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October 8, 2012

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 ____;
Application for Authorization and 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 Authorization and Reauthorization to Defer Certain Expenses or Revenues. The Application is filed in order to continue deferrals relative to the Company's purchased gas cost adjustment increment and to obtain authorization to defer certain costs related to working gas inventory, as provided in a stipulation filed in UG 221, for later recovery through the PGA.

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 general rate case, UG 221, and is attached hereto as Exhibit B. A Certificate of Service is attached as Exhibit C.

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

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson, Manager
Regulatory Affairs

1 BEFORE THE PUBLIC UTILITY COMMISSION

2 OF

3 OREGON

4 UM _____

5 In the Matter of the Application)
6 by NORTHWEST NATURAL GAS COMPANY,)
7 dba NW NATURAL, for Reauthorization)
8 to Defer Certain Expenses or Revenues)
9 Pursuant to ORS 757.259)

10 APPLICATION FOR AUTHORIZATION AND
11 REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES

12 Northwest Natural Gas Company, dba NW Natural (NW Natural or Company),
13 hereby files with the Public Utility Commission of Oregon (Commission) this application
14 seeking 1) reauthorization to use deferred accounting pursuant to ORS 757.210 and
15 757.259, and OAR 860-27-300, for the 12-month period beginning November 1, 2012
16 through October 31, 2013 related to gas commodity costs and demand costs, and 2)
17 authorization to defer the carrying costs associated with NW Natural's working gas
18 inventory, pursuant to the Second Partial Stipulation filed in UG 221, NW Natural's
19 pending application for a general rate revision.¹

20 NW Natural seeks to defer these expenses or revenues so that they can be
21 recovered or returned to customers through the Company's annual Purchased Gas
22 Adjustment (PGA), pursuant to ORS 757.210(1)(b).

23 In support of this Application, NW Natural states:

24 _____
25 ¹ See UG 221, Second Partial Stipulation, filed October 2, 2012.

1 **A. NW Natural**

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

5 **B. Statutory Authority**

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

9 **C. Communications**

10 Communications regarding this Application should be addressed to:

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

18 and

19
20
21 Jennifer Gross
22 Tariff and Regulatory Affairs Consultant
23 NW Natural
24 220 NW Second Avenue
25 Portland, Oregon 97209-3991
26 Telephone: (503) 226-4211, ext. 3590
27 Facsimile: (503) 721-2516
28 E-mail: jennifer.gross@nwnatural.com
29

1 **D. Description of Expenses or Revenues for which Deferred Accounting is**
2 **Requested - OAR 860-027-300(3)(a)**

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

- 5 1) Demand and other fixed gas costs to be recovered or refunded at one
6 hundred percent (100%) of the difference between the actual cost
7 experienced and the amount collected from rates pursuant to Tariff P.U.C.
8 Or. 24 Schedule P, or its successor, and as previously authorized in
9 Commission Order Nos. 89-1046, 99-272, and 99-697;
- 10 2) Commodity gas cost variations to be recovered or refunded as described
11 in NW Natural's Tariff P.U.C. Or. 24 Schedule P, or its successor;
- 12 3) All previously-authorized account balances related to PGA commodity and
13 capacity costs deferrals not presently authorized for amortization or being
14 proposed for amortization, all as described in NW Natural Advice No. 12-
15 14; and
- 16 4) Subject to the conditions established and the related investigatory process
17 set forth in the Second Partial Stipulation signed by parties to UG-221 and
18 filed with the Commission on October 2, 2012, NW Natural's carrying
19 costs associated with working gas inventory.²

20 **E. Reason for Application for Reauthorization of Deferred Accounting - OAR**
21 **860-027-0300(3)(c)**

² See UG 221, Second Partial Stipulation, pp. 6-7, filed October 2, 2012.

1 The authorization for deferred accounting treatment as described above can be
2 authorized pursuant to ORS 757.259(2)(d) because the described balances are “utility
3 expenses or revenues, the recovery or refund of which the commission finds should be
4 deferred in order to minimize the frequency of rate changes ... or to match appropriately
5 the costs borne by and benefits received by ratepayers.” Additionally, NW Natural’s
6 Tariff P.U.C. Or. 24 Schedule P provides for the collection of these costs through
7 deferred accounting treatment and subsequent amortization through the Company’s
8 Purchased Gas Adjustment, which is implemented pursuant to ORS 757.210(1)(b).

9 With respect to the carrying costs associated with NW Natural’s working gas
10 inventory, NW Natural requests deferred accounting treatment in accordance with the
11 terms of a Second Partial Stipulation that has been filed in UG 221, NW Natural’s
12 pending application for a general rate revision, and of which the Company and
13 signatories to that stipulation seek approval by separate order in that proceeding.

14 Under the terms of the stipulation, working gas inventory is excluded from rate
15 base, and instead the Company is to “request recovery of the carrying costs on working
16 gas inventory through the following process:”

17 a. *On or before November 1, 2012, NW Natural will file a deferred accounting*
18 *application to allow for the adjustment of future rates to account for the*
19 *appropriate recovery of working gas inventory and associated carrying costs*
20 *for the period November 1, 2012 through October 31, 2013, as will be*
21 *determined by the Commission through the process outlined below. The*
22 *Parties agree to support the Company's application for deferred accounting.*

23
24 b. On May 1, 2013, NW Natural will file testimony with the Commission
25 supporting:

26
27 (a) its proposed level of working gas to be included in rate base for the
28 period November 1, 2012 through October 31, 2013, and

4 - APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES

1 (b) its proposed rate of return for working gas. Staff, CUB, and NWIGU,
2 after conducting any necessary discovery, may file reply testimony
3 supporting alternative levels of working gas to be included in rate base
4 and alternative rates of return for working gas.
5

6 c. The ratemaking treatment for working gas inventory approved by the
7 Commission for the period November 1, 2012 through October 31, 2013,
8 including the appropriate rate of return ordered by the Commission, with
9 interest, will be implemented through rate adjustment effective November 1,
10 2013.

11
12 d. The prudence of NW Natural's management of storage inventory will continue
13 to be reviewed in NW Natural's annual PGA filing.³
14

15 NW Natural files this request to defer its carrying costs on working gas inventory
16 in accordance with part "a." of the above, in order to implement the agreement of the
17 parties to the stipulation to recover appropriate working gas inventory carrying costs
18 through the Purchased Gas Adjustment mechanism, subject to the Commission's
19 approval of that stipulation in UG 221.

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

21 The charges incurred for gas costs pursuant to the PGA activity and other
22 incurred gas costs, absent the requested account 191 deferral, would be recorded as
23 increases/decreases in the appropriate 80X gas expense subaccounts.

24 The deferral for the carrying costs on working gas inventory will be recorded in a
25 191 subaccount. Absent deferred accounting treatment, the Company's rate base in
26 UG 221 would have been higher by the amount of working gas inventory and carrying
27 costs would have been recovered through base rates.

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

³ *Id.* (emphasis added).

1 NW Natural is unable to estimate the amount to be deferred during the next PGA
2 cycle. Please note that market fluctuations and cyclical collection differences make it
3 impossible to accurately estimate capacity and commodity deferral amounts.

4 With respect to the carrying costs on working gas inventory, the methodology
5 and amounts to be deferred for the carrying costs on working gas inventory have yet to
6 be determined, so the Company is unable to estimate the amount that will be deferred
7 during the next PGA year. However, the current methodology using the cost of capital
8 requested in UG 221 would result in an amount subject to deferral of \$4.1 million over
9 the course of the 12-month period subsequent to this Application.

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

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

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

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

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

19 Exhibit A includes the Summary Sheet which shows the amounts deferred
20 and demonstrates the transfer of dollars from one account to another. Exhibit
21 A was attached to our electronic 2012-13 PGA filing as a file entitled,
22 “Proposed Temps Oregon 2012-13 PGA August filing.xls.”

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

2 This application is for the 12-month period beginning November 1, 2012 and
3 ending October 31, 2013.

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

5 Permission to defer PGA-related expenses or revenues was last granted in
6 Commission Order No. 11-436 issued November 8, 2011.

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

8 See Exhibit A.

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

10 See Exhibit A.

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

12 The interest rate for deferral accounts is 8.618%. Monies that have been
13 transferred for amortization accrue interest at the rate of 1.47%.

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

15 NW Natural is unable to estimate the amount to be deferred during the next
16 PGA cycle. The Company's intent is to amortize for collection all that is
17 deferred.

18 **J. Notification of Filing**

19 A notice of this Application has been served on all parties who participated in the
20 Company's most recent general rate case, UG 221, and is attached to this Application
21 as Exhibit B.

22 //

1 DATED this 8th day of October 2012.

2 Respectfully submitted,

3 NW NATURAL

4 */s/ Mark R. Thompson*

5 _____
6 Mark R. Thompson
7 Rates & Regulatory Affairs
8 220 NW Second Avenue
9 Portland, Oregon 97209-3991
10 Phone: (503) 721-2476
11 Email: mark.thompson@nwnatural.com

Exhibit A

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon WACOG Deferral
 Account Number: 191401
 Current docket is UG 205
 Current reauthorization to defer was granted in Order No. 11-445

1	Debit (Credit)							
2	Month/Year	Note	Amortization	Transfers	Interest	Interest rate	Activity	Balance
3	(a)	(b)	(c)	(d)	(e)	(e2)	(f)	(g)
7	Beginning Balance							
8	Sep-06							222,338.25
9	Oct-06	A/	152,902.48	(13,952,286.98)	(98,054.87)		(13,897,439.37)	(13,675,101.12)
10	Nov-06		681,874.43		(95,761.52)		586,112.91	(13,088,988.21)
11	Dec-06		1,664,674.32		(88,023.18)		1,576,651.14	(11,512,337.07)
12	Jan-07		2,061,166.83		(75,276.46)		1,985,890.37	(9,526,446.70)
13	Feb-07		1,895,402.78		(61,609.69)		1,833,793.09	(7,692,653.61)
14	Mar-07		1,407,487.90		(50,192.02)		1,357,295.88	(6,335,357.73)
15	Apr-07		1,056,910.60		(41,703.24)		1,015,207.36	(5,320,150.37)
16	May-07		835,784.10		(35,206.39)		800,577.71	(4,519,572.66)
17	Jun-07		572,166.88		(30,403.51)		541,763.37	(3,977,809.29)
18	Jul-07		456,533.76		(26,927.96)		429,605.80	(3,548,203.49)
19	Aug-07		431,504.55		(23,932.55)		407,572.00	(3,140,631.49)
20	Sep-07		452,146.07		(20,931.39)		431,214.68	(2,709,416.81)
21	Oct-07		692,956.86		(16,969.84)		675,987.02	(2,033,429.79)
22	Nov-07	old rates 1	512,027.94	(38,490,957.42)	(289,194.03)		(38,268,123.51)	(40,301,553.30)
23		new rates	1,627,466.87		5,843.96		1,633,310.83	(38,668,242.47)
24	Dec-07		4,605,415.21		(261,165.15)		4,344,250.06	(34,323,992.41)
25	Jan-08		5,565,138.14		(226,519.99)		5,338,618.15	(28,985,374.26)
26	Feb-08		5,395,299.91		(188,789.67)		5,206,510.24	(23,778,864.02)
27	Mar-08		4,102,663.80		(156,039.89)		3,946,623.91	(19,832,240.11)
28	Apr-08		4,064,480.37		(127,833.67)		3,936,646.70	(15,895,593.41)
29	May-08		2,763,341.55		(104,234.15)		2,659,107.40	(13,236,486.01)
30	Jun-08		1,878,334.14		(88,315.25)		1,790,018.89	(11,446,467.12)
31	Jul-08		1,358,730.49		(63,525.90)		1,295,204.59	(10,151,262.53)
32	Aug-08		1,193,538.54		(33,998.07)		1,159,540.47	(8,991,722.06)
33	Sep-08		1,285,117.79		(29,709.11)		1,255,408.68	(7,736,313.38)
34	Oct-08		1,678,629.42		(24,541.82)		1,654,087.60	(6,082,225.78)
35	Nov-08	old rates	1,227,584.49		(19,458.51)		1,208,125.98	(4,874,099.80)
36		new rates 1	(267,301.42)	12,409,909.45	43,683.02		12,186,291.05	7,312,191.25
37	Dec-08		(876,612.87)		24,459.57		(852,153.30)	6,460,037.95
38	Jan-09		(1,224,466.27)		20,808.44		(1,203,657.83)	5,256,380.12
39	Feb-09		(1,065,471.61)		16,808.30		(1,048,663.31)	4,207,716.81
40	Mar-09		(963,469.63)		13,258.29		(950,211.34)	3,257,505.47
41	Apr-09		(740,382.64)		10,274.03		(730,108.61)	2,527,396.86
42	May-09		(478,611.92)		8,141.79		(470,470.13)	2,056,926.73
43	Jun-09	1	29,762,815.05	(30,872,131.00)	(49,581.09)		(1,158,897.04)	898,029.69
44	Jul-09		237,111.52		3,617.35		240,728.87	1,138,758.56
45	Aug-09		(225,695.08)		3,650.53		(222,044.55)	916,714.01
46	Sep-09		(247,012.14)		2,822.50		(244,189.64)	672,524.37
47	Oct-09		(331,706.40)		1,802.90		(329,903.50)	342,620.87
48	Nov-09	old rates	(287,928.43)		706.89		(287,221.54)	55,399.33
49		new rates 1	1,399,170.11	(34,046,133.91)	(56,967.02)	2.05%	(32,703,930.82)	(32,648,531.49)
50	Dec-09		4,202,356.33		(52,185.06)	2.05%	4,150,171.27	(28,498,360.22)
51	Jan-10		4,686,911		(44,681)	2.05%	4,642,230	(23,856,131)
52	Feb-10		3,496,885		(37,767)	2.05%	3,459,117	(20,397,013)
53	Mar-10		3,098,843		(32,198)	2.05%	3,066,645	(17,330,368)
54	Apr-10		3,024,257		(27,023)	2.05%	2,997,234	(14,333,134)
55	May-10		2,349,961		(22,479)	2.05%	2,327,483	(12,005,651)
56	Jun-10		1,832,969		(18,944)	2.05%	1,814,025	(10,191,626)
57	Jul-10		1,221,957		(16,367)	2.05%	1,205,590	(8,986,036)
58	Aug-10		1,054,268		(14,451)	2.05%	1,039,817	(7,946,219)
59	Sep-10		1,132,712		(12,607)	2.05%	1,120,104	(6,826,115)
60	Oct-10		1,406,423		(10,460)	2.05%	1,395,963	(5,430,152)
61	Nov-10	old rates	1,054,050		(8,376)	2.05%	1,045,674	(4,384,478)
62		new rates (1)	986,672	(17,304,992)	(31,382)	2.24%	(16,349,701)	(20,734,179)
63	Dec-10		2,796,096		(36,094)	2.24%	2,760,002	(17,974,177)
64	Jan-11		3,224,984		(30,542)	2.24%	3,194,443	(14,779,734)
65	Feb-11		2,593,139		(25,169)	2.24%	2,567,970	(12,211,764)
66	Mar-11		2,732,565		(20,245)	2.24%	2,712,321	(9,499,444)
67	Apr-11		2,069,043		(15,801)	2.24%	2,053,242	(7,446,202)
68	May-11		1,632,022		(12,376)	2.24%	1,619,645	(5,826,557)
69	Jun-11		1,098,967		(9,851)	2.24%	1,089,116	(4,737,441)
70	Jul-11		725,713		(8,166)	2.24%	717,547	(4,019,893)
71	Aug-11		636,267		(6,910)	2.24%	629,358	(3,390,536)
72	Sep-11		651,360		(5,721)	2.24%	645,639	(2,744,896)
73	Oct-11	2	874,732	261	(4,307)	2.24%	870,686	(1,874,210)
74	Nov-11	old rates	767,243		(2,782)	2.24%	764,461	(1,109,750)
75		new rates (1)	803,853	(16,767,705)	(27,413)	2.01%	(15,991,265)	(17,101,014)
76	Dec-11		2,550,240		(26,508)	2.01%	2,523,732	(14,577,283)
77	Jan-12		2,808,351		(22,065)	2.01%	2,786,286	(11,790,997)
78	Feb-12		2,326,569		(17,801)	2.01%	2,308,767	(9,482,229)
79	Mar-12		2,267,868		(13,983)	2.01%	2,253,884	(7,228,345)
80	Apr-12		1,796,984		(10,603)	2.01%	1,786,381	(5,441,964)
81	May-12		1,148,449		(8,153)	2.01%	1,140,295	(4,301,669)
82	Jun-12	3	32,820,255	(34,070,348)	(586)	2.01%	(1,250,679)	(5,552,348)
83	Jul-12		2,396,367		(7,293)	2.01%	2,389,074	(3,163,274)
84	Aug-12		549,159		(4,839)	2.01%	544,320	(2,618,954)
85	Sep-12	forecast	514,011		(3,956)	2.01%	510,055	(2,108,899)
86	Oct-12	forecast	1,013,234		(2,684)	2.01%	1,010,550	(1,098,349)

History truncated for ease of viewing **Amount Amortized Nov 11 - Oct 12 with interest (see note 3): 50,849,453.78**

NOTES:

- 1 - Transfer in is from the October balances of deferral account 191400, and in 2010, residual from account 186306
- 2 - Transfer represents a balance true-up adjustment
- 3 - Transfer in represents an early WACOG refund to customers in June 2012 as approved by the PUC.

Exhibit A

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Demand Deferral
 Account Number: 191411
 Current docket is UG 205
 Current reauthorization to defer was granted in Order No. 11-445

1	Debit	(Credit)						
2								
3								
4	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)		(f)	(g)
6								
7	Beginning Balance							
61	Nov-10	old rates	246,697		331	2.24%	247,028	301,237
62		new rates (1)	(168,959)	5,556,204	10,214	2.24%	5,397,459	5,698,696
63	Dec-10		(445,074)		10,222	2.24%	(434,852)	5,263,844
64	Jan-11		(748,032)		9,128	2.24%	(738,905)	4,524,940
65	Feb-11		(597,858)		7,889	2.24%	(589,970)	3,934,970
66	Mar-11		(631,308)		6,756	2.24%	(624,552)	3,310,418
67	Apr-11		(472,114)		5,739	2.24%	(466,376)	2,844,042
68	May-11		(369,128)		4,964	2.24%	(364,163)	2,479,879
69	Jun-11		(241,770)		4,403	2.24%	(237,367)	2,242,512
70	Jul-11		(152,748)		4,043	2.24%	(148,705)	2,093,807
71	Aug-11		(131,576)		3,786	2.24%	(127,790)	1,966,018
72	Sep-11		(133,159)		3,546	2.24%	(129,613)	1,836,405
73	Oct-11	2	(184,161)	(1,158)	3,256	2.24%	(182,063)	1,654,342
74	Nov-11	old rates	(183,139)		2,917	2.24%	(180,222)	1,474,120
75		new rates (1)	(13,570)	(543,954)	(922)	2.01%	(558,446)	915,674
76	Dec-11		(47,317)		1,494	2.01%	(45,823)	869,852
77	Jan-12		(52,292)		1,413	2.01%	(50,879)	818,972
78	Feb-12		(43,075)		1,336	2.01%	(41,739)	777,233
79	Mar-12		(41,731)		1,267	2.01%	(40,464)	736,770
80	Apr-12		(32,887)		1,207	2.01%	(31,680)	705,090
81	May-12		(20,395)		1,164	2.01%	(19,231)	685,858
82	Jun-12		(14,802)		1,136	2.01%	(13,666)	672,192
83	Jul-12		(10,767)		1,117	2.01%	(9,650)	662,543
84	Aug-12		(8,921)		1,102	2.01%	(7,818)	654,724
85	Sep-12	forecast	(10,026)		1,088	2.01%	(8,938)	645,786
86	Oct-12	forecast	(19,774)		1,065	2.01%	(18,709)	627,077

89 History truncated for ease of viewing

Amount Amortized Nov 11 - Oct 12 with interest:	(303,089.07)
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91 **NOTES:**

92 **1** - Transfer in is from the October balances of deferral accounts 191410, 191450, 191417

94 **2** - Transfer represents a balance true-up adjustment

Exhibit A

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Core Market Commodity gas cost deferral
 Account Number: 191400
 Current docket is UM 1496
 Current reauthorization to defer was granted in Order No. 11-436

Narrative: Deferral of customer's share of the difference between actual core commodity cost incurred and the Annual Sales WACOG embedded as defined in the related annual PGA. From Nov 09 forward the deferral election is 90%.

1	Debit	(Credit)								Deferral
2			Commodity	8.618%		Storage	Hedge			Plus Int.
3	Month/Year	Note	Deferral	Interest	Adjustment	Adjustment	Adjustment	Transfer	Activity	GL Balance
4	(a)	(b)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
56	Nov-10	1	(1,618,763)	(5,887)		(20,704)	0	17,329,532	15,684,178	(1,645,354)
57	Dec-10		(1,359,405)	(16,788)		(25,054)	0		(1,401,247)	(3,046,601)
58	Jan-11		(991,559)	(25,534)		(26,156)	0		(1,043,249)	(4,089,850)
59	Feb-11		(3,363,913)	(41,541)		(24,964)	0		(3,430,418)	(7,520,268)
60	Mar-11		(1,935,496)	(61,036)		(21,582)	0		(2,018,114)	(9,538,381)
61	Apr-11		(3,402,461)	(80,781)		(17,236)	0		(3,500,478)	(13,038,859)
62	May-11		(757,390)	(96,402)		(11,637)	0		(865,429)	(13,904,289)
63	Jun-11		(448,870)	(101,494)		(7,194)	0		(557,558)	(14,461,846)
64	Jul-11		(93,265)	(104,216)		(5,838)	0		(203,319)	(14,665,165)
65	Aug-11		(201,830)	(106,065)		(5,534)	0		(313,429)	(14,978,594)
66	Sep-11		(527,219)	(109,486)		(5,895)	0		(642,600)	(15,621,194)
67	Oct-11		(1,019,598)	(115,887)		(11,043)	0		(1,146,528)	(16,767,722)
68	Nov-11	1	(3,122,887)	(11,288)		(20,801)	0	16,767,722	13,612,745	(3,154,976)
69	Dec-11		(5,972,328)	(44,202)		(27,485)	0		(6,044,015)	(9,198,992)
70	Jan-12		(7,866,051)	(94,407)		(27,190)	0		(7,987,648)	(17,186,640)
71	Feb-12		(8,777,427)	(155,028)		(22,490)	0		(8,954,945)	(26,141,585)
72	Mar-12		(7,649,612)	(215,289)		(22,314)	0		(7,887,215)	(34,028,800)
73	Apr-12		(10,979)	(244,471)		(13,398)	0		(268,848)	(34,297,648)
74	May-12	2	(2,246,908)	(254,417)	59	(9,680)	0		(2,510,946)	(36,808,594)
75	Jun-12	3	(1,648,781)	(25,610)		(6,879)	0	34,070,348	32,389,078	(4,419,516)
76	Jul-12		(1,513,032)	(37,196)		(6,455)	0		(1,556,683)	(5,976,199)
77	Aug-12		713,928	(40,371)		(4,316)	0		669,241	(5,306,958)
78	Sep-12			(38,134)		(5,777)	0		(43,911)	(5,350,868)
79	Oct-12			(38,428)			0		(38,428)	(5,389,296)

History truncated for ease of viewing

Amount Deferred Nov 11 - Oct 12 with interest: (5,389,296)

NOTES:

1 - October balance transferred to account 191401 for amortization

2 - Adjustment was made to true-up the balance with actual results.

3 - Transfer out represents an early WACOG refund to customers in June as approved by the PUC. The balance was transferred to account 191401 for amortization.

Exhibit A

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Core Market Demand cost deferral
 Account Number: 191410
 Current docket is UM 1496
 Current reauthorization to defer was granted in Order No. 11-436

Narrative: Deferral of 100% of the Difference between actual demand cost incurred and the demand cost embedded as defined in the related state's annual PGA.

1	Debit (Credit)							
2			Demand	8.618%				Deferral
3	Month/Year	Note	Deferral (2)	Interest*	Adjustment	Transfer	Activity	GL Balance
4	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
5								
56	Nov-10	1	512,707	1,841		(3,571,183)	(3,056,635)	514,548
57	Dec-10		(316,979)	2,557			(314,422)	200,126
58	Jan-11		96,057	1,782			97,839	297,966
59	Feb-11		241,984	3,009			244,993	542,958
60	Mar-11		219,512	4,688			224,200	767,158
61	Apr-11		247,356	6,398			253,754	1,020,912
62	May-11		(39,651)	7,189			(32,462)	988,450
63	Jun-11		364,391	8,407			372,798	1,361,248
64	Jul-11		266,897	10,734			277,631	1,638,880
65	Aug-11		138,431	12,267			150,698	1,789,578
66	Sep-11		227,035	13,667			240,702	2,030,280
67	Oct-11		196,610	15,287			211,897	2,242,177
68	Nov-11	1	282,843	1,016		(2,242,177)	(1,958,318)	283,858
69	Dec-11		(30,701)	1,928			(28,773)	255,086
70	Jan-12		(153,865)	1,279			(152,586)	102,500
71	Feb-12		(149,737)	198			(149,539)	(47,038)
72	Mar-12		(145,546)	(860)			(146,406)	(193,445)
73	Apr-12		(67,346)	(1,631)			(68,977)	(262,422)
74	May-12		(167,088)	(2,485)			(169,573)	(431,994)
75	Jun-12		(97,373)	(3,452)			(100,825)	(532,820)
76	Jul-12		(150,394)	(4,367)			(154,761)	(687,580)
77	Aug-12		(130,708)	(5,407)			(136,115)	(823,695)
78	Sep-12			(5,916)			(5,916)	(829,611)
79	Oct-12			(5,958)			(5,958)	(835,569)

80
81

82 **History truncated for ease of viewing** **Amount Deferred Nov 11 - Oct 12 with interest: (835,569)**

83

84 **NOTES**

85 **1** - October balance transferred to account 191411 for amortization

Exhibit A

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Core Market Demand Collection Deferral
 Account Number: 191450
 Current docket is UM 1496
 Current reauthorization to defer was granted in Order No. 11-436

Narrative: Deferral of 100% of the difference between actual demand costs collected and the seasonalized imbedded demand costs as defined in the state's annual PGA.

1	Debit	(Credit)					Deferral
2			Demand	8.618%			Plus Int.
3	Month/Year	Note	Deferral (2)	Interest*	Transfer	Activity	GL Balance
4	(a)	(b)	(d)	(e)	(g)	(i)	(j)
56	Nov-10	1	(774,261)	(2,780)	(1,783,174)	(2,560,215)	(777,041)
57	Dec-10		1,587,140	119		1,587,259	810,218
58	Jan-11		800,350	8,693		809,042	1,619,260
59	Feb-11		(1,013,999)	7,988		(1,006,011)	613,249
60	Mar-11		(798,925)	1,535		(797,390)	(184,141)
61	Apr-11		(1,367,972)	(6,235)		(1,374,206)	(1,558,347)
62	May-11		(964,901)	(14,656)		(979,557)	(2,537,904)
63	Jun-11		(375,285)	(19,574)		(394,859)	(2,932,763)
64	Jul-11		(301,283)	(22,144)		(323,427)	(3,256,190)
65	Aug-11		(231,061)	(24,215)		(255,276)	(3,511,466)
66	Sep-11		(70,847)	(25,473)		(96,320)	(3,607,785)
67	Oct-11		449,515	(24,296)		425,219	(3,182,566)
68	Nov-11	1	(494,180)	(1,775)	3,182,566	2,686,611	(495,955)
69	Dec-11		173,974	(2,937)		171,037	(324,918)
70	Jan-12		(68,566)	(2,580)		(71,146)	(396,064)
71	Feb-12		89,238	(2,524)		86,714	(309,350)
72	Mar-12		(1,273,786)	(6,796)		(1,280,582)	(1,589,931)
73	Apr-12		484,477	(9,679)		474,798	(1,115,133)
74	May-12		(133,736)	(8,489)		(142,225)	(1,257,358)
75	Jun-12		(255,555)	(9,948)		(265,503)	(1,522,861)
76	Jul-12	2	(438,584)	(12,511)	78	(451,017)	(1,973,878)
77	Aug-12		741,491	(11,513)		729,977	(1,243,901)
78	Sep-12			(8,933)		(8,933)	(1,252,834)
79	Oct-12			(8,997)		(8,997)	(1,261,831)

82 **History truncated for ease of viewing** **Amount Deferred Nov 11 - Oct 12 with interest: (1,261,831)**

84 **NOTES**

- 85 **1** - October balance transferred to account 191411 for amortization
 86 **2** - Adjustment was made to true-up the balance with actual results.



October 8, 2012

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

To All Parties Who Participated in UG 221:

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 mechanism, pursuant to the provisions of ORS 757.259(2)(e). Copies of the Company’s application are available for inspection at its main office.

This is not a rate case. The purpose of this Notice is to inform parties of record in the Company’s current general rate case, UG 221, 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: Jennifer Gross
220 NW Second Avenue
Portland, Oregon 97209-3991
Telephone: (503) 226-4211 ext 3590

Public Utility Commission of Oregon
Attn: Judy Johnson
550 Capitol St., NE, Ste 215
PO Box 2148
Salem, Oregon 97308-2148
Telephone: (503) 378-6636

Any person may submit to the Commission written comments on this matter no sooner than 25 days from 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 DEFERRED ACCOUNTING ORDER FOR THE COMPANY'S PURCHASED GAS ADJUSTMENT MECHANISM, upon all parties of record in the UG 221 proceeding, which is the Company's most recent general rate case, by electronic mail.

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DATED at Portland, Oregon, this 8th of October 2012

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