

# NORTHWEST NATURAL GAS COMPANY

WN U-6

Original Sheet 240.1

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## SCHEDULE 240 WEATHER ADJUSTED RATE MECHANISM (WARM Program)

### **PURPOSE:**

To describe the Weather Adjusted Rate Mechanism (WARM) adopted by the Washington Utilities and Transportation Commission in Docket UG-\_\_\_\_\_, Order No. \_\_\_\_\_ entered \_\_\_\_\_.

### **TERM:**

This Schedule shall terminate on May 1, 2011, or on such other date as the Commission may approve.

### **APPLICABLE:**

To Residential and Commercial Customers served on the following Rate Schedules of this Tariff:

Schedule 2	Schedule 3 (CSF)
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### **APPLICATION TO RATE SCHEDULES:**

The WARM Adjustment will be applied as an adjustment to the per therm Billing Rate on applicable Residential and Commercial Customer bills issued during the WARM Period. The WARM Period covers bills that are generated based on meters read on or after December 1<sup>st</sup> and on or before May 15<sup>th</sup>.

### **SPECIAL CONDITIONS:**

1. The WARM Adjustment will apply to Customer bills that are based on applicable Residential Rate Schedule 2 or Commercial Rate Schedule 3 meters read on or after December 1<sup>st</sup> and on or before May 15<sup>th</sup>.
2. Residential bills --The maximum WARM Adjustment increase that will be added to any regular monthly bill during the WARM Period will be twelve dollars (\$12.00), or twenty-five percent (25%) of the usage portion of that bill, whichever is less. For any billing period in which the total monthly WARM adjustment exceeds either \$12.00 or 25% of the usage, the balance of the WARM adjustment will be billed in accordance with Special Condition 5.
3. Commercial bills--The maximum WARM Adjustment increase that will be added to any regular monthly bill during the WARM Period will be thirty-five dollars (\$35.00), or twenty-five percent (25%) of the usage portion of that bill, whichever is less. For any billing period in which the total monthly WARM adjustment exceeds either thirty-five dollars or 25% of the usage, the balance of the WARM adjustment will be billed in accordance with Special Condition 5.
4. The cent per therm rate applied to any customer bill during the WARM Period will never be less than the currently effective Annual Sales WACOG rate, as shown in **SCHEDULE 203** of this Tariff.
5. Any amounts not applied to a customer's bill during the WARM Period due to the caps and floor described in Special Conditions 2, 3 and 4 will be applied to the customer's first bill issued following the end of the WARM Period, except that these amounts will be applied earlier in the following situations: (a) at the time the Company issues a closing bill on a customer account; and (b) at the time a customer changes their status in the WARM program.

(continue to Sheet 240.2)

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(N)

# NORTHWEST NATURAL GAS COMPANY

WN U-6

Original Sheet 240.2

(N)

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SCHEDULE 240  
WEATHER ADJUSTED RATE MECHANISM  
(WARM Program)  
(continued)

**SPECIAL CONDITIONS:** (continued)

6. WARM is the Company's default billing method for Residential **RATE SCHEDULE 2** and Commercial **RATE SCHEDULE 3** customers.
7. Upon request, the Company will provide Customer with historical billing information under both the opt-in and opt-out option for any month during the WARM Period.

**WARM FORMULA:**

1. The Formula is: 
$$\text{WARM Adjustment} = \sum^T (\text{HDD}_{n,t} - \text{HDD}_{a,t}) * B * \text{Mrgn}$$

Where:

T = the days covered by the meter read dates for an individual customer's bill

**HDDn** = the 20-year average of heating degree-days for each day (1987-2006) determined using a 20-year average temperature published by the National Oceanic and Atmospheric Administration (NOAA).

**HDDa** = the actual heating degree-days for each day based on the individual customer's actual beginning and ending meter read dates

**B** = the statistical coefficient relating heating degree-days to therm use determined in the most recent general rate case, or other Commission authorized proceeding.

**Mrgn** = the relevant Rate Schedule margin defined as the current Billing Rate less the current Commodity Rate, Pipeline Capacity Charge, and any Temporary Adjustments.

2. For purposes of calculating the WARM Adjustment, the following shall apply:
  - a. A Heating Degree Day (HDD) is defined as the extent by which the daily mean temperature falls below a specified set point on a specified day. The HDD calculation uses a set point temperature of 65 degrees Fahrenheit;
  - b. The statistical coefficients to be used in the calculation of the WARM Adjustment Factor effective with the WARM Period are:

Schedule 2: .1903	Schedule 3: .7616
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- c. The applicable margins to be used in the calculation of the WARM Adjustment Factor effective with the WARM Period commencing December 1, 2008 are:

Schedule 2: \$0.36340	Schedule 3: \$0.41086
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(continue to Sheet 240.3)

(N)

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# NORTHWEST NATURAL GAS COMPANY

WN U-6

Original Sheet 240.3

(N)

## SCHEDULE 240 WEATHER ADJUSTED RATE MECHANISM (WARM Program) (continued)

### **WARM FORMULA:** (continued)

Weather data used in the calculation of HDD for each customer shall be from the same weather stations and weather zones that are used in the determination of thermal units as set forth in **RULE 11**.

### **WARM BILL EFFECTS:**

The following table depicts the impact on residential **RATE SCHEDULE 2** and commercial **RATE SCHEDULE 3** customer bills, respectively, at specified variations in HDDs.

HDD Variance (+ or -)	RESIDENTIAL			COMMERCIAL	
	Equivalent therms	Total Monthly WARM adjustment (+ or -) *		Equivalent therms	Total Monthly WARM adjustment (+ or -) *
1	.1903	\$0.07		.7616	\$0.31
5	.9515	\$0.35		3.8080	\$1.56
10	1.9030	\$0.69		7.6160	\$3.13
15	2.8545	\$1.04		11.4240	\$4.69
20	3.8060	\$1.38		15.2320	\$6.26
25	4.7575	\$1.73		19.0400	\$7.82
30	5.7090	\$2.07		22.8480	\$9.39
35	6.6605	\$2.42		26.6560	\$10.95
40	7.6120	\$2.77		30.4640	\$12.52
45	8.5635	\$3.11		34.2720	\$14.08
50	9.5150	\$3.46		38.0800	\$15.65

To calculate variations beyond or in-between specified levels, multiply the desired HDD variance by the applicable statistical coefficient, and then multiply that sum by the applicable margin.

To obtain the cent per therm effect of the Warm Adjustment, divide the WARM Adjustment by the number of therms used during the billing month.

(continue to Sheet 240.4)

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(N)

# NORTHWEST NATURAL GAS COMPANY

WN U-6

Original Sheet 240.4

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## SCHEDULE 240 WEATHER ADJUSTED RATE MECHANISM (WARM Program) (continued)

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### **WARM BILL EFFECTS:** (continued)

#### Example Bill Calculation:

Here is the how the WARM adjustment is calculated for a residential **RATE SCHEDULE 2** customer where the base billing rate is \$1.09522 cents per therm, the HDD variance is 50 HDDs colder than normal, and the monthly therm usage is 129 therms:

HDD Differential:	Normal HDDs:	600 HDDs
	Actual HDDs:	650 HDDs
	HDD variance:	600 – 650 = -50 HDDs
Equivalent Therms:	HDD variance:	-50 HDDs
	Statistical coefficient:	.1903
	Equivalent therms:	-50 x .1903 = -9.515 therms
Total Warm Adjustment:	Equivalent therms:	-9.515 therms
	Margin Rate:	\$0.36119
	Total WARM Adj.:	-9.515 x \$0.36119= -\$3.43672
Total WARM Adjustment converted to cents per therm:	Total WARM Adj.	-\$3.43672
	Monthly usage:	129 therms
	Cent/therm Adj.:	-\$3.43672 ÷ 129 = -\$0.02664
Billing Rate per therm:	Current Rate/therm:	\$1.09522
	WARM cent/therm Adj.	-\$0.02664
	WARM Billing Rate:	\$1.09522 + -\$0.02664 = \$1.06858
Total WARM Bill:	Customer Charge:	\$12.00
	Usage Charge:	\$1.06858
	Total	(129 x \$1.06858) + \$12.00 = \$149.85

### **GENERAL TERMS:**

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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