

Rates and Regulatory Affairs  
Facsimile: 503.721.2532



**VIA ELECTRONIC FILING**

August 31, 2007

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

ATTN: Filing Center

Re: **OPUC Docket UM \_\_\_; NW Natural Advice No. OPUC 07-7:**  
Application for Reauthorization to Defer Certain Expenses or Revenues

Northwest Natural Gas Company, dba NW Natural (NW Natural or company), files herewith the above-referenced Application for Reauthorization to Defer Certain Expenses and Revenues. The application is filed in order to continue deferrals relative to the company's purchased gas cost adjustment increment.

An estimate of the amount to be recorded in the deferred accounts for the 12-month period subsequent to the Application is attached hereto as Exhibit A. A notice of this Application has been served on all parties who participated in the company's most recent general rate case, UG 152, and is attached hereto as Exhibit B.

Please call me at 1-503-721-2476 if you have any questions or require any further information.

Sincerely,

/s/ Inara K. Scott

Inara K. Scott, Manager  
Regulatory Affairs

ORK/cmt  
enclosures

1 BEFORE THE PUBLIC UTILITY COMMISSION

2 OF

3  
4 OREGON

5  
6 UM \_\_\_\_\_

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8  
9 In the Matter of the Application )  
10 by NORTHWEST NATURAL GAS COMPANY, )  
11 dba NW NATURAL, for Reauthorization )  
12 to Defer Certain Expenses or Revenues )  
13 Pursuant to ORS 757.259 )

14  
15  
16 APPLICATION FOR REAUTHORIZATION  
17 TO DEFER CERTAIN EXPENSES OR REVENUES

18  
19  
20 Northwest Natural Gas Company, dba NW Natural (NW Natural or  
21 company), hereby files with the Public Utility Commission of Oregon (Commission) this  
22 application for reauthorization (Application) to use deferred accounting pursuant to ORS  
23 757.210 and 757.259, and OAR 860-27-300, for the 12-month period beginning  
24 November 1, 2007. The company’s last reauthorization commenced November 1,  
25 2006, and, therefore, the existing 12-month reauthorization period has not yet expired.  
26 This instant application seeks reauthorization for the period beginning November 1,  
27 2007 through October 31, 2008.

28 NW Natural requests that, as part of its reauthorization, the Commission  
29 approve NW Natural’s automatic adjustment clauses and the Purchased Gas  
30 Adjustment (PGA), pursuant to ORS 757.210(1). See Order Nos. 89-1046, 99-272, and  
31 99-697.

1                   Specifically, in this Application, NW Natural requests reauthorization to  
2 defer:

3                   A. One hundred percent (100%) of the difference between the gas cost demand  
4 charges collected from rates and the actual gas cost fixed/demand charges experienced  
5 by the company as previously authorized in Order Nos. 89-1046, 99-272, and 99-697;

6                   B. The commodity charge variation as defined in NW Natural's Tariff P.U.C. Or.  
7 24 Schedule P, or its successor, and;

8                   C. All previously-authorized account balances related to lost margin and DSM  
9 program costs, and PGA commodity and capacity cost deferrals not presently  
10 authorized for amortization, or being proposed for amortization, all as described in NWN  
11 Advice No. OPUC 07-7.

12                   In compliance with the requirements of OAR 860-027-0300(4), NW  
13 Natural hereby submits the following information:

14                   1. A description of the utility expenses or revenues for which deferred  
15 accounting is requested:

16                   a. Demand and other fixed gas costs to be recovered or refunded at  
17 one hundred percent (100%) of the difference between the actual cost experienced and  
18 the amount collected from rates pursuant to Tariff P.U.C. Or. 24 Schedule P, or its  
19 successor, and;

20                   b. Commodity gas cost variations to be recovered or refunded as  
21 described in NW Natural's Tariff P.U.C. Or. 24 Schedule P, or its successor.

## 2 - APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES

1           2.       Justification for the deferred accounting requested with reference to the  
2 sections of ORS 757.259 under which deferral can be authorized:

3                   a.       Deferral of items 1(a) and 1(b) above can be authorized pursuant to  
4 ORS 757.259(2)(d) because they are “utility expenses or revenues, the recovery or  
5 refund of which the commission finds should be deferred in order to minimize the  
6 frequency of rate changes ... or to match appropriately the costs borne by and benefits  
7 received by ratepayers.”

8           3.       The accounts proposed for recording the amounts to be deferred and the  
9 accounts that would be used for recording the amounts in the absence of approval of  
10 deferred accounting are as follows:

11                   a.       The charges incurred for gas costs pursuant to the PGA activity  
12 and other incurred gas costs, absent the requested account 191 deferral, would be  
13 recorded as increases/decreases in the appropriate 401 gas expense subaccount.

14           4.       An estimate of the amount to be recorded in the deferred accounts for the  
15 12-month period subsequent to the Application is attached as Exhibit A. Because of  
16 market fluctuations, capacity and commodity deferral amounts are impossible to  
17 estimate. Because the Collection vs. Incurred Demand account reflects cyclical  
18 collection differences rather than market fluctuations, an estimate for this account is  
19 included.

20           5.       A description and explanation of the entries in the deferred accounts on  
21 the date of this Application for Reauthorization has been provided above in item 4 and is  
22 further illustrated in the attached Exhibit A.

### 3 - APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES

1           6.     The continuation of deferred accounting for the matters addressed above  
2 is justified because they are continuing in nature.

3           7.     A notice of this Application has been served on all parties who participated  
4 in the company’s most recent general rate case, UG 152, and is attached to this  
5 Application as Exhibit B.

6                   DATED this 31<sup>st</sup> day of August, 2007.

7                                   Respectfully submitted,

8                                   NW NATURAL

9  
10                                   /s/ Inara K. Scott  
11                                   Inara K. Scott, Manager  
12                                   Rates & Regulatory Affairs  
13                                   220 N.W. Second Avenue  
14                                   Portland, Oregon 97209-3991  
15                                   Phone: (503) 721-2476  
16                                   Email: inara.scott@nwnatural.com



ESTIMATED ACCUMULATIONS FOR REAUTHORIZATION AS OF NOVEMBER 1, 2007  
 DEFERRED ACCOUNTS

Certain of the estimated account activity totals are exceptions to the  
 reauthorization requirements of ORS 757.259 pursuant to OAR 860-27-300(5)

Line No.	Account Description	Estimated Accumulation	Estimated Interest	TOTAL
1	191.XXX PGA Commodity [1]	-	-	-
2	191.XXX PGA Capacity [1]	-	-	-
3	186.599 DSM - unrecovered Program costs	0	0	0
4	191.450 Collection v. Incurred Demand	-2,000,000	0	-2,000,000
5	TOTAL	-2,000,000	0	-2,000,000

[1] Capacity and commodity amounts impossible to estimate.



August 31, 2007

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO  
DEFER CERTAIN EXPENSES OR REVENUES**

**To All Parties Who Participated in UG 152:**

Please be advised that today Northwest Natural Gas Company, dba NW Natural (NW Natural or company), applied for authorization to defer certain expenses and revenues relative to the company's annual purchased gas cost adjustment, as filed in NWN Advice No. OPUC 07-7, and pursuant to the provisions of ORS 757.259(2)(e). Copies of the company's Application are available for inspection at its main and district offices.

**This is not a rate case.** The purpose of this Notice is to inform parties that participated in the company's most recent general rate case, UG 152, that the Application was filed.

Parties who desire more information or who wish to obtain a copy of the filing, or notice of the time and place of any hearing, if scheduled, should contact the company or the Public Utility Commission of Oregon as follows:

**NW Natural**  
Attn: Onita R. King  
220 N.W. Second Ave.  
Portland, Oregon 97209-3991  
Telephone: (503) 721-2452

**Public Utility Commission of Oregon**  
Attn: Judy Johnson  
550 Capitol St., N.E., Ste. 215  
P. O. Box 2148  
Salem, Oregon 97308-2148  
Telephone: (503) 378-6636

Any person may submit written comments on this application to the Commission within 25 days of the date of this application. The granting of this application will not authorize a change in rates, but will permit the company to defer amounts in rates to a subsequent proceeding.

The company's district offices in Oregon are located at:

**7150 Supra Dr., S.W.**  
Albany, Oregon 97321  
Telephone: (541) 926-4253

**176 W. Marine Drive**  
Astoria, Oregon 97103  
Telephone: (503) 325-1632

**1625 N. 7<sup>th</sup> Street**  
Coos Bay, Oregon 97420  
Telephone: (541) 267-5655

**790 Goodpasture Island Road**  
Eugene, Oregon 97401  
Telephone: (541) 342-3662

**1405 S. W. Highway 101**  
Lincoln City, Oregon 97367  
Telephone: (541) 994-2111

**309 E. 2<sup>nd</sup> Street**  
The Dalles, Oregon 97058  
Telephone: (541) 296-2229

**3123 Broadway N.E.**  
Salem, Oregon 97303  
Telephone: (503) 585-6611

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES AND REVENUES upon all parties of record in the UG 152 proceeding, which is the last general rate case filed by Northwest Natural Gas Company, dba NW Natural, by electronically mailing a copy thereof, to the parties or attorneys of parties on the following service list:

UG 152 Service List

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DATED this 31<sup>st</sup> day of August, 2007.

Respectfully submitted,

NW NATURAL

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