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April 16, 2018

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: UM 1919: Update to NW Natural's Deferral Application

As requested by the Staff of the Public Utility Commission of Oregon in its March 23, 2018 email to all energy utilities that filed deferral applications in response to the Federal Tax Cuts and Jobs Act ("TCJA"), Northwest Natural Gas Company ("NW Natural" or "Company") provides the following update to its deferral application filed on December 29, 2017 (the "Application").

NW Natural is currently recording a deferral of estimated excess revenue in 2018, based on the forecasted benefit of the lower federal corporate income tax rate provided in the TCJA, for the period from January 1 through October 31, 2018. To determine the net reduction to income tax expense from the TCJA, NW Natural is utilizing a results of operations report format to perform a "with" and "without" TCJA calculation. Based on our current projections, including some actual results, we estimate that the amount of the deferral for the period January 1, 2018 through October 31, 2018 is \$7.4 million. NW Natural's current request for a general rate revision will capture the effects of the TCJA in its new rates beginning on November 1, 2018.

We are also deferring the net benefits associated with the excess deferred tax balances recorded at the end of 2017. NW Natural looks forward to working with the parties in this docket, or potentially NW Natural's rate case, to determine the best course for customers to receive the benefit of the excess deferred taxes. Until such time that customers receive that benefit, they would continue to benefit from the lower rate base balance resulting from the excess deferred taxes.

If you have any questions about this update to the Application, please do not hesitate to contact me.

Sincerely,

NW NATURAL GAS COMPANY

/s/ Mark R. Thompson

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Director of Regulatory Affairs