from this issue.

Specifically, the changes allow a customer that submitted an election to take Sales Service under Schedule T, between August 1, 2005 and October 27, 2005, to have a one-time opportunity to withdraw all or a portion of that election by submitting a Withdrawal of Election form to NWN no later than 5:00 p.m. on October 27, 2005, for an effective date of November 1, 2005. An effective date of either November 15, 2005 or

December 1, 2005, may be selected if a customer submits a Withdrawal of Election form to NWN no later than 5:00 p.m. on November 8, 2005. Except for the minimum term of service requirements of Schedule 32, a customer that elects to withdraw or modify their Sales Service election to return all or part of their service to Transportation Service will be required to fulfill all of the terms and conditions of their Transportation Service rate schedule or special contract.

There are several factors that contributed to NWN's decision to make this filing. The first is the number of customers, and the associated annual load of approximately 8 billion cubic feet, that have recently elected to return to Sales Service. Under the provisions of Schedule T, a customer returning to Sales Service may be subject to incremental pricing, when NWN must incur additional expense to serve the customer. Reportedly, there is some confusion among customers about how this provision might apply to their particular situation. This filing allows a customer to make different arrangements if they wish.

Consumer Services has recorded one customer complaint about this issue. Staff has had discussions about the issues raised in the complaint with this customer's legal counsel. Staff has also had discussions about similar issues with the legal counsel for other customers. This filing does not solve the issues the customers have raised, but does provide an opportunity for customers to withdraw or modify an election that would not have otherwise been allowed. Staff is committed to working with the customers and NWN to identify any reasonable regulatory solutions to the issues raised by the customers. To that end, Staff has arranged a meeting with NWN that will be held directly after the public meeting on October 25, 2005, and invites interested persons to attend.

PROPOSED COMMISSION MOTION:

The Application to Waive Statutory Notice be granted and the tariff associated with Advice No. 05-11 be allowed to go into effect on October 26, 2005.