

Rates and Regulatory Affairs
Facsimile: 503.721.2516



August 31, 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: Filing Center

Re: OPUC Docket UM _____; NW Natural Advice No. OPUC 09-12;
Application for Reauthorization to Defer Certain Expenses or Revenues

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

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.

A Certificate of Service is attached as Exhibit C.

If you have any questions, please call Jennifer Gross at (503) 226-4211, ext. 3590.

Sincerely,

/s/ Inara K. Scott

Inara K. Scott
Manager, Regulatory Affairs

attachments

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)

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

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20 Northwest Natural Gas Company, dba NW Natural (NW Natural or Company),
21 hereby files with the Public Utility Commission of Oregon (Commission) this application
22 for reauthorization (Application) to use deferred accounting pursuant to ORS 757.210
23 and 757.259, and OAR 860-27-300, for the 12-month period beginning November 1,
24 2009 through October 31, 2010.

25 NW Natural requests that, as part of its reauthorization, the Commission approve
26 NW Natural's automatic adjustment clauses and the Purchased Gas Adjustment (PGA),
27 pursuant to ORS 757.210(1).¹

28 Please consider this application as notice of the Company's intent to file a
29 request to amortize the amount deferred under this docket for recovery in rates effective
30 November 1, 2010.

¹ See Order Nos. 89-1046, 99-272, and 99-697.

1 In support of this Application, NW Natural states:

2 **A. NW Natural**

3 NW Natural is a public utility in the state of Oregon and is subject to the
4 jurisdiction of the Commission regarding rates, service and accounting practices. NW
5 Natural also provides retail natural gas service in the states of Oregon and Washington.

6 **B. Statutory Authority**

7 This application is filed pursuant to ORA 757.259 and ORS 727.262, which
8 empowers the Commission to authorize the deferral of expenses or revenues of a public
9 utility for later inclusion in rates.

10 **C. Communications**

11 Communications regarding this Application should be addressed to:

12 NW Natural
13 e-filing for Regulatory Affairs
14 220 NW Second Avenue
15 Portland, Oregon 97209-3991
16 Telephone: (503) 226-4211, ext. 3589
17 Facsimile: (503) 721-2516
18 E-mail: eFiling@nwnatural.com

19
20 and

21
22 Jennifer Gross
23 Tariff and Regulatory Affairs Consultant
24 NW Natural
25 220 NW Second Avenue
26 Portland, Oregon 97209-3991
27 Telephone: (503) 226-4211, ext. 3590
28 Facsimile: (503) 721-2516
29 E-mail: jennifer.gross@nwnatural.com

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1 **D. Description of Request - OAR 860-0270300(3)(a)**

2 NW Natural hereby requests the authorization to use deferred accounting for the
3 following:

- 4 1) Demand and other fixed gas costs to be recovered or refunded at one
5 hundred percent (100%) of the difference between the actual cost
6 experienced and the amount collected from rates pursuant to Tariff P.U.C.
7 Or. 24 Schedule P, or its successor, and as previously authorized in
8 Commission Order Nos. 89-1046, 99-272, and 99-697;
- 9 2) Commodity gas cost variations to be recovered or refunded as described
10 in NW Natural's Tariff P.U.C. Or. 24 Schedule P, or its successor; and
- 11 3) All previously-authorized account balances related to PGA commodity and
12 capacity costs deferrals not presently authorized for amortization or being
13 proposed for amortization, all as described in NW Natural Advice No.
14 09-12.

15 **E. Reason for Application for Reauthorization of Deferred Accounting - OAR**
16 **860-027-0300(3)(c)**

17 The authorization to defer accounting as described above can be authorized
18 pursuant to ORS 757.259(2)(d) because the described balances are "utility expenses or
19 revenues, the recovery or refund of which the commission finds should be deferred in
20 order to minimize the frequency of rate changes ... or to match appropriately the costs
21 borne by and benefits received by ratepayers."

22 //

1 **F. Accounting – OAR 860-027-0300(3)(c)**

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

5 **G. Estimated Amounts Subject to Deferral – OAR 860-027-0300(3)(d)**

6 The table below provides an estimated amount to be recorded in the deferred
7 accounts for the 12-month period subsequent to the Application. Please note that
8 market fluctuations make it impossible to accurately estimate capacity and commodity
9 deferral amounts. Because the Collection v. Incurred Demand account reflects cyclical
10 collection differences rather than market fluctuations, an estimate for this account is
11 included.

12
13 ESTIMATED ACCUMULATIONS AS OF AUGUST 31,2009 DEFERRED ACCOUNTS

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15 Certain of the estimated account activity totals are exceptions to the reauthorization requirements of
16 ORS 757.259 pursuant to OAR 860-027-0300(5)

Account Description	Estimated Accumulation	Estimated Interest	Total
191 400 PGA Commodity ^[1]	-	-	-
191 410 PGA Capacity ^[1]	-	-	-
191.450 Collection v Incurred Demand	(113,000)	(10,000)	(123,000)
Total	(113,000)	(10,000)	(123,000)

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25 [1] Capacity and Commodity amounts are impossible to estimate

26 //
27 //

1 **H. Reason for Continuation of Deferred Accounting – OAR 860-027-0300(4)(b)**

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

4 **I. Requirements per Commission Order No. 09-263**

5 Below is the information required per Commission Order No. 09-263, issued in
6 Docket UM-1286, Staff's Investigation into Purchased Gas Adjustment Mechanisms:

7 **1. A completed Summary Sheet, the location in the PGA filing, and an**
8 **account map that highlights the transfer of dollars from one account to**
9 **another**

10 Exhibit A includes the Summary Sheet which shows the amounts deferred
11 and demonstrates the transfer of dollars from one account to another. Exhibit
12 A will be included in our 2009 PGA filing as work papers and will be attached
13 to the electronic filing as a file entitled, "Proposed Temps Oregon 2009-10
14 PGA filing.xls."

15 **2. The effective date of the deferral**

16 This application is for the 12-month period beginning November 1, 2009 and
17 ending October 31, 2010.

18 **3. Prior year Order Number approving the deferral**

19 Permission to defer PGA-related expenses or revenues was last granted on
20 October 30, 2008, in Commission Order No. 08-522.

21 **4. The amount deferred last year**

22 See Exhibit A.

1 **5. The amount amortized last year**

2 See Exhibit A.

3 **6. The interest rate that will apply to the accounts**

4 The interest rate for deferral accounts is 8.618%. Monies that have been
5 transferred for amortization have been accruing interest at the rate of 4.27%.

6 On November 1, 2009, the rate at which amortized dollars accrue interest will
7 be 2.05%.

8 **7. An estimate of the upcoming PGA-period deferral and / or amortization**

9 We are unable to estimate the amount to be deferred during the next PGA
10 cycle. Our intent is to amortize for collection all that is deferred.

11 **J. Notification of Filing**

12 A notice of this Application has been served on all parties who participated in the
13 Company's most recent general rate case, UG 152, and is attached to this Application
14 as Exhibit A.

15 DATED this 31st day of August 2009.

16 Respectfully submitted,

17 NW NATURAL

18 /s/ Inara K. Scott

19 _____
20 Inara K. Scott, Manager
21 Rates & Regulatory Affairs
22 220 NW Second Avenue
23 Portland, Oregon 97209-3991
24 Phone: (503) 721-2476
25 Email: inara.scott@nwnatural.com



August 31, 2009

**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 reauthorization to continue deferrals relative to the Company's annual purchased gas cost adjustment, as filed in NWN Advice No. OPUC 09-12, and pursuant to the provisions of ORS 757.259(2)(e). Copies of the Company's application are available for inspection at its main office.

The purpose of this Notice is to inform parties and other interested persons that participated in the Company's most recent general rate case that the Application was filed. **This is not a rate case.**

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: Jennifer Gross
220 NW Second Avenue
Portland, Oregon 97209-3991
Telephone: (503) 226-4211, ext. 3590

Public Utility Commission of Oregon
Attn: Vikie Bailey-Goggins
550 Capitol St., NE, Ste. 215
PO Box 2148
Salem, Oregon 97308-2148
Telephone: (503) 378-6366

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.

* * * * *

EXHIBIT C



CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES upon all parties or attorneys of parties of record in the UG 152 proceeding, which is the Company's most recent general rate case, by first class mail:

UG 152 Service List

BOB JENKS
CITIZENS' UTILITY BOARD OF OREGON
610 SW BROADWAY STE 308
PORTLAND OR 97205

EDWARD A FINKLEA
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PORTLAND OR 97207

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2004 SE CLATSOP ST
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ASSISTANT ATTORNEY GENERAL
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REGULATED UTILITY & BUSINESS SECTION
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SACRAMENTO CA 95814

STEVEN LOUNSBURY
COOS COUNTY OFFICE OF LEGAL COUNSEL
250 N BAXTER
COQUILLE OR 97423

DATED this 31st day of August 2009.

Respectfully submitted,
NW NATURAL

/s/ Kelley C. Miller

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(503) 226-4211, ext. 3589
kelley.miller@nwnatural.com