

Rates and Regulatory Affairs
Facsimile: 503.721.2516



March 3, 2009

VIA ELECTRONIC FILING

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
2008 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 annual report of the B1 SQM results for the calendar year 2008.

Reported Bill Errors during the Measure Year

There were two Bill Errors¹ during the Measure Year (Year) that combined affected 10,092 customer bills:

1. **WARM Bill Message Print Error - May 19, 2008.** The Company submitted the initial and final report of this Bill Error on May 21, 2008. This bill error was caused by a delay in running the CIS program that sets the correct WARM Program enrollment status on customer accounts for the next WARM season. The Company was not aware that a delay in running this program would create a bill error. The error affected 2,053 (slightly less than the 2,056 originally reported) customer bills. Because this was a bill presentation error, the error had no affect on the amount billed to the customer, and the Company did not issue a corrected bill to these customers. The Monthly Bill Error Total in the month of May resulted in a 99.66% bill accuracy ratio.

2. **Auto Pay Message Print Error - July 11, 2008.** The Company submitted the initial and final report of this Bill Error on July 17, 2008, and amended the report on

¹ 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.

July 23, 2008. This bill error was caused by a computer program code change made to allow for a special envelope to be inserted into bills from a different insert bin than is normally used for envelope insertion. Unknown to the Company at the time, the envelope insert code was linked to the Auto Pay message. As a result, the program code change caused bills that received the special envelope insert to be printed with the message Auto Pay – Do Not Pay. The Company was not previously aware that inserting an envelope from a different bin would trigger the Auto Pay message. The error affected 8,039 (slightly less than the 8,049 originally reported) customer bills. The Company issued replacement bills that included an insert explaining the reason for the replacement bill. The Monthly Bill Error Total in the month of July resulted in a 98.65% bill accuracy ratio.

For the Measure Year, after considering the effect of the two reportable Bill Errors, the overall bill accuracy ratio was 99.86%.

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 24,377 non-reportable bill corrections during the Year. As in previous years, the largest number of bill corrections occurred due to a change in service start or end date, which result primarily because of incorrect or untimely customer provided information. The next largest number of bill corrections resulted from correcting meter reading errors that are normally encountered in meter reading operations².

The Company experienced an overall bill accuracy ratio for the Year, including the reportable and non-reportable Bill Errors, of 99.52%.

Conclusion

Although the resulting bill accuracy ratio in July fell below the 99.4% Monthly Billing Accuracy Ratio, when combined with the May Bill Error, the overall Billing Accuracy Ratio exceeded the 99.4% Billing Accuracy Ratio. Because the July Bill Error was a bill presentment issue with no adverse or significant customer impact, it is the Company's position that a remedy determination is not required for the 2008 Measure Year.

² 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:

Kelley Miller
Staff Assistant
Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2532
Telephone: (503) 226-4211, ext. 3589
E-mail: kelley.miller@nwnatural.com and
efiling@nwnatural.com

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

Sincerely,

/s/ Onita R. King

Onita R. King
Rates & Regulatory Affairs

Attachment:



2008 B1 SQM
Report.xls

cc: David Anderson
C. Alex Miller
Dave Williams
Inara Scott
Chuck Muehleck

OPUC Staff:

Judy Johnson
Bonnie Tatom
Lisa Gorsuch