

ONITA R. KING
Rates & Regulatory Affairs
Tel: 503.721.2452
Fax: 503.721.2516
Email: ork@nwnatural.com



July 31, 2015

NWN OPUC Advice No. 15-11 / UG _____
(UM 1635 / UG 221)

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE, Suite 100
Post Office Box 1088
Salem, Oregon 97308-1088

**Re: Docket UM 1635 / UG 221:
Schedule 182: Rate Adjustment for Environmental Cost Recovery
Schedule 183: Site Remediation Recovery Mechanism (SRRM)**

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), files herewith revisions and additions to its Tariff, P.U.C. Or. 25, stated to become effective with service on and after November 1, 2015, as follows:

Original Sheet 182-1,
Schedule 182,
“Rate Adjustment for Environmental Cost Recovery;”

First Revision of Sheet 183-1,
Schedule 183,
“Site Remediation Recovery Mechanism (SRRM);”

Third Revision of Sheet 183-2,
Schedule 183,
“Site Remediation Recovery Mechanism (SRRM) (continued).” and

First Revision of Sheet 183-3,
Schedule 183,
“Site Remediation Recovery Mechanism (SRRM) (continued).”

The first purpose of this filing is to reflect the effect of adjustments to permanent rates for the application of the Commission’s directive in Docket UM 1635, OPUC Order No. 15-049 (“Commission Order”) to collect \$5 million in base rates per year using sales estimates and allocation factors from Docket UG 221, its last general rate case.

The second purpose of this filing is to: (a) revise certain language contained in Schedule 183 to be consistent with the Commission’s Order in Docket UM 1635; and (b) amortize one-fifth of the balance in the Schedule 183 Site Remediation Recovery Mechanism (SRRM). The Schedule 183 SRRM mechanism was first approved by the Commission in Docket UG 221. Additionally, through discussions with the parties to UM 1635, NW Natural understands that all parties are supportive of beginning operation of the SRRM concurrent

with the PGA effective date of November 1, 2015, under the condition that any modification to the SRRM balance that may result from the resolution of disputes regarding NW Natural's compliance filing in UM 1635 will be effected and incorporated into the 2016-17 PGA filing. NW Natural commits to this condition as part of this filing.

The Company discusses each purpose of the filing in more detail below.

Schedule 182: Rate Adjustment for Environmental Cost Recovery

The purpose of Schedule 182 "Rate Adjustment for Environmental Cost Recovery" is to reflect the per-therm effect of the collection of \$5 million per year on a prospective basis, grossed up for revenue sensitive items, on an equal percent of margin basis using sales estimates and allocation factors from Docket No. UG 221 as directed by the Commission Order (see Exhibit A, page 2). The increments reflected in Schedule 182 are permanent adjustments to rates, and will be embedded in the Base Rate column and reflected in the Total Billing Rate of each Rate Schedule at the time that the Company submits its combined effects filing with the September 2015 PGA update. The Schedule 182 tariff accomplishes the directive in the Commission Order to "use a tariff rider to collect [\$5 million] of remediation expenses in base rates going forward."

The Schedule 182 tariff rider was originally filed with the Company's compliance filing to the Commission Order, which was suspended by the Commission. The Company has been meeting with the OPUC Staff and other parties in that docket to resolve the compliance filing issues, and the Company expects to submit a replacement compliance filing in the UM 1635 docket by mid-August 2015. The application of the \$5 million tariff on a prospective basis was not a disputed issue. Because the remaining procedural schedule for the UM 1635 docket is uncertain, the Company proposes that the Schedule 182 rate adjustments be processed separately from the UM 1635 compliance filing to ensure that the rate effect associated with this uncontested portion of the Commission Order become effective November 1, 2015 at the same time as the annual PGA and related filings. The Company anticipates that if any party raises any issue with the details regarding the tariff rider, any determination of that issue could also be reflected through a future adjustment in the 2016-17 PGA.

The effect of this portion of the filing is to increase the Company revenues by \$5,140,437 (including revenue sensitive effects) or 0.76 percent. The average residential customer using 53 therms will see an increase in an average monthly bill of 52 cents, or 0.8%, the average commercial customer using 233 therms will see an increase of \$1.60 or 0.7%, and the average industrial Schedule 31 sales service customer using 5,744 therms will see an increase of \$19.89, or 0.5%. The effect on all customer classes is shown in the materials provided in support of this filing at Exhibit A, pages 1-2.

Schedule 183: Site Remediation Recovery Mechanism (SRRM).

First, the Company proposes with this filing to revise Schedule 183 "Site Remediation Recovery Mechanism (SRRM)", at sheets 183-1 and 183-2 to address changes ordered by Commission Order in Docket UM 1635. These changes include:

- Add reference to the Commission Order under Purpose
- Clarify the earnings test language at Sheet 183-2

- Add language to address the timing of the annual prudence review and the change to a calendar year approach

Second, the Company proposes with this filing to reflect the per therm effect of the amortization of one-fifth of the SRRM Account balance on customer rates. For purposes of this filing, the Company has applied the amount of \$8.4 million to the SRRM Account. This balance represents the amount of deferred environmental remediation expense through 2013, which has been deemed prudent, less the disallowances ordered by the Commission in UM 1635, less the application of insurance receipts as ordered by the Commission, plus associated interest accumulated on the deferred expense and insurance through November 1, 2015. Additionally, the Company proposes herein to include in the balance of the SRRM amounts that represent the \$5 million per year tariff rider for the January 1, 2013 through October 31, 2015 timeframe, the period in which the Commission found to be future costs (see Order 15-049 at page 6).

The Company's compliance filing to OPUC Order 15-049 proposed to collect these future period costs for the 2013, 2014, and partial 2015 year as a one-time bill surcharge on June 2015 bills, offset by the interstate storage credits provided to customers in June. This proposal was disputed, and the Company is now proposing to simply include these amounts in the SRRM and recover them in the same method as the deferred expenses, rather than to recover them through a separate surcharge. The Company has discussed this proposal with Commission Staff and the UM 1635 parties, which requested it, and will more fully discuss this issue in its replacement compliance filing.

The effect of this portion of the filing is to increase the Company revenues by \$8,588,387 (including revenue sensitive effects) or 1.27 percent. The monthly bill of the average residential customer served under Rate Schedule 2 using 53 therms per month will increase by 84 cents, or 1.4%. The monthly increase for the average commercial Rate Schedule 3 customer using 233 therms is about \$2.58, or 1.1%, and the monthly increase for the average commercial Rate Schedule 31 customer using 3,324 therms is about \$26.77, or 1.0%. The average Rate Schedule 32 firm sales industrial customer using 21,272 therms will see a monthly increase of about \$70.06, or 0.6%. The average bill effects for all other rate schedule and service types can be found in the separately provided workpapers.

Combined Effects of Schedule 182 and Schedule 183:

If the effects of the proposed Schedule 183 adjustments were permanent, the combined effects of Schedule 182 and Schedule 183 is to increase the Company revenues by \$13,728,824 or 2.0 percent. As described above, the Schedule 183 SRRM adjustment is a temporary adjustment to rates.

Worksheets showing the derivation of the Schedule 182 and Schedule 183 adjustments to rates and the effects on customer billing rates can be found in Exhibit A, to this filing.

The number of customers affected by the proposed changes described above is 571,204 residential customers, 59,817 commercial customers, and 805 industrial customers.

This filing is made in accordance with ORS 757.210 which authorizes changes to an existing rate or schedule of rates to the extent authorized by the Commission, and with OPUC Order No. 15-049 in Docket UM 1635.

In addition to the supporting materials submitted as part of this filing, the Company separately provided work papers in electronic format, all of which are incorporated herein by reference.

The Company requests that the tariff sheets filed herewith be permitted to become effective with service on and after November 1, 2015.

Copies of this letter and the filing made herewith are available in the Company's main office in Oregon and on its website at www.nwnatural.com.

The Company waives paper service in this proceeding. Please address correspondence on this matter to Andrew Speer at Andrew.Speer@nwnatural.com, with copies to the following:

eFiling
Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, x3589
eFiling@nwnatural.com

Sincerely,

NW NATURAL

/s/ Onita R. King

Onita R. King
Rates & Regulatory Affairs

Attachments: Exhibit A – Supporting Materials

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Original Sheet 182-1

SCHEDULE 182 RATE ADJUSTMENT FOR ENVIRONMENTAL COST RECOVERY

(N)

PURPOSE:

The purpose of this Schedule is to reflect the rate effects of the collection of \$5.0 million per year for the recovery of costs related to environmental remediation expenses, in accordance with Order No. 15-049 in Docket UM 1635 and UM 1706 entered by the Public Utility Commission of Oregon on February 20, 2015.

APPLICABLE:

To all Customers served under the following Rate Schedules of this Tariff:

Rate Schedule 2	Rate Schedule 3	Rate Schedule 31
Rate Schedule 32	Rate Schedule 33	

APPLICATION TO RATE SCHEDULES: Effective: November 1, 2015

The Adjustment amounts shown below are calculated based on equal percent of margin by Rate Schedule and Customer class, and the rate allocation adopted in Docket UG 221. The adjustment amount is embedded in the Base Rate reflected in the respective Rate Schedules listed above. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Rate Schedule/Class	Block	Base Rate Adjustment		Schedule	Block	Base Rate Adjustment
2		\$0.00976		31 CSF	Block 1	\$0.00480
03 CSF		\$0.00690			Block 2	\$0.00438
03 ISF		\$0.00586		31 ISF	Block 1	\$0.00618
27		\$0.00710			Block 2	\$0.00564
				31 CTF	Block 1	\$0.00369
					Block 2	\$0.00334
				31 ITF	Block 1	\$0.00397
					Block 2	\$0.00359
32 CSF	Block 1	\$0.00231		32 CSI	Block 1	\$0.00225
	Block 2	\$0.00196			Block 2	\$0.00191
	Block 3	\$0.00139			Block 3	\$0.00135
	Block 4	\$0.00081			Block 4	\$0.00079
	Block 5	\$0.00046			Block 5	\$0.00045
	Block 6	\$0.00023			Block 6	\$0.00023
32 ISF	Block 1	\$0.00221		32 ISI	Block 1	\$0.00211
	Block 2	\$0.00188			Block 2	\$0.00180
	Block 3	\$0.00132			Block 3	\$0.00127
	Block 4	\$0.00077			Block 4	\$0.00074
	Block 5	\$0.00044			Block 5	\$0.00042
	Block 6	\$0.00022			Block 6	\$0.00021
32 ITF/CTF	Block 1	\$0.00206		32 CTI / ITI	Block 1	\$0.00193
	Block 2	\$0.00175			Block 2	\$0.00164
	Block 3	\$0.00124			Block 3	\$0.00116
	Block 4	\$0.00072			Block 4	\$0.00067
	Block 5	\$0.00041			Block 5	\$0.00039
	Block 6	\$0.00021			Block 6	\$0.00019
				33 (all)		\$0.00012

(N)

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and after November 1, 2015

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet 183-1

Cancels Original Sheet 183-1

SCHEDULE 183 SITE REMEDIATION RECOVERY MECHANISM (SRRM)

PURPOSE:

The purpose of this Schedule is to identify adjustments to rates in the Rate Schedules listed below for the amortization of balances in the Site Remediation Recovery Mechanism account ("SRRM Account") related to Environmental Site Remediation Costs, including past manufactured gas plant (MGP) operations pursuant to Commission Order 12-408, in Docket UG 221 and Commission Order 15-049 in Dockets UM 1635 and UM 1706. (N)

TERM:

Adjustments under this Schedule shall continue for a period of five (5) years following the date that the last remediation expenses are incurred, or such other date as the Commission may approve.

APPLICABLE:

To Sales and Transportation Service Customers served under the following Rate Schedules of this Tariff:

Rate Schedule 2	Rate Schedule 27	Rate Schedule 32
Rate Schedule 3	Rate Schedule 31	Rate Schedule 33

DEFINITIONS:

The following definitions apply to this Schedule:

Collection Period is the 12-month period November 1 through October 31 coincident with the Purchased Gas Adjustment (PGA) Year in which amounts in the SRRM Account will be amortized. Any future change in the PGA Year will automatically carry to the Collection Period under this Schedule.

Environmental Site Remediation Costs are all costs that relate to environmental remediation, including for past manufactured gas plant (MGP) operations. Environmental Site Remediation Costs include investigation, testing, sampling, monitoring, removal, disposal, storage, remediation or other treatment of residues, land acquisition if appropriate, litigation costs/expenses or other liabilities excluding personal injury claims relating to MGP sites, disposal sites, sites that otherwise contain contamination that requires remediation for which the Company is responsible, or sites to which material may have migrated.

SPECIAL CONDITIONS – SRRM ADJUSTMENTS:

1. All Environmental Site Remediation Costs, including all amounts deferred under UM 1078 through September 30, 2012, and any proceeds from insurance companies or other third-parties, will be held in a deferral account. The balance in the deferral account that has not been reviewed for prudence shall accrue interest at the authorized rate of return approved in the Company's most recent general rate case.

(continue to Sheet 183-2)

Issued July 31, 2015
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Effective with service on
and after November 1, 2015

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Third Revision of Sheet 183-2
Cancels Second Revision of Sheet 183-2

SCHEDULE 183 SITE REMEDIATION RECOVERY MECHANISM (SRRM) (continued)

SPECIAL CONDITIONS – SRRM ADJUSTMENTS: (continued)

2. Subject first to the earnings test established in Commission Order 15-049, one-fifth of the Oregon Customer's share of the deferral account balance will be transferred to an SRRM Account for amortization in each Collection Period. (C)
3. In the event that the amount in the SRRM Account in any Collection Period is negative (a refund), the Company, subject to approval by the Commission, will determine if the refund should be applied to Customer bills, or if the credit balance should carry to the next Collection Period. A credit balance may be carried to the next Collection Period if it is determined by the Commission that the credit balance is best used to offset future expected Environmental Site Remediation Costs not yet recorded in the deferral account, or for such other reasons as the Commission may approve. (C)
4. The amounts in the SRRM Account will be amortized and applied to Customer bills based on equal percent of margin by Rate Schedule and Customer class.
5. The SRRM Account balance shall accrue interest at the modified blended treasury rate prescribed by the Commission in OPUC Order No. 08-263.
6. Any deferral account amounts that have been reviewed for prudence but have not been moved to the SRRM Account will be transferred to the SRRM Post-Prudence Account, which will accrue interest at the average of the five-year Treasury rates used in the calculation of the modified blended treasury rate for the applicable year, plus 100 basis points. (C)
7. Any over- or under- collection of the balance in the SRRM Account at the end of a 12-month Collection Period will be retained in the SRRM Account and used to adjust the amount amortized into rates for the subsequent Collection Period.
8. By May 15, 2015 the Company will request Commission review and determination of prudence of Environmental Site Remediation Costs for the April 1, 2014 through December 31, 2014 time frame. The request for prudence review will include a report of all activity associated with Environmental Site Remediation Costs, including insurance or other third-party proceeds related to remediation activities recorded in the deferral account. By March 15, 2016, and each year thereafter, the Company will request Commission review and determination of prudence for all prior calendar year Environmental Site Remediation Costs, that will include a report detailing all activity associated with Environmental Site Remediation Costs, including insurance or other third-party proceeds related to remediation activities recorded in the deferral account. year (C)

GENERAL TERMS:

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, any other schedules that by their terms or by the terms of this Schedule apply to service under this Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

(continue to Sheet 183-3)

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and after November 1, 2015

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet 183-3
Cancels Original Sheet 183-3

SCHEDULE 183 SITE REMEDIATION RECOVERY MECHANISM (SRRM) (continued)

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2015

(T)

The Total Adjustment amount shown below is included in the Temporary Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Rate Schedule/Class	Block	SRRM Adjustment		Schedule	Block	SRRM Adjustment
2		\$0.01572		31 CSF	Block 1	\$0.00834
03 CSF		\$0.01107			Block 2	\$0.00762
03 ISF		\$0.00943		31 ISF	Block 1	\$0.01004
27		\$0.01309			Block 2	\$0.00917
				31 CTF	Block 1	\$0.00608
					Block 2	\$0.00549
				31 ITF	Block 1	\$0.00618
					Block 2	\$0.00558
32 CSF	Block 1	\$0.00483		32 CSI	Block 1	\$0.00348
	Block 2	\$0.00411			Block 2	\$0.00295
	Block 3	\$0.00290			Block 3	\$0.00209
	Block 4	\$0.00169			Block 4	\$0.00122
	Block 5	\$0.00097			Block 5	\$0.00069
	Block 6	\$0.00048			Block 6	\$0.00035
32 ISF	Block 1	\$0.00358		32 ISI	Block 1	\$0.00333
	Block 2	\$0.00304			Block 2	\$0.00283
	Block 3	\$0.00215			Block 3	\$0.00200
	Block 4	\$0.00125			Block 4	\$0.00117
	Block 5	\$0.00072			Block 5	\$0.00067
	Block 6	\$0.00036			Block 6	\$0.00033
32 ITF/CTF	Block 1	\$0.00339		32 CTI / ITI	Block 1	\$0.00303
	Block 2	\$0.00288			Block 2	\$0.00258
	Block 3	\$0.00203			Block 3	\$0.00182
	Block 4	\$0.00119			Block 4	\$0.00106
	Block 5	\$0.00068			Block 5	\$0.00061
	Block 6	\$0.00034			Block 6	\$0.00030
				33 (all)		\$0.00020

(C)

(C)

Issued July 31, 2015
NWN OPUC Advice No. 15-11

Effective with service on
and after November 1, 2015

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Non-Gas Cost Deferral Amortizations
UM 1635/UG 221

Site Remediation Recovery Mechanism (SRRM)

NWN OPUC Advice No. 15-11 / UG _____

July 31, 2015

NW NATURAL

EXHIBIT A

Supporting Material

Non-Gas Cost Deferral Amortizations – UM 1635/UG 221

Site Remediation Recovery Mechanism

NWN OPUC ADVICE NO. 15-11/ UG _____

Description	Page
Effects on Average Bill by Rate Schedule	1
Calculation of Incremental Allocated on the Equal Percentage of Margin Basis (Schedule 182)	2
Calculation of Incremental Allocated on the Equal Percentage of Margin Basis (SRRM Deferral)	3
Basis for Revenue Related Costs	4
Summary of SRRM Costs for Rates	5
PGA Effects on Revenue	6

NW Natural
Rates & Regulatory Affairs
2015-16 PGA - Oregon: August Filing
Effects on Average Bill by Rate Schedule
ALL VOLUMES IN THERMS

Calculation of Effect on Customer Average Bill by Rate Schedule [1]

Advice 15-11 See note [7]
 Advice 15-11 See note [7]

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
		Oregon PGA Normalized Volumes page, Column D	Therms in Block	Normal Therms Monthly Average use	Minimum Monthly Charge	11/1/2014 Billing Rates	11/1/2014 Current Average Bill	Proposed 11/1/2015 SRM Deferral Rates	Proposed 11/1/2015 SRM Deferral Average Bill	Proposed 11/1/2015 SRM Deferral % Bill Change	Proposed 11/1/2015 Sch. 182 Rates	Proposed 11/1/2015 Sch. 182 Average Bill	Proposed 11/1/2015 Sch. 182 % Bill Change																																																								
		A	B	C	D	E	F=D+(C * E)	P	Q=D+(C * P)	R=(Q-F)/F	AB	AC=D+(C*AB)	AD=(AC-F)/F																																																								
Schedule	Block						F	P	Q	R	AB	AC	AD																																																								
2R		365,285,306	N/A	53.0	8.00	1.01330	61.70	1.02902	62.54	1.4%	1,02306	62.22	0.8%																																																								
3C Firm Sales		158,936,755	N/A	233.0	15.00	0.95518	237.56	0.96625	240.14	1.1%	0.96208	239.16	0.7%																																																								
3I Firm Sales		3,811,735	N/A	1,143.0	15.00	0.93199	1,080.26	0.94142	1,091.04	1.0%	0.93785	1,086.96	0.6%																																																								
27 Dry Out		700,552	N/A	38.0	6.00	0.91	40.55	0.92236	41.05	1.2%	0.91637	40.82	0.7%																																																								
31C Firm Sales	Block 1	20,701,736	2,000	3,324.0	325.00	0.69453		0.70287			0.69933																																																										
	Block 2	15,317,497	all additional			0.67662		0.68424			0.68100																																																										
	Total						2,609.90		2,636.67	1.0%		2,625.30	0.6%																																																								
31C Firm Trans	Block 1	1,022,480	2,000	1,374.0	575.00	0.17309		0.18131			0.17927																																																										
	Block 2	1,238,213	all additional			0.15815		0.16732			0.16379																																																										
	Total						812.83		826.62	1.7%		821.32	1.0%																																																								
31I Firm Sales	Block 1	4,178,853	2,000	5,744.0	325.00	0.63779		0.64387			0.64148																																																										
	Block 2	9,536,789	all additional			0.62191		0.62740			0.62525																																																										
	Total						3,929.01		3,961.73	0.8%		3,948.90	0.5%																																																								
31I Firm Trans	Block 1	181,494	2,000	8,981.0	575.00	0.15988		0.16606			0.15988																																																										
	Block 2	680,650	all additional			0.14450		0.15008			0.14450																																																										
	Total						1,903.51		1,954.83	2.7%		1,903.51	0.0%																																																								
32C Firm Sales	Block 1	26,567,626	10,000	8,483.0	675.00	0.56907		0.57390			0.57138																																																										
	Block 2	7,804,067	20,000			0.55465		0.55876			0.55661																																																										
	Block 3	829,092	20,000			0.53064		0.53354			0.53203																																																										
	Block 4	20,793	100,000			0.50663		0.50832			0.50744																																																										
	Block 5	0	600,000			0.49221		0.49318			0.49267																																																										
	Block 6	0	all additional			0.48261		0.48309			0.48284																																																										
	Total						5,502.42		5,543.39	0.7%		5,522.02	0.4%																																																								
32I Firm Sales	Block 1	4,645,409	10,000	21,272.0	675.00	0.56814		0.57172			0.57035																																																										
	Block 2	5,152,955	20,000			0.55389		0.55693			0.55577																																																										
	Block 3	1,826,257	20,000			0.53013		0.53228			0.53145																																																										
	Block 4	627,963	100,000			0.50636		0.50761			0.50713																																																										
	Block 5	(0)	600,000			0.49210		0.49282			0.49254																																																										
	Block 6	0	all additional			0.48263		0.48299			0.48285																																																										
	Total						12,599.85		12,669.91	0.6%		12,643.14	0.3%																																																								
32 Firm Trans	Block 1	12,006,597	10,000	55,532.0	925.00	0.09488		0.09827			0.09694																																																										
	Block 2	16,315,496	20,000			0.08064		0.08352			0.08239																																																										
	Block 3	9,641,378	20,000			0.05697		0.05900			0.05821																																																										
	Block 4	16,134,178	100,000			0.03327		0.03446			0.03399																																																										
	Block 5	21,282,059	600,000			0.01906		0.01974			0.01947																																																										
	Block 6	1,920,752	all additional			0.00959		0.00993			0.00980																																																										
	Total						4,810.05		4,948.73	2.9%		4,894.43	1.8%																																																								
32C Interr Sales	Block 1	5,686,222	10,000	29,595.0	675.00	0.57809		0.58157			0.58034																																																										
	Block 2	7,563,208	20,000			0.56339		0.56634			0.56530																																																										
	Block 3	3,897,038	20,000			0.53889		0.54098			0.54024																																																										
	Block 4	4,445,365	100,000			0.51438		0.51560			0.51517																																																										
	Block 5	71,870	600,000			0.49967		0.50036			0.50012																																																										
	Block 6	0	all additional			0.48989		0.49024			0.49012																																																										
	Total						17,495.53		17,588.13	0.5%		17,555.45	0.3%																																																								
32I Interr Sales	Block 1	7,186,289	10,000	42,618.0	675.00	0.57815		0.58148			0.58026																																																										
	Block 2	8,946,142	20,000			0.56345		0.56628			0.56525																																																										
	Block 3	5,135,755	20,000			0.53895		0.54095			0.54022																																																										
	Block 4	10,445,179	100,000			0.51445		0.51562			0.51519																																																										
	Block 5	4,597,392	600,000			0.49977		0.50044			0.50019																																																										
	Block 6	1	all additional			0.48997		0.49030			0.49018																																																										
	Total						24,525.97		24,641.11	0.5%		24,599.10	0.3%																																																								
32 Interr Trans	Block 1	8,779,332	10,000	194,626.0	925.00	0.09620		0.09923			0.09813																																																										
	Block 2	15,689,249	20,000			0.08179		0.08437			0.08343																																																										
	Block 3	11,306,695	20,000			0.05777		0.05959			0.05893																																																										
	Block 4	28,429,084	100,000			0.03373		0.03479			0.03440																																																										
	Block 5	56,035,539	600,000			0.01933		0.01994			0.01972																																																										
	Block 6	78,278,646	all additional			0.00975		0.01005			0.00994																																																										
	Total						8,913.82		9,165.34	2.8%		9,073.52	1.8%																																																								
33		0	N/A	0.0	38,000.00	0.00554	38,000.00	0.00574	38,000.00	0.0%	0.00566	38,000.00	0.0%																																																								
Totals		962,859,686																																																																			
		0																																																																			

Sources:

Direct Inputs	per Tariff	per Tariff
Rates in summary	Column A	Column A + H
Permanents		
Temporaries	Add: Column L	
PRIOR YEAR Temporaries		

- [1] For convenience of presentation, the cent per therm demand charge is used, rather than the available MDDV demand option for Rate Schedules 31 and 32.
- [2] Tariff Advice Notice 15-06: Non-Gas Cost Deferral Amortizations - Intervenor Funding
- [3] Tariff Advice Notice 15-07: Non-Gas Cost Deferral Amortizations - Industrial DSM
- [4] Tariff Advice Notice 15-08: Non-Gas Cost Deferral Amortizations - Residual
- [5] Tariff Advice Notice 15-09: Non-Gas Cost Deferral Amortizations - Decoupling
- [6] Tariff Advice Notice 15-10: Non-Gas Cost Deferral Amortizations - SIP
- [7] Tariff Advice Notice 15-11: Non-Gas Cost Deferral Amortizations - SRM
- [8] Tariff Advice Notice 15-12: PGA

**NW Natural
 Rates & Regulatory Affairs
 2015-16 PGA - Oregon: August Filing
 Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS
 ALL VOLUMES IN THERMS**

From UG 221 From UG 221 From UG 221 From UG 221

Schedule	Block	Oregon PGA		MARGIN Rate	Volumetric Margin	Customer Charge	Customers	Total Margin	Sch 182 Rate Adj	
		A	B						J	K
Volumes page, Column F		C = A * B	D	E	F	Proposed Amount:		PERMANENT Increment		
						Revenue Sensitive Multiplier:	Amount to Amortize:	5,000,000	2.732% rev sensitive factor is built in to all classes and schedules	
						5,140,437	Multiplier	Allocation to RS	Increment	
2R		352,929,922	0.41161	145,269,485	\$8.00	557,495	198,788,995	1.0	3,446,068	0.00976
3C Firm Sales		150,619,378	0.32998	49,701,382	\$15.00	56,859	59,935,913	1.0	1,039,007	0.00690
3I Firm Sales		4,184,174	0.32560	1,362,367	\$15.00	285	1,413,667	1.0	24,506	0.00586
27 Dry Out		0	0.30871	0	\$6.00	0	0	1.0	0	0.00710
31C Firm Sales	Block 1	24,748,352	0.19539	11,229,025	\$325.00	1,198	15,901,065	1.0	275,650	0.00480
	Block 2	35,860,719	0.17828					1.0		0.00438
31C Firm Trans	Block 1	44,572	0.16551	35,805	\$575.00	6	77,205	1.0	1,338	0.00618
	Block 2	188,242	0.15102					1.0		0.00564
31I Firm Sales	Block 1	4,447,875	0.15781	2,507,852	\$325.00	225	3,385,352	1.0	58,686	0.00369
	Block 2	12,665,213	0.14259					1.0		0.00334
31I Firm Trans	Block 1	97,558	0.15611	118,233	\$575.00	8	173,433	1.0	3,007	0.00397
	Block 2	730,157	0.14107					1.0		0.00359
32C Firm Sales	Block 1	5,059,321	0.09048	910,974	\$675.00	53	1,340,274	1.0	23,234	0.00231
	Block 2	4,834,146	0.07692					1.0		0.00196
	Block 3	1,397,725	0.05431					1.0		0.00139
	Block 4	177,083	0.03169					1.0		0.00081
	Block 5	0	0.01812					1.0		0.00046
	Block 6	0	0.00906					1.0		0.00023
32I Firm Sales	Block 1	4,284,027	0.09080	906,789	\$675.00	45	1,271,289	1.0	22,038	0.00221
	Block 2	5,123,215	0.07718					1.0		0.00188
	Block 3	2,033,143	0.05449					1.0		0.00132
	Block 4	365,005	0.03179					1.0		0.00077
	Block 5	0	0.01816					1.0		0.00044
	Block 6	0	0.00912					1.0		0.00022
32 Firm Trans	Block 1	6,123,208	0.09269	2,530,812	\$925.00	65	3,252,312	1.0	56,380	0.00206
	Block 2	9,627,749	0.07876					1.0		0.00175
	Block 3	6,499,238	0.05562					1.0		0.00124
	Block 4	13,339,852	0.03245					1.0		0.00072
	Block 5	20,577,047	0.01854					1.0		0.00041
	Block 6	3,129,647	0.00930					1.0		0.00021
32C Interr Sales	Block 1	5,553,826	0.09412	1,368,094	\$675.00	64	1,886,494	1.0	32,703	0.00225
	Block 2	5,441,419	0.08001					1.0		0.00191
	Block 3	3,043,549	0.05647					1.0		0.00135
	Block 4	5,715,124	0.03295					1.0		0.00079
	Block 5	2,648,468	0.01881					1.0		0.00045
	Block 6	0	0.00944					1.0		0.00023
32I Interr Sales	Block 1	7,108,023	0.09415	2,008,494	\$675.00	73	2,599,794	1.0	45,068	0.00211
	Block 2	8,656,598	0.08003					1.0		0.00180
	Block 3	4,763,986	0.05649					1.0		0.00127
	Block 4	8,983,218	0.03296					1.0		0.00074
	Block 5	4,316,607	0.01883					1.0		0.00042
	Block 6	0	0.00943					1.0		0.00021
32 Interr Trans	Block 1	8,025,070	0.09426	5,516,279	\$925.00	89	6,504,179	1.0	112,752	0.00193
	Block 2	13,347,959	0.08012					1.0		0.00164
	Block 3	10,296,468	0.05657					1.0		0.00116
	Block 4	32,663,184	0.03300					1.0		0.00067
	Block 5	65,455,540	0.01886					1.0		0.00039
	Block 6	84,185,134	0.00945					1.0		0.00019
33		0	0.00541	0	\$38,000.00	0	0	1.0	0	0.00012
TOTALS		939,286,751		223,465,591				296,529,972	5,140,437	

Sources for line 2 above:

Inputs page

Tariff Schedules

Rate Adjustment Schedule

Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.
 * Since Billing Rates for all schedules above 31 do not include demand, column c for those schedules is WACOG only

NW Natural
Rates and Regulatory Affairs
2015-2016 PGA Filing - OREGON
Basis for Revenue Related Costs

	Twelve Months Ended 06/30/15		
1			
2			
3	Total Billed Gas Sales Revenues	635,125,404	
4	Total Oregon Revenues	657,765,960	
5			
6	Regulatory Commission Fees [1]	1,697,120	0.250% Statutory rate
7	City License and Franchise Fees	15,291,561	2.325% Line 7 ÷ Line 4
8	Net Uncollectible Expense [2]	<u>1,032,745</u>	<u>0.157%</u> Line 8 ÷ Line 4
9			
10	Total	<u><u>18,021,426</u></u>	<u><u>2.732%</u></u> Sum lines 8-9
11			
12			

13 **Note:**

14 [1] Dollar figure is set at statutory level of 0.25% times Total Oregon Revenues (line 4)

15 [2] Represents the normalized net write-offs based on a three-year average.

Rates & Regulatory Affairs
2015-16 PGA - Oregon: August Filing
Summary of SRRM Costs for Rates

	LTD 2012 & int through 2/28/15	2013 & int through 2/28/15	LTD 2013 Total
1			
2 Gasco	60,869,530	5,644,403	66,513,933
3 Harbor	21,531,025	1,334,281	22,865,306
4 Siltronic	4,456,974	292,403	4,749,378
5 Tar	21,032,094	-	21,032,094
6 Central	245,993	223,521	469,514
7 PGM	3,002,108	637,708	3,639,816
8 Eugene	204,113	-	204,113
9 French	257,885	-	257,885
10 OR Steel	37,620	-	37,620
11	<hr/>	<hr/>	<hr/>
	111,637,343	8,132,316	119,769,659
12			
13 <i>Deductions before transfer to post prudence:</i>			
14 2012 Disallowance	(15,000,000)		(15,000,000)
15 Application of tariff rider		(5,000,000)	(5,000,000)
16 Application of insurance	(48,216,213)	(2,428,857)	(50,645,071)
17 Application of interest on insurance accrued through 2/28/15			<hr/>
18			(19,684,061)
19 <i>To post prudence - 3/1/15</i>			29,440,527
20			
21 Interest accrued on post prudence costs through 10/31/15 (2.61% rate)			516,182
22 Interest accrued on insurance balance through 10/31/15 (2.61% rate)			(1,964,878)
23 2013 tariff Rider catch-up			5,000,000
24 2014 tariff Rider catch-up			5,000,000
25 2015 tariff Rider catch-up			<hr/>
26 <i>Additions to post prudence balance - 10/31/15</i>			3,776,931
27 Post prudence balance to begin collecting in 2015-16			41,768,762
28			
29 1/5 of balance for 2015-16 rates			<hr/>
30			8,353,752
31 Revenue Sensitive Rate			2.732%
32			
33 1/5 of balance for 2015-16 rates w/revenue sensitive			<hr/>
34			8,588,387
35			
36 2014 Oregon Earnings Test Normalized Total Revenues			\$678,848,000
37			
38 Effect of this filing, as a percentage change (line 33 ÷ line 36)			1.27%

