



e-FILING REPORT COVER SHEET

Send completed Cover Sheet and the Report in an email addressed to:
PUC.FilingCenter@state.or.us

REPORT NAME: 2015 New Construction Budget Report

COMPANY NAME: NW Natural

DOES REPORT CONTAIN CONFIDENTIAL INFORMATION? No Yes

If yes, please submit only the cover letter electronically. Submit confidential information as directed in OAR 860-001-0070 or the terms of an applicable protective order.

If known, please select designation: RE (Electric) RG (Gas) RW (Water) RO (Other)

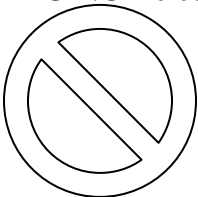
Report is required by: OAR OAR 860-027-0015
Statute ORS 757.105
Order
Other

Is this report associated with a specific docket/case? No Yes

If yes, enter docket number: RG 19

List applicable Key Words for this report to facilitate electronic search:
2015 New Construction Budget Report

DO NOT electronically file with the PUC Filing Center:



- Annual Fee Statement form and payment remittance or
- OUS or RSPF Surcharge form or surcharge remittance or
- Any other Telecommunications Reporting or
- Any daily safety or safety incident reports or
- Accident reports required by ORS 654.715

Please file the above reports according to their individual instructions.

MARK R. THOMPSON
Manager, Rates & Regulatory Affairs
Tel: 503.721.2476
Fax: 503.721.2516
email: mark.thompson@nwnatural.com



March 13, 2015

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Attention: Filing Center

Re: RG 19: 2015 NEW CONSTRUCTION BUDGET REPORT

Northwest Natural Gas Company, dba NW Natural, submits herewith its 2015 New Construction Budget Report, pursuant to ORS 757.105 and OAR 860-27-0015.

Please address any correspondence on this matter to me, with copies to Jorge Moncayo, Financial Planning and Budget Manager, 503.226.4211, extension 5752, at the address stated above.

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson

enclosure

cc: Brody Wilson
Stephen Feltz
Alex Miller
Jorge Moncayo



PUBLIC UTILITY COMMISSION OF OREGON
 PO BOX 1088, SALEM, OR 97308-1088
PUC.FilingCenter@state.or.us

GAS UTILITY NEW CONSTRUCTION BUDGET FOR 2015

GENERAL INSTRUCTIONS


1. Each energy utility operating within the State of Oregon and having gross operating revenues of \$50,000 or more per year is required to file a New Construction Budget annually on or before December 31st and report information on new construction, extensions, and new additions to property of the utility in accordance with Oregon Administrative Rule 860-027-0015.
2. The New Construction Budget report should be completed and filed with the Public Utility Commission of Oregon Filing Center. Complete the e-Filing Report Cover Sheet found at http://egov.oregon.gov/PUC/eFiling/eReports/efiling_report_cover_sheet.docx. Email both the report and cover sheet to PUC.FilingCenter@state.or.us no later than December 31st of the year preceding that for which the budget is made.

For major projects (total project cost greater than \$300,000 \$1 Million) a narrative supplying the following information is required:

PROJECT NARRATIVE

1. **Project Description:** Include a brief technical specification of the project, ownership, if jointly owned, operating date, stage of construction, and other relevant information.
2. **Need for the Project:** Attach all prepared information documenting the need for the project, including the specific need the project is intended to fill. Economic comparisons with alternatives are to be provided. All the underlying assumptions of the economic analyses are to be specified.
3. **Contingencies:** Provide a listing of existing or potential future problems which might impact the final cost or successful completion and operation of the project, such as licensing problems, labor difficulties, litigation, etc.
4. **Reconciliation with Prior Budget:** Each successive year's budget can be expected to reflect differing estimates of project costs as the project progresses. For each major project, prepare a reconciliation with the prior budget's estimates and provide specific reasons for the changes.

In addition, please attach copies of prepared documentation or plans describing transmission, distribution, and general plant projects located in Oregon exceeding \$100,000 in total cost and for which construction will commence in the budget year. Information submitted should contain a brief project description, location, and total budgeted cost.

FULL NAME OF GAS UTILITY Northwest Natural Gas Company			
ADDRESS: PO BOX OR STREET NUMBER 220 NW 2 nd Avenue		CITY Portland	STATE OR
			ZIP CODE 97209
CERTIFICATION: I CERTIFY THAT THE INFORMATION REPORTED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.			
SIGNATURE 		TITLE Controller	DATE 3/10/2015

Schedule B: Gas Utility New Construction Budget (System)

COMPANY:
Northwest Natural Gas Company

BUDGET YEAR:
2015

INSTRUCTIONS

1. Report percent ownership, scheduled operating dates, and expenditures required to complete project for major production, transmission, and general plant projects.
2. Major projects are defined as those projects having a total estimated cost to completion exceeding \$300,000.
3. Under "Distribution," report specific line item expenditures for the budget year only. All expenditures for distribution following the budget year should be aggregated for the year and only total distribution expenditures reported for the period.
4. Non-major project expenditures within each category should be aggregated and only the totals reported.
5. Report all expenditures in thousands of dollars.

DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO / YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+ 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)							REQUIRED TO COMPLETE	TOTAL
			PRIOR TO B.Y.	B.Y.	B.Y. + 1	B.Y. + 2	B.Y. + 3	B.Y. + 4			
Major Production and Storage Projects:											
Non-Major Production and Storage Projects											
Total Production and Storage Projects											
Major Transmission Projects:											
Non-Major Transmission Projects											
Total Transmission Projects											
Distribution (See Instruction 3):											
Mains											
Measuring & Reg. Sta. Equipment											
Compressor Station Equipment											
Services											
Meters and Regulators											
Meter Installations											
Other (Land, Equipment, Structures)											
Total Distribution											
Major General Plant Projects:											
Non-Major General Plant Projects											
Total General Plant Projects											
Total New Construction Budget											

Schedule C: Gas Utility New Construction Budget (Oregon)

COMPANY:
Northwest Natural Gas Company

BUDGET YEAR:
2015

INSTRUCTIONS

1. Report percent ownership, scheduled operating dates, and expenditures required to complete project for major production, transmission, and general plant projects.
2. Major projects are defined as those projects having a total estimated cost to completion exceeding \$300,000.
3. Under "Distribution," report specific line item expenditures for the budget year only. All expenditures for distribution following the budget year should be aggregated for the year and only total distribution expenditures reported for the period.
4. Non-major project expenditures within each category should be aggregated and only the totals reported.
5. Report all expenditures in thousands of dollars

DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO / YR)	EXPENDITURES (B.Y. = BUDGET YEAR; B.Y.+ 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)									
			PRIOR TO B.Y.	B.Y.	B.Y. + 1	B.Y. + 2	B.Y. + 3	B.Y. + 4	REQUIRED TO COMPLETE	TOTAL		
Major Production and Storage Projects:												
Non-Major Production and Storage Projects												
Total Production and Storage Projects												
Major Transmission Projects:												
Non-Major Transmission Projects												
Total Transmission Projects												
Distribution (See Instruction 3):												
Mains												
Measuring & Reg. Sta. Equipment												
Compressor Station Equipment												
Services												
Meters and Regulators												
Meter Installations												
Other (Land, Equipment, Structures)												
Total Distribution												
Major General Plant Projects:												
Non-Major General Plant Projects												
Total General Plant Projects												
Total New Construction Budget												

SCHEDULE B: GAS UTILITY NEW CONSTRUCTION BUDGET (SYSTEM)		COMPANY Northwest Natural Gas Company		BUDGET YEAR 2015						
DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO/YR)	(THOUSANDS)							
			PRIOR TO B.Y.	B.Y.	B.Y.+1	B.Y.+2	B.Y.+3	B.Y.+4	TOTAL	
EXPENDITURES (B.Y. = BUDGET YEAR; B.Y. + 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)										
MAJOR PRODUCTION & STORAGE PROJECTS:										
Mist Storage Project (Includes Utility) - 352				10,090	9,946	89,463	6,054	365		
LNG Plant Modifications - 363				7,586	7,649	3,489	3,246	498		
NON-MAJOR PRODUCTION & STORAGE PROJECTS				17,676	17,595	92,952	9,300	863		\$ 138,366
MAJOR TRANSMISSION PROJECTS:										
NON-MAJOR TRANSMISSION PROJECTS										\$
DISTRIBUTION:										
MAINS:										
NEW BUSINESS - 376				7,911						
REPLACEMENTS - 376, 380				52,863						
BARE STEEL - 376, 380				4,658						
SERVICES:										
NEW BUSINESS - 380				22,966						
REPLACEMENTS - 374, 376, 380				-						
MEASURING & REG. STA. EQUIPMENT - 378				1,311						
PIPELINE INTEGRITY - 376				-						
GEO HAZARD - 376 (due to landslides)				-						
COMPRESSOR STATION EQUIPMENT				5,583						
METERS - 381				-						
AUTOMATED METER READING				4,294						
METER SETS - 382				460						
PERMITS, CONTRIBUTIONS, REINFORCEMENTS, CATHODIC PROTECTION - 376, 380				1,958						
OTHER BETTERMENTS - 352, 378, 397				-						
TOTAL DISTRIBUTION				102,004	108,520	119,246	140,284	125,145		\$ 585,199
MAJOR GENERAL PLANT PROJECTS:										
INFORMATION SYSTEMS - 303, 397				8,095	10,073	8,804	8,703	10,716		
STRUCTURES - 390				1,029	3,954	1,766	2,676	2,719		
LAND - 389				-	2,379	1,177	-	-		
NON-MAJOR GENERAL PLANT PROJECTS - 390, 391, 392, 394, 396				11,186	2,836	15,770	5,765	5,719		
TOTAL GENERAL PLANT PROJECTS				20,310	19,242	27,517	17,144	19,154		\$ 103,367
TOTAL NEW CONSTRUCTION BUDGET				139,990	145,357	239,715	166,728	145,162		\$ 836,952

SCHEDULE B: GAS UTILITY NEW CONSTRUCTION BUDGET (OREGON)		COMPANY Northwest Natural Gas Company		BUDGET YEAR 2015				
DESCRIPTION	PERCENT OWNERSHIP %	SCHEDULED OPERATING DATE (MO/YR)	(THOUSANDS)					TOTAL
			PRIOR TO B.Y.	B.Y.	B.Y.+1	B.Y.+2	B.Y.+3	
EXPENDITURES (B.Y. = BUDGET YEAR; B.Y. + 1 = THE FIRST YEAR AFTER THE BUDGET YEAR, ETC.)								
MAJOR PRODUCTION & STORAGE PROJECTS:								
Mist Storage Project (Includes Utility) - 352			10,090	9,946	69,463	6,054	365	
LNG Plant Modifications - 363			7,586	7,649	3,489	3,246	498	
NON-MAJOR PRODUCTION & STORAGE PROJECTS								
TOTAL PRODUCTION & STORAGE PROJECTS			17,676	17,595	92,952	9,300	863	\$ 138,386
MAJOR TRANSMISSION PROJECTS:								
NON-MAJOR TRANSMISSION PROJECTS								
TOTAL TRANSMISSION PROJECTS								\$
DISTRIBUTION:								
MAINS:								
NEW BUSINESS - 376			6,566					
REPLACEMENTS - 376, 380			47,048					
BARE STEEL - 376, 380			4,146					
SERVICES:								
NEW BUSINESS - 380			19,062					
REPLACEMENTS - 374, 376, 380			-					
MEASURING & REG. STA. EQUIPMENT - 378			1,167					
PIPELINE INTEGRITY - 376			-					
GEO HAZARD - 376 (due to landslides)			-					
COMPRESSOR STATION EQUIPMENT			-					
METERS - 381			4,969					
AUTOMATED METER READING			-					
METER SETS - 382			3,822					
PERMITS, CONTRIBUTIONS, REINFORCEMENTS, BETTERMENTS - 376, 380			382					
OTHER BETTERMENTS - 352, 378, 387			1,958					
TOTAL DISTRIBUTION			89,120	94,744	103,565	122,037	107,988	\$ 517,454
MAJOR GENERAL PLANT PROJECTS:								
INFORMATION SYSTEMS - 303, 387			7,205	8,965	7,836	7,746	9,537	
STRUCTURES - 390			1,029	3,954	1,766	2,676	2,719	
LAND - 389			-	-	1,177	-	-	
NON-MAJOR GENERAL PLANT PROJECTS - 390, 391, 392, 394, 396								
TOTAL GENERAL PLANT PROJECTS			11,186	2,836	15,770	5,765	5,719	\$ 98,989
			19,419	15,755	27,517	17,144	19,154	\$
TOTAL NEW CONSTRUCTION BUDGET			126,215	128,094	224,034	148,481	128,005	\$ 754,829

OPUC Gas Utility New Construction Budget for 2015

Narrative for Major Projects

Ellendale Ave Bare

Replace approximately 2 miles of 4" bare main on Ellendale Avenue in Dallas Oregon, beginning east of Orchard View Lane, extending east for approximately 2-miles ending at the intersection of Rickreall Road with Highway 99W. The project is expected to be completed during the summer 2015.

2015 Project Budget – \$1,960,000 – Bare Steel

Lincoln

Replace approximately 5600 feet of 6 inch (B) leaking gas main on NW Lincoln Ave. between NW 44th Ave. and NW Bernie Drive. The project is expected to be completed during the summer 2015.

2015 Project Budget – \$1,839,000 – Leakage Reconstruction

P20b 6" Dwyer Lumber ILI

Begins at SE Flavel St & 67th Avenue and terminates at SE 100th Avenue in Portland, Oregon. Complete pipeline modifications and build a permanent pig receiver station to accommodate in-line inspection (smart pigging) of the 2 mile transmission pipeline. The project is expected to be completed during the summer 2015.

2015 Project Budget – \$1,300,000 – Transmission Integrity Management Program

EMX West

Eugene, Oregon. This project is a public works project and requires relocation of gas facilities to avoid conflicts with the EMX bus lane expansion, bus terminal stations and traffic lane reconstruction. The project is expected to be completed in 2015.

2015 Project Budget – \$4,454,000 – Public Works

OPUC Gas Utility New Construction Budget for 2015

Narrative for Major Projects

Willamette Crossing near Corvallis

The project consists of installing approximately 3 miles of 12 3/4" (W) .312wt Grade x52 Class F pipe from a valve station near NW Independence Hwy and Pettibone Rd. to an existing valve station near Riverside Dr. (Waggle Bridle). This project is the final phase to reinforce the supply system in the Mid-Willamette Valley. The project is expected to be completed in 2015.

2015 Project Budget – \$10,059,000– System Reinforcement

North Vancouver Gate

NW Natural will take over pressure control and line heating from Williams Pipeline, install actuated valve for summer shutoff, replace Orifice and Annubar meters with a new ultrasonic meter and replace aging, undersized odorizer with a new YZ odorizer. Construct new odorizer building and reconfigure station for new piping. The project is expected to be completed in 2015.

2015 Project Budget – \$1,458,000 – Gas Control

Newport LNG CO2 Remediation

Mitigate the CO₂ buildup at the Newport LNG plant and provide for liquefaction process improvements. The project is expected to be completed in 2015.

2015 Project Budget – \$4,537,000– Newport LNG

Newport LNG Turbine Modernization

This project will update the existing Solar Turbine at the Newport LNG Plant which is used to compress refrigerant as a part of the Mixed Refrigerant Loop process. There are 4 main systems which will be updated: the wet seal system will be upgraded to a dry seal system, the control system will be updated with a modern version, the starter/fuel gas systems will be upgraded, and the combustion air inlet will be replaced. The compressor will be overhauled to original factory specifications during the dry seal conversion. The project is expected to be completed in 2015.

2015 Project Budget – \$2,213,000 – Newport LNG

OPUC Gas Utility New Construction Budget for 2015

Narrative for Major Projects

GMACS Upgrade

This project will upgrade the iFIX SCADA software to the current commercial version. In addition, the project will integrate the iHistorian database software, which NW Natural already owns, to remove custom code previously developed to integrate with SQL during the initial iFIX implementation in 2004. This will streamline the GMACS architecture.

The current production version of iFIX SCADA software is three versions behind. The upgrade will allow I/T to move existing WindowsXP machines that are no longer supported. The proposed software version of iFIX will allow I/T to use virtualized environments increasing reliability, availability, and supportability. Additionally, NW Natural needs to increase the sampling (resolution) of data in the field and at our storage plants for improved operations and safety.

2015 Project Budget - \$1,056,000 – Computer Software / Hardware

Technology Replacements

Fund the replacement of capital technology assets according to a planned schedule based upon the estimated useful life of the asset. Additional project objectives include funding new computer hardware and software to comply with regulatory requirements, continue a current level of service (e.g. additional disk storage), and as requested by the business units to support strategic objectives or process improvements.

- **Large Servers - \$630,000**
Our strategy is to replace hardware that is at end of life from a vendor support perspective. Our DMZ SAN infrastructure is no longer supported by the vendor, and is at the end of its 5 year depreciation cycle. In addition, are purchasing faster disk for our I-Series supporting CIS, and are expanding SAN storage to accommodate growth.
- **Network - \$44,000**
Purchase of Ethernet adapters and ports for routers, as well as power supplies for Ethernet switches.
- **Desktop/Peripherals - \$726,000**
Complete Desktop/Laptop replacements per lease schedules. Desktops are leased for 4 years and laptops for 3 years (industry standard estimated useful life). The 2015 budget request includes the cost of the hardware and labor to refresh approximately 365 leased systems.
- **Exchange Upgrade - \$120,000**
Our current version of 2010 is due for an upgrade to provide additional security and functionality, and allows us an opportunity to redesign the architecture for better performance and affordability.
- **I-Series Disk Based Backup - \$216,000**
The I-Series is our only remaining system still being backed up with tape. This project affords the opportunity to run disk-based backups.

OPUC Gas Utility New Construction Budget for 2015

Narrative for Major Projects

North Mist Storage Expansion Project

NWN proposes to develop the North Mist Extension Project to provide 2.5 Bcf of storage capacity, and deliveries up to 120 MMscfd, by late 2018. The anchor tenant and customer for this capacity is PGE. NWN proposes to develop, construct, and commission the Adams Pool near Mist, Oregon as a natural gas storage facility. The development of the Adams Pool will require the construction of new facilities, including a remotely-operated compressor station consisting of compressors, dehydration equipment, metering and odorizing facilities, remote well pad sites, injection/withdrawal (IW) wells, observation/monitoring (OM) wells, injection/withdrawal pipelines, a transmission pipeline, and customer metering facilities.

NWN is currently in the permitting phase of the project. The permitting schedule reflects a submittal date of the EFSC permit amendment application in the middle of April, 2015; with the expectation of obtaining state approval by June, 2016. The risks associated with the submission of the application include outside agencies and/or special interest groups opposing the project, which could cause delays in obtaining the final project order. Potential delays could result in unbudgeted expenses to mitigate issues and concerns of the previously mentioned agencies or groups.

2014 Budget of \$3,700,000 vs Actual spend of \$1,614,154 Reconciliation: NWN & PGE worked closely to ensure costs associated with this project are prudent and necessary, but were unable to reach a point where PGE issued a "Notice to Proceed" to NWN. That delay resulted in NWN coming in under budget in 2014.

2015 Project Budget – \$9,990,239 – Storage