

Rates and Regulatory Affairs  
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February 28, 2007

***VIA ELECTRONIC MAIL***

Public Utility Commission of Oregon  
550 Capitol Street, N.E., Suite 215  
P.O. Box 2148  
Salem, Oregon 97308-2148

Attn: Vikie Bailey-Goggins

Re: Docket No. UM 1218  
Annual Report for B1 Service Quality Measure for Billing Accuracy  
(B1 SQM)

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), submits herewith the first annual report of the B1 SQM results for the calendar year 2006.

**Reported Bill Errors during the Measure Year**

There were two Bill Errors<sup>1</sup> during the Measure Year (Year) that combined, affected 3,696 customer bills:

1. **WARM bill error – May 15, 2006.** The Company submitted the initial and final report of this bill error on May 25, 2006. This bill error was caused by a CIS programming error that terminated the WARM program with bills issued on and after May 15, 2006, but should have terminated the program with bills issued on and after the first day following May 15. The Company took action to correct only those bills that were over billed as a result of the error, reported as 615 bills. There were a reported 236 bills that were under billed, but the rebilling for these bills was waived. In total there were 846 bills found to be in error, 5 fewer than originally reported as being impacted by this error. Ultimately only 609 bills actually required correction. The resulting 609 bill error corrections that occurred in the month of May resulted in a 99.86% bill accuracy ratio.

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<sup>1</sup> A billing error by the Company due to the Same Cause that affects a total of five hundred (500) or more bills issued to Oregon customers in a Bill Month.

2. **Lincoln City Tax bill error – July 14 – August 8, 2006.** The Company submitted the initial and final report of this bill error on October 30, 2006. This bill error was caused by the company's inadvertent early assessment of a city franchise fee increase to customers in Lincoln City, Oregon. The Company learned of this problem on October 19, 2006, but the error affected bills issued between July 14, 2006 and August 8, 2006. There were a reported 3,114 bills that were over billed as a result of this error. Ultimately only 3,087 (1,086 in July and 2,001 in August) bills actually required correction. The resulting bill error corrections in the month of July resulted in a 99.81% bill accuracy ratio and the bill error corrections in the month of August resulted in a 99.65% bill accuracy ratio.

Even with the Bill Errors, the Monthly Billing Accuracy Ratio<sup>2</sup> in those months was well above the 99.4% accuracy target. For the Year, the overall bill accuracy ratio was 99.94%.

#### Non-Reportable Bill Corrections

The attached report shows the number and types of non-reportable bill corrections that occurred during the Year. These bill corrections are specifically excluded from the definition of a Bill Error. There were a total of 28,559 bill corrections during the Year. The largest number of bill corrections occurred due to a change in service start or end date, which result primarily because of incorrect customer provided information. The next largest number of bill corrections resulted from correcting meter reading errors that are normally encountered in meter reading operations<sup>3</sup>.

For the Year, the number of non-reportable bill corrections and reportable Bill Errors combined was 32,492, for an overall bill accuracy ratio for the Year of 99.53%.

#### Conclusion

The Company exceeded the 99.4% Monthly Billing Accuracy Ratio in each month that a Bill Error was recorded. Therefore, there is no remedy determination required for the 2006 Measure Year.

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<sup>2</sup> The monthly Billing Accuracy Ratio shall be equal to Aggregated Monthly Bill Error Total divided by the Total number of bills issued to all Oregon customers during the same Bill Month.

<sup>3</sup> By way of example, but not of limitation, meter reading errors “normally encountered” include an inability to access a meter due to a dog, a locked gate, a cover over a meter, an unlocatable meter, or a hazardous condition, including but not limited to a confined space.

Please address correspondence on this matter to me with copies to the following:

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Please do not hesitate to call if you have questions or desire further information.

Sincerely,

/s/ Onita R. King

Onita R. King, Manager  
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Judy Johnson  
Bonnie Tatom  
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Program: CNNSQMSR  
 Bill Accuracy Report  
 Revenue Month Period: 01/2006 - 12/2006  
 as of 2/13/2007 2:58 PM

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Total Bills Issued - Oregon</b>	<b>566,613</b>	<b>568,384</b>	<b>571,705</b>	<b>569,994</b>	<b>599,083</b>	<b>571,056</b>	<b>568,176</b>	<b>568,118</b>	<b>567,675</b>	<b>570,465</b>	<b>576,118</b>	<b>580,590</b>	<b>6,877,977</b>
<b>BSQM Corrections - Oregon</b>													
LC Tax billed 7/14-8/8/06	0	0	0	0	0	0	1,086	2,001	0	0	0	0	3,087
WARM Adj for 051506 *	0	0	0	0	846	0	0	0	0	0	0	0	846
<b>SubTotal BSQM</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>846</b>	<b>0</b>	<b>1086</b>	<b>2001</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,933</b>
<b>% of Total Bills Issued</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.14%</b>	<b>0.00%</b>	<b>0.19%</b>	<b>0.35%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.06%</b>
<b>% of Total Bills Issued Correctly</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>99.86%</b>	<b>100.00%</b>	<b>99.81%</b>	<b>99.65%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>99.94%</b>
<b>Other Bill Corrections - Oregon</b>													
Crossed Meter Correction	61	46	37	26	25	19	7	28	13	7	10	7	286
Bill Clerk Processing Error	40	41	30	49	34	31	33	54	18	17	20	25	392
Bill Undr/Ovr Registrd Mtr Use	90	89	99	86	107	139	176	159	69	28	33	3	1,078
Cancel/Bill Agn to Start PmtPln	43	22	13	6	3	3	0	0	0	1	8	29	128
Change Customer Rate Schedule	3	13	8	5	4	10	4	3	3	4	1	3	61
Change Service Start/End Date	824	813	745	811	1,204	1,014	906	622	554	1,012	744	731	9,980
Corrects for Meter Pressure	9	8	9	9	9	10	11	12	11	4	5	5	102
Corrects CIS Progrm Code Error	72	176	71	83	91	22	29	10	27	9	13	9	612
Corrects ERT Install Pgm Error	0	0	0	0	1	1	7	4	2	15	9	15	54
Corrects Info from Field Tech	19	35	34	42	36	43	38	38	19	23	22	15	364
Corrects Meter Read Data	0	0	0	0	1	0	0	0	0	0	0	0	1
Corrects Meter Read Error	1,023	643	808	808	924	1,119	1,028	763	569	281	321	556	8,843
Corrects Order Info From CSR	48	30	38	29	15	29	19	30	25	24	21	31	339
Corrects Payment Plan	0	0	0	0	0	0	0	0	0	1	1	1	3
Corrects Pmt Application	0	0	0	0	0	0	1	0	0	0	0	0	1
Corrects Prior Estimated Read	71	68	75	82	105	177	175	239	201	134	54	69	1,450
Corrects Prorated Meter Read	0	0	1	0	0	2	0	1	3	1	0	2	10
Customer Provided Incorr Read	8	7	12	18	5	12	10	10	8	10	7	7	114
Deposit Proc'd Incorrectly	7	11	4	9	8	13	14	6	12	20	1	24	129
Other	124	86	104	62	48	34	43	37	36	31	21	24	650
Prior High Est Read (Auto)	76	33	49	101	165	901	564	809	624	289	70	124	3,805
Reverse Deposit - Credit Estab	7	2	2	1	0	7	8	7	5	7	6	10	62
WARM Opt-Out;Not Proc'd Timely	9	9	3	5	22	8	0	0	0	0	0	3	59
WARM Tariff Apprvd Opt-Out Chg	13	11	3	4	2	2	0	0	0	0	0	1	36
<b>SubTotal Other</b>	<b>2,547</b>	<b>2,143</b>	<b>2,145</b>	<b>2,236</b>	<b>2,809</b>	<b>3,596</b>	<b>3,073</b>	<b>2,832</b>	<b>2,199</b>	<b>1,918</b>	<b>1,367</b>	<b>1,694</b>	<b>28,559</b>
<b>Total Bill Corrections - Oregon</b>	<b>2,547</b>	<b>2,143</b>	<b>2,145</b>	<b>2,236</b>	<b>3,655</b>	<b>3,596</b>	<b>4,159</b>	<b>4,833</b>	<b>2,199</b>	<b>1,918</b>	<b>1,367</b>	<b>1,694</b>	<b>32,492</b>
<b>% of Total Bills Issued</b>	<b>0.45%</b>	<b>0.38%</b>	<b>0.38%</b>	<b>0.39%</b>	<b>0.61%</b>	<b>0.63%</b>	<b>0.73%</b>	<b>0.85%</b>	<b>0.39%</b>	<b>0.34%</b>	<b>0.24%</b>	<b>0.29%</b>	<b>0.47%</b>
<b>% of Total Bills Issued Correctly</b>	<b>99.55%</b>	<b>99.62%</b>	<b>99.62%</b>	<b>99.61%</b>	<b>99.39%</b>	<b>99.37%</b>	<b>99.27%</b>	<b>99.15%</b>	<b>99.61%</b>	<b>99.66%</b>	<b>99.76%</b>	<b>99.71%</b>	<b>99.53%</b>

\* Includes 237 bills which were not corrected in accordance with OAR 860-021-0135 (2).