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March 22, 2017

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: UM 1766 - Application for Reauthorization for Deferred Accounting of Increase in NW Natural's Annual Regulatory Fee

In accordance with ORS 757.259 and OAR 860-027-0300, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), files herewith an Application for Reauthorization to use deferred accounting for the Commission's increase in the NW Natural's annual regulatory 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 part of the enclosed Application.

Please contact me if you have any questions or require further information.

Sincerely,

/s/ Zachary D. Kravitz

Zachary D. Kravitz
Associate Counsel

Enclosures

1 0.275 percent regulatory fee, including the deferral that represented the 0.025
2 difference between the amount for the annual fee that was included in the
3 Company's last general rate case and the newly established fee in March 2016.

4 On February 22, 2017, in Commission Order No. 17-065, the Commission
5 increased the fee from 0.275 percent to 0.3 percent. As a result of the increase,
6 NW Natural requests in this reauthorization to continue deferring the amount for
7 annual fees not captured in our last general rate case, and increasing that amount
8 by .025 percent, representing the increase approved by the Commission in Order
9 No. 17-065.

10 **II. DEFERRED ACCOUNTING RULE REQUIREMENTS**

11 The following information is provided pursuant to the requirements set
12 forth in OAR 860-027-0300(3) and (4), and Commission Order No. 09-263.

13 **A. Description of Utility Expense – OAR 860-27-0300(3)(a)**

14 In this Application, the Company is requesting to defer the costs that
15 represent the difference in the regulatory fee currently embedded in rates and the
16 new regulatory fee established in Order No. 17-065. Specifically, NW Natural
17 requests to defer 0.05 percent of the 0.3 percent annual fee that is not currently
18 captured in rates.

19 **B. Reasons for Deferral – OAR 860-027-0300(3)(b)**

20 ORS 757.259(2)(e) allows the deferral of utility expenses where necessary
21 to minimize the frequency of rate changes or the fluctuation of rate levels or to
22 match appropriately the costs borne by and benefits received by ratepayers. The
23 Company requests deferral of the costs associated with the incremental increase

1 of the regulatory fee. NW Natural does not seek to defer the costs associated
2 with the annual fee that have already been included in rates, and only seeks to
3 defer the incremental costs, until such time as the increased fee amount can be
4 included in NW Natural's established rates. While the amounts deferred may not
5 be significant, NW Natural seeks this reauthorization because the 2016 increase
6 and the subsequent 2017 increase to the annual fee are not regularly scheduled
7 events, which makes planning for the fee increase difficult to align with ordinary
8 rate case planning. For this reason, the Company respectfully requests the
9 reauthorization to defer the incremental costs of the annual fee.

10 **C. Proposed Accounting – OAR 860-027-0300(3)(c)**

11 NW Natural proposed to account for the deferred expenses related to
12 the regulatory fee by recording the deferral in a sub-account of Account 186
13 (Defer PUC Fee). In the absence of deferred accounting, the Company would
14 record the incremental increase in expenses in the appropriate sub-account of
15 FERC Account 909.

16 **D. Estimate of Amounts – OAR 860-027-0300(3)(d)**

17 The Company estimates the amount to be recorded in the deferred
18 account for the 12-month period beginning March 23, 2017, through March 22,
19 2018, to be approximately \$283,825.

20 **E. Descriptions of Entries Deferred under UM 1766 – OAR 860-027-
21 0300(4)(a)**

22 The entries being deferred make up the incremental difference in the
23 regulatory fee currently embedded in rates and the new regulatory fee in Order

1 No. 16-154 of 0.3 percent.

2 **F. Reason for Continued Deferral – OAR 860-027-0300(4)(b)**

3 The deferral is forecasted to continue until the Company files a general
4 rate case to include the new regulatory fee in revenue requirement. The
5 recovery of the incremental regulatory fee aligns the cost with the customers
6 who benefit from the governance the Commission provides.

7 **G. Requirements per Commission Order No. 09-263**

8 Below is the information required per Commission Order No. 09-263,
9 issued in Docket UM-1286, Staff's Investigation into Purchase Gas Adjustment
10 Mechanisms:

- 11 **1. A completed Summary Sheet, the location in the PGA filing, and**
12 **an account map that highlights the transfer of dollars from one**
13 **account to another.**

14 The Summary Sheet will be included in the 2017 PGA filing work
15 papers and in the electronic file entitled "Proposed Temps Oregon
16 2017-18 PGA filing.xlsx."

- 17 **2. The effective date of the deferral.**

18 This application is for the 12-month period beginning March 23rd, 2017,
19 and ending March 22nd, 2018.

- 20 **3. Prior year Order Number approving the deferral.**

21 Approval to defer costs associated with the incremental regulatory fee
22 was last granted under Commission Order No. 16-154.

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1 **4. The amount deferred last year.**

2 \$170,894 was deferred during the last deferral year of March 23rd,
3 2016, through March 22nd, 2017. This amount includes \$7,559 of
4 interest.

5 **5. The amount amortized last year.**

6 \$30,971 was amortized in rates November 1, 2016 through December
7 31, 2016.

8 **6. The interest rate that will apply to the accounts.**

9 The interest rate for deferral accounts is 7.778%.

10 **7. An estimate of the upcoming PGA-period deferral and/or**
11 **amortization.**

12 In the 2017 PGA filing, the Company estimates that it will seek to defer
13 \$283,825 and amortize \$76,317.

14 **H. Notice**

15 A Notice of this Application has been served on all the parties who
16 participated in the Company's most recent general rate case, UG 221 and is
17 attached to this Application.

18 **I. Communications**

19 NW Natural hereby waives service by means other than service by
20 electronic mail. Consistent with that waiver, communications regarding this
21 Application should be addressed to all of the following:

22

1 e-Filing
2 NW Natural Rates & 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 Zachary D. Kravitz (OSB# 152870)
10 Associate Counsel
11 220 NW Second Avenue
12 Portland, Oregon 97209-3991
13 Phone: (503) 220-2379
14 Email: zdk@nwnatural.com;

15
16 and

17 Kyle Walker, CPA
18 Rates & Regulatory Affairs
19 220 NW Second Avenue
20 Portland, Oregon 97209-3991
21 Phone: (503) 226-4211 Ext. 5858
22 Email: Kyle.Walker@nwnatural.com
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1 **III. CONCLUSION**

2 NW Natural respectfully requests that, in accordance with ORS 757.259,
3 the Commission reauthorize the Company to defer the expenses described in
4 this Application.

5 Date this 22nd day of March 2017.

6 Respectfully Submitted,

7 NW NATURAL

8 /s/ Kyle Walker, CPA

9 Kyle Walker, CPA
10 Rates/Regulatory Analyst
11

12
13 /s/ Zachary D. Kravitz

14 Zachary D. Kravitz (OSB# 152870)
15 Associate Counsel
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17 Portland, Oregon 97209-3991
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20



UM 1766

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO
DEFER ACCOUNTING FOR INCREASE IN ANNUAL REGULATORY FEE**

March 22, 2017

To All Parties Who Participated in UG 221:

Please be advised that on March 22, 2017 Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to defer accounting for increase in the annual OPUC regulatory fee. A copy of the Company's application is available for inspection at its main office or at the Public Utility of Oregon's ("Commission") eDocket website.

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 a Reauthorization of Deferral 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 Commission 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: Filing Center
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 by April 22, 2017. The granting of this Reauthorization of Deferral Application will not authorize a change in rates, but will permit the Company to defer amounts in rates to a subsequent proceeding.

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**CERTIFICATE OF SERVICE
UM 1766**

I hereby certify that on March 22, 2017, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER ACCOUNTING FOR THE INCREASE IN ANNUAL REGULATORY 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 March 22, 2017, Portland, OR.

/s/ Erica Lee
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