

MARK R. THOMPSON
Manager, Rates and Regulatory Affairs
Tel: 503.721-2476
Fax: 503.721.2516
email: Mark.Thompson@nwnatural.com



June 24, 2016

VIA ELECTRONIC FILING

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

RE: UM 1101 - Application for Reauthorization for Deferred Accounting of Intervenor Funding Grants

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), hereby electronically files the above-referenced Application for Reauthorization for Deferred Accounting of Intervenor Funding Grants.

A notice concerning this application will be sent to all parties who participated in the Company's most recently completed general rate case, UG 221. A copy of the notice is part of the enclosed application.

If you have any questions, please call Kyle Walker at (503) 226.4211, ext. 5858.

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson
Manager, Regulatory Affairs

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

DOCKET NO. UM 1101

In the Matter of the Application of
NORTHWEST NATURAL GAS COMPANY,
dba NW NATURAL, for reauthorization to defer
expenses for Intervenor Funding Grants.

**APPLICATION OF
NW NATURAL**

In accordance with ORS 757.259 and OAR 860-027-0300, Northwest Natural Gas Company (“NW Natural” or the “Company”) files this application with the Public Utility Commission of Oregon (the “Commission”) requesting an order re-authorizing the Company to record and defer the cost of intervenor funding grants provided to qualifying organizations pursuant to the provisions of ORS 757.259(3), as amended by Oregon Laws 2003, chapter 234 (“Intervenor Funding Grants”) for future amortization in rates. This request is for the period July 1, 2016, through June 30, 2017.

In support of this Application, NW Natural states:

1. NW Natural

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

2. Statutory Authority

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

3. Communications

NW Natural hereby waives paper service in this docket. Please direct communications regarding this Application to:

Kyle Walker, CPA
Rates/Regulatory Analyst NW Natural
220 NW Second Avenue
Portland, OR 97209-3991
Telephone: (503) 226-4211 x5858
Facsimile: (503) 721-2516
E-mail: kyle.walker@nwnatural.com

and

eFiling
Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, OR 97209-3991
E-mail: eFiling@nwnatural.com

4. Basis for Application

Statutory Authority

On June 6, 2003, the Governor signed Oregon Laws 2003, chapter 234 (formerly known as Senate Bill 205, the "Intervenor Funding Act") into law (ORS 757.259). Section 2 of the Intervenor Funding Act authorizes the Commission to approve written agreements for intervenor funding grants between electric and natural gas utilities and qualifying organizations representing broad customer interests. Such grants would be used by these qualifying organizations when participating in certain types of regulatory proceedings before the Commission. Section 2 of the Intervenor Funding Act also authorizes the Commission to establish rules with respect to funding agreements for determining which organizations are eligible for financial assistance, the amount of assistance that may be provided, the manner in which assistance will be distributed, and other necessary administrative matters.

Moreover, Section 2 of the Intervenor Funding Act provides:

“The commission shall allow a public utility that provides financial assistance under this section to recover the amounts so provided in rates. The commission shall allow a public utility to defer inclusion of those amounts in rates as provided in ORS 757.259 if the public utility so elects.”

ORS 757.259(3), as amended by section 3 of the Intervenor Funding Act, provides:

“Upon request of the public utility, the commission by order shall allow deferral of amounts provided as financial assistance under an agreement entered into under section 2 of this 2003 Act for later incorporation in rates.”

Additionally, the Company notes that deferred amounts under ORS 757.259(3) are not subject to the percentage of gross revenues limitation on amortization or other provisions of subsections (5), (6), (7), and (8) of the amended section.

Commission Approval of the Intervenor Funding Agreement, the First, Second, and Third Amended and Restated Intervenor Funding Agreement.

On July, 2, 2003, pursuant to Section 2 of the Intervenor Funding Act, the Commission issued Order No. 03-388, which, among other things, approved the Intervenor Funding Agreement among NW Natural, Portland General Electric, PacifiCorp, Cascade Natural Gas Corporation, Avista Corporation, Industrial Customers of Northwest Utilities (“ICNU”), Citizens’ Utility Board (“CUB”), Northwest Industrial Gas Users (“NWIGU”) (collectively referred to hereafter as “Joint Parties”), dated February 5, 2003. The Intervenor Funding Agreement set forth the amount of funding to be contributed by each utility and the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities.

In its subsequent Order No. 03-405, the Commission directed the utilities to pay CUB the amount made available for the CUB Fund Grants as defined and provided for in the Intervenor Funding Agreement. Express Commission approval for payment was necessitated by Section

7.1 of the Intervenor Funding Agreement, which provides that “upon request by CUB, the Commission will direct the Participating Public Utilities to pay the amounts made available for the CUB Fund.”

On December 29, 2007, the Commission issued Order No. 07-564, which approved amendments to the Intervenor Funding Agreement previously approved in Order No. 03-388. In 2012, Joint Parties executed a Second Amended and Restated Intervenor Funding Agreement which the Commission approved in Order No. 12-452. This Second Amended and Restated Intervenor Funding Agreement, effective January 1, 2013, through December 31, 2017, increased the CUB Fund, the Preauthorized Matching Fund, and the Issues Fund by 15% above the levels allowed in prior years. The Commission approved the Third Amended and Restated Intervenor Funding Agreement, effective August 1, 2015 through December 31, 2017, in Order No. 15-535. The amended Intervenor Funding Agreement increased the Issue Fund amount for NW Natural and for Avista Utilities. NW Natural’s Issue Fund amount was changed from \$66,125 to \$143,750.

5. OAR 860-027-0300(3)(a) - Description of Utility Expense for which deferred accounting is requested.

In accordance with the statutory authority provided by ORS 757.259(3), as amended, and the Commission’s approval of the Third Amended and Restated Intervenor Funding Agreement, NW Natural proposes to record and defer the amount of its payment to CUB as directed by Commission Order No.15-535. The request is pursuant to the terms of the Third Amended and Restated Intervenor Funding Agreement (Agreement), approved by the Commission in Order No. 15-535. Additionally, the Company proposes to record and defer, on an ongoing basis, any and all Intervenor Funding Grants as defined and provided for in the Third Amended and Reinstated Intervenor Funding Agreement, for later incorporation in rates. The Company will record and defer these ongoing costs upon payment of the Intervenor Funding Grants following the Commission’s approval of the Intervenor Funding Grant and

issuance of an Order directing the Company to make payment, pursuant to the Third Amended and Restated Intervenor Funding Agreement.

6. OAR 860-027-0300(3)(b) The reason deferred accounting is being requested.

This request is made in accordance with ORS 757.259(3) that allows for the deferral of Intervenor funds, and Commission Order No. 15-535 in Docket No. UM 1357 which directs NW Natural to pay to CUB the amounts made available for the CUB Fund Grants as defined and provided for in the Third Amended and Restated Intervenor Funding Agreement (\$66,125 for NW Natural).

7. OAR 860-027-0300(3)(c) The account proposed for recording the amounts in the absence of deferred accounting.

NW Natural proposes to record payment of Intervenor Funding Grants in a subaccount of Account 186. In the absence of the Commission’s approval of this Application, the Company would not incur the cost of Intervenor Funding Grants. Were such costs incurred, however, they would be recorded in an appropriate sub-account of FERC Account 401.

8. OAR 860-027-0300(3)(d) Amounts Subject to Deferral

Under the current agreement, the maximum amounts to be deferred during the 12-month period subsequent to the Application are:

	<u>Fund</u>	
CUB Fund		\$ 66,125
Preauthorized Matching Fund		\$ 66,125
Issue Fund		<u>\$ 143,750</u>
Total		<u><u>\$ 276,000</u></u>

9. OAR 860-027-0300(4)(a) A description and explanation of the entries in the deferred account to date of the application for reauthorization.

Attached as Exhibit A to this application are work papers detailing the amounts deferred to-date under UM 1101.

10. Requirements per Commission Order No. 09-263

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

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

Exhibit A provides the Summary Sheets which show the amounts deferred. Exhibit A will be included in the 2016 PGA filing work papers and in the electronic file entitled "Proposed Temps Oregon 2016-17 PGA filing.xls."

b. The effective date of the deferral

This application is for the 12-month period beginning July 1, 2016 and ending June 30, 2017.

c. Prior year Order Number approving the deferral

Approval to defer costs associated with intervenor funding was last granted under Commission Order No. 15-338.

d. The amount deferred last year.

	Issue Fund	CUB Fund	NWIGU Fund
	<u>Acct 186284</u>	<u>Acct 186276</u>	<u>Acct 186278</u>
Deferred amounts July 1, 2015 through May 31, 2016	\$103,453	\$66,125	\$7,204

e. The amount amortized last year.

	CUB Fund	NWIGU Fund
	<u>Acct 186286</u>	<u>Acct 186288</u>
Amortized amounts November 1, 2015 through May 31, 2016 with interest	\$86,850	\$28,999

f. The interest rate that will apply to the accounts

While the Company does not currently accrue interest on balances deferred for intervenor funding, the Company is authorized to include carrying costs in accordance with Section 7.9 of the Second Amended and Restated Agreement included as attachment A to Commission Order No. Order No. 12-452.

g. An estimate of the upcoming PGA-period deferral and / or amortization

The Company estimates that it will defer, and ultimately seek to amortize up to \$276,000.

WHEREFORE, NW Natural respectfully requests that in accordance with ORS 757.259(3), as amended, the Commission authorize the Company to record and defer, on an ongoing basis and commencing as of the date of this filing, Intervenor Funding Grants incurred by the Company pursuant to the Intervenor Funding Agreement, as described in this Application.

DATED this 24th day of June 2016.

/s/ Mark R. Thompson

Mark R. Thompson
Manager, Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, Oregon 97209
Phone: (503) 721-2476
Facsimile: (503) 721-2516
Email: mark.thompson@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Intervenor Funding - ISSUE FUND
 Account Number: 186284
 Docket UM 1101
 Last order for deferral reauthorization was Order No. 15-338

Exhibit A

1	Debit (Credit)										
2											
3											
4	Month/Year	Note	Deferral-CUB	Deferral-NWIGU	Transfers-CUB	Transfers-NWIGU	Interest	Activity	Balance-CUB	Balance-NWIGU	Balance Grand Total
5	(a)	(b)	(c1)	(c2)	(d1)	(d2)	(e)	(f)	(g1)	(g2)	(gtotal)
6											
7	Beginning Balance										
90	Oct-13	2		20,000				20,000	32,390	65,028	97,418
91	Nov-13	3				(32,390)	(45,028)	(77,418)	0	20,000	20,000
92	Dec-13							0	0	20,000	20,000
93	Jan-14	2	8,333					8,333	8,333	20,000	28,333
94	Feb-14							0	8,333	20,000	28,333
95	Mar-14							0	8,333	20,000	28,333
96	Apr-14	2		6,786				6,786	8,333	26,786	35,119
97	May-14	2	8,333					8,333	16,666	26,786	43,452
98	Jun-14							0	16,666	26,786	43,452
99	Jul-14							0	16,666	26,786	43,452
100	Aug-14	2	15,000					15,000	31,666	26,786	58,452
101	Sep-14	2	9,939					9,939	41,605	26,786	68,391
102	Oct-14							0	41,605	26,786	68,391
103	Nov-14	2			(16,666)	(26,786)		(43,452)	24,939	0	24,939
104	Dec-14							0	24,939	0	24,939
105	Jan-15	1		29,546				29,546	24,939	29,546	54,485
106	Feb-15							0	24,939	29,546	54,485
107	Mar-15							0	24,939	29,546	54,485
108	Apr-15							0	24,939	29,546	54,485
109	May-15							0	24,939	29,546	54,485
110	Jun-15			15,220				15,220	24,939	44,766	69,705
111	Jul-15							0	24,939	44,766	69,705
112	Aug-15			17,840				17,840	24,939	62,606	87,545
113	Sep-15							0	24,939	62,606	87,545
114	Oct-15			9,122				9,122	24,939	71,728	96,667.44
115	Nov-15				(24,939.41)	(44,765.73)		(69,705)	0	26,962	26,962.30
116	Dec-15		39,000					39,000	39,000	26,962	65,962.30
117	Jan-16			13,760				13,760	39,000	40,722	79,722.30
118	Feb-16							0	39,000	40,722	79,722.30
119	Mar-16			23,731				23,731	39,000	64,453	103,453.46
120	Apr-16							0	39,000	64,453	103,453.46
121	May-16							0	39,000	64,453	103,453.46

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of CUB Intervenor Funding
 Account Number: 186276
 Docket UM 1101
 Last order for deferral reauthorization was Order No. 15-338

Exhibit A

1	Debit	(Credit)					
2							
3							
4	Month/Year	Note	Deferral	Transfers	Interest (1)	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)
6							
7	Beginning Balance						
103	Nov-14	3	0	(66,125)		(66,125)	0
104	Dec-14		0	0		0	0
105	Jan-15	2	66,125			66,125	66,125
106	Feb-15		0			0	66,125
107	Mar-15		0			0	66,125
108	Apr-15		0			0	66,125
109	May-15		0			0	66,125
110	Jun-15		0			0	66,125
111	Jul-15		0			0	66,125
112	Aug-15		0			0	66,125
113	Sep-15		0			0	66,125
114	Oct-15		0			0	66,125.00
115	Nov-15		0	(66,125)		(66,125)	0.00
116	Dec-15		0			0	0.00
117	Jan-16		66,125			66,125	66,125.00
118	Feb-16		0			0	66,125.00
119	Mar-16		0			0	66,125.00
120	Apr-16		0			0	66,125.00
121	May-16		0			0	66,125.00

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of CUB Intervenor Funding
 Account Number: 186286
 Dockets UM 1101 and UG 292
 Amortization of 2014 deferral approved in Order 15-333 of UG 292

Exhibit A

1	Debit	(Credit)						
2								
3						Interest		
4	Month/Year	Note	Amortization	Transfers	Interest	rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
7	Beginning Balance							
124	Nov-15	old rates	(2,306)		24	1.77%	(2,282)	15,191.07
125	Nov-15	new rates (1)	(4,545)	106,284.41	167	1.93%	101,906	117,097.52
126	Dec-15		(19,028)		173	1.93%	(18,855)	98,242.37
127	Jan-16		(22,471)		140	1.93%	(22,331)	75,911.64
128	Feb-16		(14,707)		110	1.93%	(14,596)	61,315.32
129	Mar-16		(12,707)		88	1.93%	(12,619)	48,696.25
130	Apr-16		(8,911)		71	1.93%	(8,839)	39,856.87
131	May-16		(5,291)		60	1.93%	(5,231)	34,625.76

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of NWIGU Intervenor Funding
 Account Number: 186278
 Docket UM 1101
 Last order for deferral reauthorization was Order No. 15-338

Exhibit A

1	Debit	(Credit)					
2							
3							
4	Month/Year	Note	Deferral	Transfers	Interest (1)	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)
6							
7	Beginning Balance						
103	Nov-14	3	0	(8,014)		(8,014)	0
104	Dec-14		0			0	0
105	Jan-15	2	18,633			18,633	18,633
106	Feb-15		0			0	18,633
107	Mar-15		0			0	18,633
108	Apr-15		0			0	18,633
109	May-15		0			0	18,633
110	Jun-15		0			0	18,633
111	Jul-15		0			0	18,633
112	Aug-15		0			0	18,633
113	Sep-15		0			0	18,633
114	Oct-15		0			0	18,632.98
115	Nov-15		0	(18,633)		(18,633)	0.00
116	Dec-15		0			0	0.00
117	Jan-16		0			0	0.00
118	Feb-16		0			0	0.00
119	Mar-16		7,204			7,204	7,204.30
120	Apr-16		0			0	7,204.30
121	May-16		0			0	7,204.30

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of NWIGU Intervenor Funding
 Account Number: 186288
 Dockets UM 1101 and UG 276
 Amortization of 2013 deferral approved in Order 15-333 of UG 292

Exhibit A

1	Debit	(Credit)						
2								
3						Interest		
4	Month/Year	Note	Amortization	Transfers	Interest	rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(e2)	(f)	(g)
6								
7	Beginning Balance							
95	Nov-14	old rates	(282)		3	1.38%	(280)	2,113
96	Nov-14	new rates (2)	(2,903)	34,800	49	1.77%	31,945	34,058
97	Dec-14		(3,141)		48	1.77%	(3,093)	30,965
98	Jan-15		(3,151)		43	1.77%	(3,107)	27,857
99	Feb-15		(2,806)		39	1.77%	(2,767)	25,090
100	Mar-15		(2,904)		35	1.77%	(2,869)	22,221
101	Apr-15		(2,906)		31	1.77%	(2,875)	19,346
102	May-15		(2,751)	(0)	27	1.77%	(2,725)	16,621
103	Jun-15		(2,557)		23	1.77%	(2,535)	14,086
104	Jul-15		(2,538)		19	1.77%	(2,519)	11,567
105	Aug-15		(2,548)		15	1.77%	(2,533)	9,034
106	Sep-15		(2,607)		11	1.77%	(2,595)	6,439
107	Oct-15		(2,854)		7	1.77%	(2,846)	3,592.97
108	Nov-15	old rates	(99)		5	1.77%	(93)	3,499.50
109	Nov-15	new rates (1)	(3,987)	48,179	74	1.93%	44,266	47,766
110	Dec-15		(4,514)		73	1.93%	(4,441)	43,324.36
111	Jan-16		(4,710)		66	1.93%	(4,644)	38,680.28
112	Feb-16		(4,089)		59	1.93%	(4,030)	34,650.52
113	Mar-16		(4,231)		52	1.93%	(4,179)	30,471.41
114	Apr-16		(3,888)		46	1.93%	(3,842)	26,629.39
115	May-16		(3,990)		40	1.93%	(3,950)	22,679.46



June 24, 2016

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO
DEFER INTERVENOR COSTS
UM 1101**

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 defer Intervenor Costs, 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 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
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 July 19, 2016. 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 the foregoing NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING ORDER FOR INTERVENOR COSTS, upon all parties of record in the UG 221 proceeding, which is the Company's most recent general rate case, by electronic mail.

OPUC DOCKETS **W**
CITIZENS' UTILITY BOARD OF OREGON
dockets@oregoncub.org

ROBERT JENKS **W**
CITIZENS' UTILITY BOARD OF OREGON
bob@oregoncub.org

LISA F RACKNER **W**
MCDOWELL RACKNER & GIBSON PC
dockets@mrg-law.com

CHAD M. STOKES **W**
CABLE HUSTON BENEDICT
HAAGENSEN & LLOYD LLP
cstokes@cablehuston.com

TOMMY BROOKS **W**
CABLE HUSTON BENEDICT
HAAGENSEN & LLOYD LLP
tbrooks@cablehuston.com

EDWARD FINKLEA **W**
NORTHWEST INDUSTRIAL GAS USERS
efinklea@nwigu.org

JASON W. JONES **W**
PUC STAFF-DEPARTMENT OF
JUSTICE
jason.w.jones@state.or.us

KEITH KUENY **W**
COMMUNITY ACTION PARTNERSHIP
OF OREGON
keith@caporegon.org

WENDY GERLITZ **W**
NW ENERGY COALITION
wendy@nwenergy.org

JUDY JOHNSON **W**
PUBLIC UTILITY COMMISSION
judy.johnson@state.or.us

TERESA HAGINS **W**
NORTHWEST PIPELINE GP
teresa.l.hagins@williams.com

STEWART MERRICK **W**
NORTHWEST PIPELINE GP
stewart.merrick@williams.com

RANDY DAHLGREN **W**
PORTLAND GENERAL ELECTRIC
pge.opuc.filings@pgn.com

DOUGLAS C TINGEY **W**
PORTLAND GENERAL ELECTRIC
doug.tingey@pgn.com

DATED at Portland, Oregon, this 24th day of June 2016.

/s/ Onita R. King
Onita R. King
Rates & Regulatory Affairs
NW NATURAL
220 NW Second Avenue
Portland, Oregon 97209-3991
1.503.721.2452
ork@nwnatural.com