

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 18, 2007**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE**  January 1, 2008

**DATE:** December 5, 2007

**TO:** Public Utility Commission

**FROM:** Deborah Garcia

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

**SUBJECT:** NORTHWEST NATURAL: (Advice No. 07-10) Changes Equal Pay Plan refund threshold and makes housekeeping changes to Schedule B, Bills and Bill Payment Options.

**STAFF RECOMMENDATION:**

I recommend that Northwest Natural Advice No. 07-10 be approved and the associated tariffs go into effect on January 1, 2008.

**DISCUSSION:**

Northwest Natural (NWN or Company) proposes to raise the threshold that triggers the automatic issuance of a refund check when a customer, receiving service under Schedule B Residential Equal Pay Plan (EPP), has an account credit during the true-up month at the end of the annual EPP term. The EPP is a voluntary equal payment plan made available to a qualifying customer<sup>1</sup> in accordance with Oregon Administrative Rule (OAR) 860-021-0414. It is not associated with the time payment agreements required by OAR 860-021-0415 that provide alternative payment arrangements to a customer who may be experiencing difficulty paying a utility bill.

NWN states that the purpose of raising the threshold from \$25 to \$75 is to improve operating efficiencies and lower operating costs. Company records show that nearly 99 percent of EPP customers continue on an EPP following the true up month. Of the 17,476 EPP checks issued to Oregon customers during 2006, 12,061 or 69 percent were for amounts less than \$75. For the period ending November 16, 2007, the number of checks issued for amounts under \$75 was 11,147 out of 16,494, or 68 percent.

---

<sup>1</sup> To enroll in this plan a customer must have a zero account balance.

While the percentage of refunds under \$75 will vary by year, the Company believes that 69 percent is a representative figure.

The proposed change does not affect customers that have a credit balance greater than \$75 or customers that cancel their EPP due to an account closure or for any other reason. In addition, a customer retains the right to request a refund check if so desired, no matter the size of an account credit. For customers that remain on an EPP following their true-up month, the credit balance will be factored into the calculation of the monthly payment amount for the customer's next EPP year.

Staff supports NWN's effort to find ways to streamline its processes and lower expense without reducing the level of customer service provided to customers. NWN regularly reviews EPP monthly payment amounts to ensure that the amount being collected aligns with a customer's current usage pattern and makes changes as needed on a quarterly or semi-annual basis. This means that although a customer might enter into a new EPP year with a lower payment due to a credit being rolled into the calculation, the review process reduces the risk at the end of an EPP year that a customer account will end up with a large credit or a large debit balance. Although Staff is not concerned that changing the threshold for the automatic issuance of refund checks will act as an incentive for NWN to overestimate the monthly amount due from an EPP customer, Staff will review the results of this change on a regular basis to ensure that no unintended consequences result from this change in procedure.

**PROPOSED COMMISSION MOTION:**

NWN Advice No. 07-10 be approved and the associated tariff be allowed to go into effect on January 1, 2008.