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December 15, 2017

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: NW Natural's Application for an Accounting Order – North Mist

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), hereby files an application for an accounting order associated with NW Natural’s Schedule 90 approved by the Public Utility Commission of Oregon on October 14, 2014.

The Company respectfully requests that the application for an accounting order filed herein be approved by the Commission, and if deemed necessary by the Commission that a hearing be scheduled, in accordance with ORS 757.210.

In accordance with ORS 757.205, copies of this letter and the filing made herewith are available in the Company’s main office in Portland, Oregon and on its website at www.nwnatural.com.

Please address correspondence on this matter to me with copies to:

NW Natural
eFiling for Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, ext. 3589
eFiling@nwnatural.com

Respectfully submitted,

/s/ Zachary D. Kravitz

Zachary D. Kravitz
Associate Counsel

Attachment

UM-___ - NW Natural’s Application for an Accounting Order – North Mist

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of
NORTHWEST NATURAL GAS
COMPANY, dba, NW NATURAL
Application for Accounting Order
Regarding North Mist

APPLICATION

1 Pursuant to Sections 757.120 and 757.125 the Oregon Revised Statutes, Northwest
2 Natural Gas Company (“NW Natural” or “Company”) hereby submits this Application with the
3 Public Utility Commission of Oregon (“Commission”) for an Order authorizing the Company to
4 record as Capital Expenditures for the North Mist Service for Portland General Electric
5 Company (“PGE”) an amount allocated as overhead costs, and to record an equal and offsetting
6 amount to a deferred liability account, which will be used to generate a credit amount to all
7 Oregon customers.

I. INTRODUCTION

8 On October 14, 2014, the Commission approved Rate Schedule 90, through which NW
9 Natural is authorized to provide a no-notice gas storage service to customers that are able to
10 connect their facilities with a “Non-Core” Mist storage facility (*i.e.* a storage facility that is
11 developed for the purposes of providing Schedule 90 service, and not one that is for providing
12 service to NW Natural’s general, or “core” customers). Because at the time of the
13 Commission’s approval, PGE and NW Natural had begun working toward PGE becoming NW
14

1 Natural's first Rate Schedule 90 customer (through the development of the North Mist project),
2 the arrangement between NW Natural and PGE was also reviewed by Staff as part of its
3 investigation into Rate Schedule 90, and by the other parties involved in the proceeding.

4 As part of its North Mist storage project being built to serve PGE, it was recognized that
5 there may be indirect costs, or construction overheads, that are incurred by NW Natural that
6 benefit the project. Consistent with other construction projects that are pursued by the
7 Company, overheads are applied that represent an allocation of indirect costs related to
8 construction activities.

9 NW Natural and PGE agreed that one percent of all direct project costs would represent
10 an appropriate allocation of construction overheads. Absent special treatment, the effect of the
11 allocation would be to lower the amount of overheads applied to other utility projects during the
12 same construction timeframe, and the lower cost of related assets would benefit ratepayers over
13 the course of the assets' useful lives through lower depreciation and financing costs. As an
14 alternative, instead of the longer-term benefit of decreased asset costs, current ratepayers could
15 recognize the entire benefit immediately if a credit to them was made, representing the return to
16 them of utility overhead that was allocated to the North Mist project. Through discussions with
17 parties to the Commission's review of Rate Schedule 90, NW Natural agreed to take this latter
18 approach of providing a credit. This accounting order is related to that credit, and was
19 anticipated at the time of the agreement.

20 II. BACKGROUND

21 In the Staff Report recommending the approval of the Company's Advice No. 14-7
22 (Schedules 90 and 91), it is recognized that overhead costs assigned to the project would
23 produce a benefit to other ratepayers, as described on page 6 of the report:

1 **V. COMMUNICATIONS**

2 Communications regarding this Application should be addressed to:

3 NW Natural
4 e-Filing for Regulatory Affairs
5 220 NW Second Avenue
6 Portland, Oregon 97209-3991
7 Telephone: (503) 226-4211, ext. 3589
8 Facsimile: (503) 721-2516
9 Email: eFiling@nwnatural.com
10

11 And

12 Zachary D. Kravitz
13 Associate Counsel
14 220 NW Second Avenue
15 Portland, Oregon 97209-3991
16 Phone: (503) 220-2379
17 Email: zdk@nwnatural.com

18 Dated this 15th day of December 2017.

Respectfully submitted,

/s/ Zachary D. Kravitz

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