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March 23, 2016

VIA ELECTRONIC FILING

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

Re: **OPUC Docket No. _____ - Application for Authorization for Deferred Accounting of Increase in NW Natural's Annual OPUC Fee**

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), files the above-referenced Application for Authorization for Deferred Accounting of Increase in NW Natural's Annual OPUC Fee.

A notice concerning this application will be sent to all parties who participated in the Company's last general rate case, UG 221. A certificate of service and a copy of the notice are attached as Exhibit A.

Please call if you have any questions.

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson
Manager, Rates and Regulatory Affairs

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UM _____**

4 In the Matter of
5 NORTHWEST NATURAL GAS COMPANY,
6 dba NW Natural,
7 For Authorization to Defer Certain Expenses
8 or Revenues Pursuant to ORS 757.259

9
10 Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”)
11 hereby files with the Public Utility Commission of Oregon (the “Commission”) this application
12 (“Application”) seeking authorization to use deferred accounting pursuant to ORS 757.210 and
13 757.259, and OAR 860-27-300, for the 12-month period beginning March 23, 2016 through
14 March 22, 2017 for the increase in the annual regulatory fee that NW Natural pays to the
15 Commission pursuant to OAR 860-021-0034, due to the Commission-ordered increase in the
16 annual fee rate from 0.25 percent to 0.275 percent.

17 In support of this Application, NW Natural states:

18 **A. NW Natural.**

19 NW Natural is a public utility in the State of Oregon and is subject to the jurisdiction of
20 the Commission regarding rates, service, and accounting practices. NW Natural also provides
21 retail natural gas service in the States of Oregon and Washington.

22 **B. Statutory Authority.**

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

25 **C. Communications.**

26 Communications regarding this Application should be addressed to:

27
28
1 - APPLICATION FOR AUTHORIZATION TO DEFER CERTAIN EXPENSES

1 NW Natural
2 e-Filing for Regulatory Affairs
3 220 NW Second Avenue
4 Portland, Oregon 97209-3991
5 Telephone: (503) 226-4211, ext. 3589
6 Facsimile: (503) 721-2516
7 Email: eFiling@nwnatural.com

8
9 and

10
11 Mark R. Thompson
12 Rates & Regulatory Affairs
13 220 NW Second Avenue
14 Portland, Oregon 97209-3991
15 Phone: (503) 721-2476
16 Email: mark.thompson@nwnatural.com

17
18 **D. Description of the Expenses or Revenues for which Deferred Accounting is**
19 **Requested – OAR 860-027-0300(3)(a).**

20
21 NW Natural is subject to an annual fee, payable to the OPUC, at a rate multiplied by the
22 utility's gross operating revenues derived within Oregon for the previous calendar year. The
23 annual fee rate is set by Commission order entered on or after March 1 of each year. Senate
24 Bill (SB) 329, enacted in 2015, now allows the Commission to set the annual fee to a
25 percentage not to exceed 0.3 percent of utilities' gross operating revenue. Previously, the
26 annual fee rate could not exceed 0.25 percent. On February 23, 2016, the Commission issued
27 Order No. 16-067, setting the annual fee rate at 0.275 percent of 2015 gross operating
28 revenues for electric, natural gas, water, and wastewater utilities.

29 NW Natural seeks to use deferred accounting treatment for the .025 percent increase in
30 the 2016 annual fee that NW Natural pays to the Commission pursuant to OAR 860-021-0034.
31 NW Natural does not seek to defer the costs associated with the annual fee that have already
32 been included in rates, and seeks to only defer the incremental costs, until such time as the
33 increased fee amount can be included in NW Natural's established rates. Specifically, NW
34 Natural's request is to use deferred accounting applied only to the difference between the
35 Company's annual fee using the new rate and the annual fee at the previous rate of 0.25

2 - APPLICATION FOR AUTHORIZATION TO DEFER CERTAIN EXPENSES

1 percent. Calculating the deferral in this way would capture the change associated with the
2 increase in the annual fee rate.

3 NW Natural expects to propose to amortize the deferred amount through its upcoming
4 purchased gas adjustment filing, and will likely propose to include the amount (which is
5 relatively small) as an offset to a credit that may otherwise exist in a different deferred account
6 that would be amortized at that time, or as a slight addition to another deferred account that
7 would result in a surcharge. NW Natural would specifically identify its request, and would work
8 with Staff ahead of time to determine what would be most convenient and make sense under
9 the circumstances.

10 **E. Reasons for Application for Deferred Accounting – OAR 860-027-0300(3)(b).**

11 ORS 757.259 is a “statutorily authorized exception to the general prohibition against
12 retroactive ratemaking” that allows a “means to address utility expenses or revenues outside of
13 the utility’s general rate case proceeding.¹ Under ORS 757.259(2)(e), the Commission has
14 discretion to authorize a deferral of “[i]dentifiable utility expenses or revenues, the recovery or
15 refund of which the commission finds should be deferred in order to . . . match appropriately the
16 costs borne by and benefits received by rate payers.” To determine whether an expense or
17 revenue should be deferred, the Commission “utilizes a flexible, fact-specific approach that
18 acknowledges the wide range of reasons why deferred accounting might be beneficial to
19 customers.”²

20 NW Natural supports the increased annual fee and believes the additional funding to the
21 Commission will benefit its customers. However, the increase in the 2016 annual fee will not be
22 captured by the Company’s rates and would require the Company to bear this increase, but for

¹ *In re Matter Public Utility Commission of Oregon Staff Request to Open Investigation Related to Deferred Accounting*, Docket UM 1147, Order No. 05-1070 at 2 (October 5, 2005).

² *In re Matter Public Utility Commission of Oregon Staff Request to Open Investigation Related to Deferred Accounting*, Docket UM 1147, Order No. 05-1070 at 5 (October 5, 2005).

1 a deferral application or filing a new rate case. While the amounts deferred may not be
2 significant, NW Natural seeks authorization to defer these costs because the increase in annual
3 fees is not a regularly scheduled event, which makes planning for the fee increase difficult to
4 align with ordinary rate case planning, and because it seems to be an appropriate policy to
5 provide for a pass through of the OPUC fee. For this reason, NW Natural respectfully requests
6 to recover the incremental costs through deferred accounting.

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

8 Beginning on March 23, 2016, and ending twelve months from this date, NW Natural
9 proposes to account for the costs associated with the incremental increase in the annual
10 OPUC fee by recording the deferral in Account 186236. In the absence of approval of
11 deferred accounting, NW Natural would record the amounts in account 503800, an “other tax”
12 account affecting the Company’s income statement and balance sheet.

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

14 NW Natural estimates that around \$163,000 will be recorded in the deferred account for
15 the 12-month period subsequent to this Application.

16 **H. Requirement per Commission Order No. 09-263**

17 Pursuant to Commission Order No. 09-263, issued in Docket UM-1286, NW Natural is
18 required to provide a completed Summary Sheet, the location in the PGA filing of the backup
19 workpapers, and an account map that highlights the transfer of dollars from one account to
20 another. The Summary Sheet will be included in the 2016 PGA filing work papers and in the
21 electronic file entitled "Proposed Temps Oregon 2016-17 PGA filing.xls.”

22
23 **I. Notice – OAR 800-027-0300(3)(e).**

24 A notice of this Application has been served on the all parties who participated in the
25 Company’s most recent general rate case, UG 221, and is attached to this Application.

1 NW Natural respectfully requests that the Commission issue an order authorizing the
2 Company to defer the costs described in the Application.

3 Date this 23rd day of March 2016.

4 Respectfully Submitted,

5 NW NATURAL

6 */s/ Mark R. Thompson*

7 Mark R. Thompson

8 Manager, Rates & Regulatory Affairs



March 23, 2016

**NOTICE OF APPLICATION FOR AUTHORIZATION
FOR DEFERRAL OF INCREASE IN ANNUAL OPUC FEE**

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 authorization to defer an increase to its annual OPUC Fee. 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 that participated in the Company's most recent 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: Kyle Walker, CPA
220 NW Second Avenue
Portland, Oregon 97209-3991
Telephone: (503) 226-4211 ext 5858

Public Utility Commission of Oregon
Attn: Judy Johnson
201 High Street SE, Suite 100
PO Box 1088
Salem, Oregon 97308-1088
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.

* * * * *



CERTIFICATE OF SERVICE

I hereby certify that I have this day served by electronic mail the foregoing NOTICE OF APPLICATION FOR AUTHORIZATION TO DEFER INCREASE IN ANNUAL OPUC FEE upon all parties of record in docket UG 221, which is the Company's most recent general rate case.

UG 221

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DATED at Portland, Oregon, this 23rd day of March 2016.

/s/ Mark R. Thompson
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