

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 28, 2014

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  November 1, 2014

DATE: October 16, 2014

TO: Public Utility Commission

FROM: Erik Colville 

THROUGH: Jason Eisdorfer and Aster Adams  

SUBJECT: NORTHWEST NATURAL: (Docket No. UG 271/Advice No. 14-15)  
Revises Schedule 180, Special Rate Adjustment for Working Gas Inventory.

**STAFF RECOMMENDATION:**

Staff recommends that Northwest Natural's (NWN) request to revise Schedule 180 be approved with an effective date of November 1, 2014.

**DISCUSSION:**

The purpose of this filing is to request amortization of amounts relating to carrying costs on working gas inventory deferred since November 1, 2013. These requests are in accordance with the Stipulation adopted by the Commission in Order No. 13-349 (Docket No. UM 1651) signed on September 30, 2013.

The Stipulation in Order No. 13-349 states that beginning in the 2013-14 gas year<sup>1</sup> carrying costs on NWN's working gas inventory equal to \$4.5 million will be included in permanent base rates, until adjusted in a future rate proceeding. NWN has been recording the authorized deferrals in the appropriate account and is applying the appropriate rate of return on the deferrals to calculate the interest accruals. In this advice filing, the NWN is seeking to remove the temporary adjustment of \$4,695,154 which was effective November 1, 2013, and apply the new temporary adjustment of \$48,297 to be effective November 1, 2014.

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<sup>1</sup> A gas year begins November 1<sup>st</sup> and ends October 31<sup>st</sup> of the following calendar year.

The net effect of removing the temporary adjustments to rates effective November 1, 2013, and the application of the new temporary adjustments is to reduce NWN's annual revenue by \$4,743,451, or 0.71 percent.<sup>2</sup>

The amortizations in this filing are subject to the three percent test pursuant to ORS 757.259(6). The three percent test restricts total amortizations to be embedded in rates to three percent of the natural gas utility's gross revenues for the preceding calendar year. For an accounting of the combined effect on customer rates of NWN's proposed changes, including the overall results of the three percent test, please see Staff's Report on the Regular Agenda related to Docket No. UG 278/Advice No. 14-16, Attachment C.

Based on the information in the Company's filing, Staff recommends that the proposed rates go into effect.

**PROPOSED COMMISSION MOTION:**

NWN's tariff sheets in Docket No. UG 271/Advice No. 14-15 be allowed to go into effect on November 1, 2014.

NWN UG 271/Advice 14-15

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<sup>2</sup> The Staff Attachment B Schedule 180 entries are \$4,770,147 temporary adjustment removal, \$48,060 new temporary adjustment, and a resulting \$4,818,207 (0.72%) annual revenue reduction. The difference between Staff Attachment B and the filing results from Staff Attachment B using forecasted therms and existing rates while the filing uses actuals.