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July 31, 2015

NWN OPUC Advice No. 15-07 / UG _____
(UM 1420)

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: REQUEST FOR AMORTIZATION OF CERTAIN NON-GAS COST
DEFERRED ACCOUNTS RELATING TO:**

UM 1420: Industrial Demand Side Management

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith revisions to its Tariff, P.U.C. Or. 25, stated to become effective with service on and after November 1, 2015, as follows:

Third Revision of Sheet 188-1,
Schedule 188,
"Industrial Demand Side Management (DSM) Program Cost Recovery."

The purpose of this filing is to request amortization of amounts deferred under Docket UM 1420 for inclusion in rates effective November 1, 2015. The Company last adjusted rates for this purpose effective November 1, 2014.

The net effect of removing the temporary adjustment applied to rates effective November 1, 2014 and the application of the new temporary adjustment is to increase the Company's annual revenues by \$1,499,764, or 0.22%.

The monthly bill of the average industrial customer served under Rate Schedule 3 using 1,143 therms per month is an increase of about \$13.06. The monthly increase for the average industrial Rate Schedule 31 customer using 5,744 therms per month is about \$65.60, and the monthly increase for the average industrial Rate Schedule 32 firm sales customer using 21,272 therms per month is about \$242.92.

The proposed adjustment for the amortization of the Industrial DSM account is \$0.02636 per therm.

The number of customers affected by the proposed change is 596 industrial and 407 commercial customers; 278 Rate Schedule 3 customers, 199 Rate Schedule 31 customers, and 526 Rate Schedule 32 customers.

This filing is in compliance with ORS 757.259 (2003), which authorizes deferred utility expenses or revenues to be allowed (amortized) in rates to the extent authorized by the Commission in a proceeding to change rates. All of the deferrals included in this filing occurred with appropriate application by Commission authorization, as rate orders or under approved tariffs.

In accordance with ORS 757.259(3) (2003) and ORS 757.072 (2003), the amortization of amounts deferred under Docket UM 1420 is not subject to an earnings test.

In addition to the supporting materials submitted as part of this filing, the Company will separately submit work papers in electronic format, all of which are incorporated herein by reference.

The Company requests that the tariff sheets filed herewith be permitted to become effective with service on and after November 1, 2015.

Copies of this letter and the filing made herewith are available in the Company's main office in Oregon and on its website at www.nwnatural.com.

The Company waives paper service in this proceeding. Please address correspondence on this matter to Andrew Speer at Andrew.Speer@nwnatural.com, with copies to the following:

eFiling
Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, x3589
eFiling@nwnatural.com

Sincerely,

NW NATURAL

/s/ Onita R. King

Onita R. King
Rates & Regulatory Affairs

Attachments: Exhibit A – Supporting Materials

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Third Revision of Sheet 188-1
Cancels Second Revision of Sheet 188-1

SCHEDULE 188 INDUSTRIAL DEMAND SIDE MANAGEMENT (DSM) PROGRAM COST RECOVERY

PURPOSE:

This Schedule recovers the costs of the Company's Industrial Energy Efficiency Program offered under **Schedule 360** "Industrial Demand side Management (DSM) Programs."

APPLICABILITY:

This Schedule applies to Industrial Sales Service Customers taking service under **Rate Schedule 3**, **Rate Schedule 31**, or **Rate Schedule 32**, and to Commercial Sales Service Customers taking service under **Rate Schedule 32**.

Application To Rates:

Effective:

November 1, 2015

(T)

The Temporary Adjustments in the applicable Rate Schedules include the adjustment shown below. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

\$0.02636 per therm

(C)

GENERAL TERMS:

Service under this Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this, any other schedules that by their terms or by the terms of this Schedule apply to service under this Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

Issued July 31, 2015
NWN OPUC Advice No. 15-07

Effective with service on
and after November 1, 2015

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Non-Gas Cost Deferral Amortizations
UM 1420 Industrial DSM

NWN OPUC Advice No. 15-07 / UG _____

July 31, 2015

NW NATURAL

EXHIBIT A

Supporting Material

Non-Gas Cost Deferral Amortizations – UM 1420

Industrial DSM

NWN OPUC ADVICE NO. 15-07 / UG _____

Description	Page
Calculation of Increments Allocated on Equal Cent per Therm Basis	1
Basis for Revenue Related Costs	2
PGA Effects on Revenue	3
Summary of Deferred Accounts Included in the PGA	4
186232 Deferral of Industrial DSM Costs	5
186233 Amortization of Industrial DSM Costs	6

NW Natural
Rates & Regulatory Affairs
2015-16 PGA - Oregon: August Filing
Calculation of Increments Allocated on the EQUAL CENT PER THERM BASIS
ALL VOLUMES IN THERMS

			Industrial DSM		
Oregon PGA			Proposed Amount:	3,153,544 Temporary Increment	
Volumes page,			Revenue Sensitive Multiplier:	2.732% add revenue sensitive factor	
Column F			Amount to Amortize:	3,242,119 to C32 Sales and all I Sales	
Schedule	Block	A	Multiplier T	Volumes U	Increment V
2R		365,285,306	0.0	0	0.00000
3C Firm Sales		158,936,755	0.0	0	0.00000
3I Firm Sales		3,811,735	1.0	3,811,735	0.02636
27 Dry Out		700,552	0.0	0	0.00000
31C Firm Sales	Block 1	20,701,736	0.0	0	0.00000
	Block 2	15,317,497	0.0	0	0.00000
31C Firm Trans	Block 1	1,022,480	0.0	0	0.00000
	Block 2	1,238,213	0.0	0	0.00000
31I Firm Sales	Block 1	4,178,853	1.0	4,178,853	0.02636
	Block 2	9,536,789	1.0	9,536,789	0.02636
31I Firm Trans	Block 1	181,494	0.0	0	0.00000
	Block 2	680,650	0.0	0	0.00000
32C Firm Sales	Block 1	26,567,626	1.0	26,567,626	0.02636
	Block 2	7,804,067	1.0	7,804,067	0.02636
	Block 3	829,092	1.0	829,092	0.02636
	Block 4	20,793	1.0	20,793	0.02636
	Block 5	0	1.0	0	0.02636
	Block 6	0	1.0	0	0.02636
32I Firm Sales	Block 1	4,645,409	1.0	4,645,409	0.02636
	Block 2	5,152,955	1.0	5,152,955	0.02636
	Block 3	1,826,257	1.0	1,826,257	0.02636
	Block 4	627,963	1.0	627,963	0.02636
	Block 5	(0)	1.0	(0)	0.02636
	Block 6	0	1.0	0	0.02636
32 Firm Trans	Block 1	12,006,597	0.0	0	0.00000
	Block 2	16,315,496	0.0	0	0.00000
	Block 3	9,641,378	0.0	0	0.00000
	Block 4	16,134,178	0.0	0	0.00000
	Block 5	21,282,059	0.0	0	0.00000
	Block 6	1,920,752	0.0	0	0.00000
32C Interr Sales	Block 1	5,686,222	1.0	5,686,222	0.02636
	Block 2	7,563,208	1.0	7,563,208	0.02636
	Block 3	3,897,038	1.0	3,897,038	0.02636
	Block 4	4,445,365	1.0	4,445,365	0.02636
	Block 5	71,870	1.0	71,870	0.02636
	Block 6	0	1.0	0	0.02636
32I Interr Sales	Block 1	7,186,289	1.0	7,186,289	0.02636
	Block 2	8,946,142	1.0	8,946,142	0.02636
	Block 3	5,135,755	1.0	5,135,755	0.02636
	Block 4	10,445,179	1.0	10,445,179	0.02636
	Block 5	4,597,392	1.0	4,597,392	0.02636
	Block 6	1	1.0	1	0.02636
32 Interr Trans	Block 1	8,779,332	0.0	0	0.00000
	Block 2	15,689,249	0.0	0	0.00000
	Block 3	11,306,695	0.0	0	0.00000
	Block 4	28,429,084	0.0	0	0.00000
	Block 5	56,035,539	0.0	0	0.00000
	Block 6	78,278,646	0.0	0	0.00000
33		0	0.0	0	0.00000

56
 57 TOTALS 962,859,686 122,975,999 0.02636
 58

59 Sources for line 2 above:

60 Inputs page	Line 63
61	
62 Tariff Schedules	
63 Rate Adjustment Schedule	Sched 188

NW Natural
Rates and Regulatory Affairs
2015-2016 PGA Filing - OREGON
Basis for Revenue Related Costs

	Twelve Months Ended 06/30/15		
1			
2			
3	Total Billed Gas Sales Revenues	635,125,404	
4	Total Oregon Revenues	657,765,960	
5			
6	Regulatory Commission Fees [1]	1,697,120	0.250% Statutory rate
7	City License and Franchise Fees	15,291,561	2.325% Line 7 ÷ Line 4
8	Net Uncollectible Expense [2]	1,032,745	0.157% Line 8 ÷ Line 4
9		<u> </u>	<u> </u>
10	Total	<u>18,021,426</u>	<u>2.732%</u> Sum lines 8-9
11			
12			

13 **Note:**

14 [1] Dollar figure is set at statutory level of 0.25% times Total Oregon Revenues (line 4)

15 [2] Represents the normalized net write-offs based on a three-year average.

NW Natural
Rates & Regulatory Affairs
2015-2016 PGA Filing - Oregon: August Filing
PGA Effects on Revenue
Tariff Advice 15-7: Industrial DSM

	Including Revenue Sensitive Amount
1	
2 <u>Temporary Increments</u>	
3	
4 <u>Removal of Current Temporary Increments</u>	
5 Amortization of Industrial DSM	(\$1,742,355)
6	
7 <u>Addition of Proposed Temporary Increments</u>	
8 Amortization of Industrial DSM	3,242,119
9	
10	
11 TOTAL OF ALL COMPONENTS OF RATE CHANGES	\$1,499,764
12	
13	
14	
15 2014 Oregon Earnings Test Normalized Total Revenues	\$678,848,000
16	
17 Effect of this filing, as a percentage change (line 11 ÷ line 15)	0.22%

NW Natural
 Rates & Regulatory Affairs
 2015-2016 PGA Filing - August Filing
 Summary of Deferred Accounts Included in the PGA

Account A	Balance 6/30/2015 B	Adjustment C	Jul-Oct Estimated Activity D	Jul-Oct Interest E	Estimated Balance 10/31/2015 F F = sum B thru E	Interest Rate During Amortization G1	Estimated Interest During Amortization G2	Total Estimated Amount for (Refund) or Collection H H = F + G2	Amounts Excluded from PGA Filing I	Amounts Included in PGA Filing J Excl. Rev Sens
Miscellaneous Amortizations							1.93%			
23 186232 DEFER INDUSTRIAL DSM (Mar 14 - Feb 15 activity only)	3,226,086		0	0	3,226,086					
27 186233 AMOR INDUSTRIAL DSM	384,097		(490,299)	938	(105,264)					
28 Subtotal	3,610,183		(490,299)	938	3,120,822	1.93%	32,722	3,153,544		3,153,544

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Industrial DSM Costs
 Account Number: 186232
 Docket UM 1420
 2014-15 Deferral approved in Order 15-118

Debit (Credit)	Month/Year	Note	Deferral	Transfers	TOTAL Interest	Interest Rate	Activity	TOTAL Balance	Mar 14 - Feb 15 Balance	Mar 15 - Feb 16 Balance
	(a)	(b)	(c)	(d)	(e)	(e1)	(f)	(g)	(g6)	(g7)
Beginning Balance	Mar-14		0		0	7.78%	0	1,813,882		0
	Apr-14		1,024,352		3,321	7.78%	1,027,673	2,841,555	1,027,673	
	May-14		0		6,663	7.78%	6,663	2,848,218	1,034,335	
	Jun-14		0		6,706	7.78%	6,706	2,854,924	1,041,041	
	Jul-14		1,024,350		10,070	7.78%	1,034,420	3,889,344	2,075,461	
	Aug-14		0		13,456	7.78%	13,456	3,902,800	2,088,917	
	Sep-14		0		13,543	7.78%	13,543	3,916,343	2,102,460	
	Oct-14		1,024,350		16,952	7.78%	1,041,302	4,957,644	3,143,762	
	Nov-14	1	0	(1,813,882)	20,382	7.78%	(1,793,500)	3,164,144	3,164,144	
	Dec-14		0		20,514	7.78%	20,514	3,184,658	3,184,658	
	Jan-15		0		20,647	7.78%	20,647	3,205,305	3,205,305	
	Feb-15		0		20,781	7.78%	20,781	3,226,086	3,226,086	
	Mar-15		0		0	7.78%	0	3,226,086	3,226,086	0
	Apr-15		1,026,144		3,326	7.78%	1,029,470	4,255,557	3,226,086	1,029,470
	May-15		0		6,674	7.78%	6,674	4,262,231	3,226,086	1,036,145
	Jun-15		0		6,718	7.78%	6,718	4,268,949	3,226,086	1,042,862
	Jul-15		0		6,761	7.78%	6,761	4,275,710	3,226,086	1,049,624
	Aug-15		0		6,805	7.78%	6,805	4,282,515	3,226,086	1,056,429
	Sep-15		0		6,849	7.78%	6,849	4,289,364	3,226,086	1,063,278
	Oct-15		0		6,894	7.78%	6,894	4,296,258	3,226,086	1,070,172

History truncated for ease of viewing

NOTES

1 - Transfer February balance of prior year to 186233 Amort Industrial DSM for amortization (see note below)

Deferrals are authorized on a program year (Mar - Feb). The total balance is broken down into separate deferral years for convenience of review

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Industrial DSM Costs
 Account Number: 186233
 Dockets UM 1420 and UG 275
 Amortization of 2013-14 deferral approved in Order 14-380

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Debit	(Credit)	Month/Year	Note	Amortization	Transfers	TOTAL Interest	Interest Rate	Activity	TOTAL Balance					
(a)	(b)	(c)	(d)	(e)	(e1)	(f)	(g)							
Beginning Balance														
Oct-14		(140,072)				(132)	1.38%	(140,204)	(184,856)					
Nov-14 old rates		(28,081)				(229)	1.38%	(28,310)	(213,166)					
Nov-14 new rates	(1)	(130,382)	1,813,882	2,579	1.77%	1,686,080	1.77%	1,686,080	1,472,914					
Dec-14		(181,307)		2,039	1.77%	1,768	1.77%	(179,268)	1,293,646					
Jan-15		(189,368)		1,768	1.77%	1,513	1.77%	(187,599)	1,106,046					
Feb-15		(160,955)		1,513	1.77%	1,277	1.77%	(159,442)	946,604					
Mar-15		(161,518)		1,277	1.77%	1,045	1.77%	(160,241)	786,363					
Apr-15		(155,823)		831	1.77%	649	1.77%	(154,778)	631,585					
May-15		(135,727)		649	1.77%	486	1.77%	(134,896)	496,689					
Jun-15		(113,242)		486	1.77%	327	1.77%	(112,593)	384,097					
Jul-15 forecast		(109,426)		327	1.77%	163	1.77%	(108,940)	275,157					
Aug-15 forecast		(107,269)		163	1.77%	(38)	1.77%	(106,942)	168,214					
Sep-15 forecast		(114,815)			1.77%		1.77%	(114,652)	53,563					
Oct-15 forecast		(158,789)			1.77%		1.77%	(158,827)	(105,264)					

History truncated for ease of viewing

NOTES

1 - Transfer in authorized balance from account 186232 Deferral of Industrial DSM