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August 1, 2014

NWN OPUC Advice No. 14-12 / UG \_\_\_\_\_  
(UP 280; UP 287; UP 290)

**VIA ELECTRONIC FILING**

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

Attn: Filing Center

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

**UP 280: Sale of South Center Property**  
**UP 287: Sale of Tualatin Property**  
**UP 290: Sale of Central Property**

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith revisions to its Tariff, P.U.C. Or. 24, stated to become effective with service on and after November 1, 2014, as follows:

Second Revision of Sheet 178-1,  
Schedule 178,  
"Regulatory Rate Adjustment"; and

Second Revision Sheet 178-2,  
Schedule 178,  
"Regulatory Rate Adjustment (continued)."

The purpose of this filing is to request amortization of amounts under Docket UP 280, UP 287, and UP 290 for inclusion in rates effective November 1, 2014. The Company last adjusted rates for this purpose effective November 1, 2013.

The net effect of removing the temporary adjustment applied to rates effective November 1, 2013 and the application of the new temporary adjustment is to increase the Company's annual revenues by \$3,901,563, or about 0.58%.

The monthly bill of the average residential customer served under Rate Schedule 2 using 53 therms will increase by about \$0.39. The monthly increase for the average commercial Rate Schedule 3 customer using 232 therms per month is about \$1.20, and the monthly increase for the average industrial Schedule 32 firm sales customer using 19,285 therms is about \$30.66.

Because the rate adjustments are calculated on an equal-percentage-of-margin basis, the proposed adjustments vary by rate block and as such are too numerous to list here. A worksheet showing all of the rate adjustments can be found in Exhibit A to this filing.

The number of customers affected by the proposed change is 563,128 residential customers, 59,508 commercial customers, and 825 industrial 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.

For the purpose of recovering deferred balances as outlined in ORS 757.259, the required earnings review covering the period(s) during which the deferrals in this filing occurred was performed with Staff's review of the 2014 Annual Results of Operations review.

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, 2014.

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](http://www.nwnatural.com).

The Company waives paper service in this proceeding. Please address correspondence on this matter to me at [ork@nwnatural.com](mailto:ork@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](mailto:eFiling@nwnatural.com)

Cristan Kelley, Rate Analyst  
Rates & Regulatory Affairs  
NW Natural  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2516  
Telephone: (503) 226-4211, x3582  
[cristan.kelley@nwnatural.com](mailto:cristan.kelley@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

Second Revision of Sheet 178-1  
Cancels First Revision of Sheet 178-1

## SCHEDULE 178 REGULATORY RATE ADJUSTMENT

### **PURPOSE:**

To reflect the effects of various regulatory adjustments including costs associated with Commission fee and other miscellaneous non-reoccurring costs or credits.

### **APPLICABLE:**

To the following Rate Schedules of this Tariff:

Rate Schedule 2    Rate Schedule 27    Rate Schedule 32  
Rate Schedule 3    Rate Schedule 31    Rate Schedule 33

### **GENERAL TERMS:**

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, 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.

### **DESCRIPTION:**

The Total Adjustment is the net adjustment for the following:

#### Net Gain on Sale of Properties:

UP 280: Sale of South Center Property  
UP 287: Sale of Tualatin Property  
UP 290: Sale of Central Property

(D)

### **TERM:**

This adjustment rate shall be in effect through October 31, 2015, or such other date as the Commission may approve.

### **APPLICATION TO RATE SCHEDULES:**

**Effective: November 1, 2014**

(T)

The Total Adjustment amount shown below is included in the Temporary Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Schedule	Block	Total Adjustment
2		\$0.00018
3 CSF		\$0.00013
3 ISF		\$0.00011
27		\$0.00015
31 CSF	Block 1	\$0.00009
	Block 2	\$0.00009
31 CTF	Block 1	\$0.00010
	Block 2	\$0.00009

(C)

(C)

(continue to Sheet 178-2)

Issued August 1, 2014  
NWN OPUC Advice No. 14-12

Effective with service on  
and after November 1, 2014

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet 178-2  
Cancels First Revision of Sheet 178-2

## SCHEDULE 178 REGULATORY RATE ADJUSTMENT (continued)

### APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2014

(T)

The Total Adjustment amount shown below is included in the Temporary Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Schedule	Block	Total Adjustment
31 ISF	Block 1	\$0.00007
	Block 2	\$0.00006
31 ITF	Block 1	\$0.00007
	Block 2	\$0.00006
32 CSF	Block 1	\$0.00006
	Block 2	\$0.00005
	Block 3	\$0.00003
	Block 4	\$0.00002
	Block 5	\$0.00001
	Block 6	\$0.00001
32 ISF	Block 1	\$0.00004
	Block 2	\$0.00004
	Block 3	\$0.00003
	Block 4	\$0.00001
	Block 5	\$0.00001
	Block 6	\$0.00000
32 CTF/ITF	Block 1	\$0.00004
	Block 2	\$0.00003
	Block 3	\$0.00002
	Block 4	\$0.00001
	Block 5	\$0.00001
	Block 6	\$0.00000
32 CSI	Block 1	\$0.00004
	Block 2	\$0.00003
	Block 3	\$0.00002
	Block 4	\$0.00001
	Block 5	\$0.00001
	Block 6	\$0.00000
32 ISI	Block 1	\$0.00004
	Block 2	\$0.00003
	Block 3	\$0.00002
	Block 4	\$0.00001
	Block 5	\$0.00001
	Block 6	\$0.00000
32 CTI/ITI	Block 1	\$0.00004
	Block 2	\$0.00003
	Block 3	\$0.00002
	Block 4	\$0.00001
	Block 5	\$0.00001
	Block 6	\$0.00000
33 (all)		\$0.00000

(C)

(C)

Issued August 1, 2014  
NWN OPUC Advice No. 14-12

Effective with service on  
and after November 1, 2014

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

NW NATURAL  
SUPPORTING MATERIALS

Non-Gas Cost Deferral Amortizations  
UP 280, 287 and 290  
Property Sales  
and Residual Balance

NWN OPUC Advice No. 14-12 / UG \_\_\_\_  
August 1, 2014



Exhibit A  
Supporting Materials  
Non-Gas Cost Deferral Amortization - UP 280, 287 and 290  
Property Sales  
and Residual Balance  
NWN OPUC Advice No. 14-12 / UG \_\_\_\_

**Page No.**

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Basis for Revenue Related Costs	2
Summary of Deferred Account	3
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Effects on Revenue	5

**NW Natural**  
**Rates & Regulatory Affairs**  
**2014-15 PGA - Oregon: August Filing**  
**Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS**  
 ALL VOLUMES IN THERMS

		Oregon PGA Volumes page, Column F	Billing Rate from Rates page, Column A	WACOG & Demand from Rates page, Column B+C+D*	Temps from Temporary Increment page, Column A	MARGIN Rate	Volumetric Margin	Customer Charge	Customers	Total Margin	Proposed Amount:	Property Sales Amortization			
											95,385	Temporary Increment			
											Revenue Sensitive Multiplier:	2.777% add revenue sensitive factor			
											Amount to Amortize:	98,110	to all classes and schedules		
Schedule	Block	A	B	C	D	E = B - C - D	F = E * A	G	H	I	M	N	O		
2R		356,638,984	0.99317	0.55392	0.00870	0.43055	153,550,914	\$8.00	563,128	207,611,202	1.0	65,154	0.00018		
3C Firm Sales		157,954,905	0.91427	0.55392	0.01652	0.34383	54,309,635	\$15.00	56,617	64,500,695	1.0	20,242	0.00013		
3I Firm Sales		4,657,733	0.89909	0.55392	0.00746	0.33771	1,572,963	\$15.00	298	1,626,603	1.0	510	0.00011		
27 Dry Out		796,593	0.87401	0.55392	(0.00768)	0.32777	261,099	\$6.00	1,525	370,899	1.0	116	0.00015		
31C Firm Sales	Block 1	20,699,674	0.62962	0.40805	0.01583	0.20574	8,673,680	\$325.00	1,048	12,760,880	1.0	4,005	0.00009		
	Block 2	23,498,664	0.61164	0.40805	0.01571	0.18788					1.0		0.00009		
31C Firm Trans	Block 1	388,881	0.16800	0.00000	(0.00385)	0.17185	152,526	\$575.00	18	276,726	1.0	87	0.00010		
	Block 2	545,978	0.15344	0.00000	(0.00352)	0.15696					1.0		0.00009		
31I Firm Sales	Block 1	4,173,740	0.57905	0.40805	0.00674	0.16426	2,228,633	\$325.00	195	2,989,133	1.0	938	0.00007		
	Block 2	10,396,538	0.56309	0.40805	0.00662	0.14842					1.0		0.00006		
31I Firm Trans	Block 1	165,160	0.15680	0.00000	(0.00251)	0.15931	142,637	\$575.00	8	197,837	1.0	62	0.00007		
	Block 2	807,983	0.14173	0.00000	(0.00224)	0.14397					1.0		0.00006		
32C Firm Sales	Block 1	16,554,938	0.50956	0.40805	0.00582	0.09569	2,200,516	\$675.00	238	4,128,316	1.0	1,296	0.00006		
	Block 2	6,660,345	0.49513	0.40805	0.00573	0.08135					1.0		0.00005		
	Block 3	1,153,455	0.47106	0.40805	0.00558	0.05743					1.0		0.00003		
	Block 4	248,040	0.44698	0.40805	0.00542	0.03351					1.0		0.00002		
	Block 5	0	0.43253	0.40805	0.00532	0.01916					1.0		0.00001		
	Block 6	0	0.42290	0.40805	0.00526	0.00959					1.0		0.00001		
32I Firm Sales	Block 1	4,334,225	0.50877	0.40805	0.00596	0.09476	945,329	\$675.00	51	1,358,429	1.0	426	0.00004		
	Block 2	5,158,108	0.49449	0.40805	0.00589	0.08055					1.0		0.00004		
	Block 3	1,793,731	0.47070	0.40805	0.00578	0.05687					1.0		0.00003		
	Block 4	516,050	0.44689	0.40805	0.00566	0.03318					1.0		0.00001		
	Block 5	0	0.43259	0.40805	0.00559	0.01895					1.0		0.00001		
	Block 6	0	0.42311	0.40805	0.00554	0.00952					1.0		0.00000		
32 Firm Trans	Block 1	11,412,253	0.09321	0.00000	(0.00130)	0.09451	3,840,737	\$925.00	110	5,061,737	1.0	1,589	0.00004		
	Block 2	15,830,951	0.07925	0.00000	(0.00106)	0.08031					1.0		0.00003		
	Block 3	9,285,426	0.05607	0.00000	(0.00066)	0.05673					1.0		0.00002		
	Block 4	16,096,253	0.03282	0.00000	(0.00027)	0.03309					1.0		0.00001		
	Block 5	21,498,809	0.01888	0.00000	(0.00003)	0.01891					1.0		0.00001		
	Block 6	2,621,489	0.00961	0.00000	0.00013	0.00948					1.0		0.00000		
32C Interr Sales	Block 1	6,122,694	0.51260	0.40805	0.00679	0.09776	1,723,155	\$675.00	62	2,225,355	1.0	698	0.00004		
	Block 2	8,160,076	0.49787	0.40805	0.00672	0.08310					1.0		0.00003		
	Block 3	4,328,184	0.47331	0.40805	0.00661	0.05865					1.0		0.00002		
	Block 4	5,489,488	0.44878	0.40805	0.00650	0.03423					1.0		0.00001		
	Block 5	242,825	0.43402	0.40805	0.00643	0.01954					1.0		0.00001		
	Block 6	0	0.42426	0.40805	0.00640	0.00981					1.0		0.00000		
32I Interr Sales	Block 1	7,354,982	0.51281	0.40805	0.00706	0.09770	2,248,312	\$675.00	76	2,863,912	1.0	899	0.00004		
	Block 2	9,533,015	0.49810	0.40805	0.00700	0.08305					1.0		0.00003		
	Block 3	5,139,982	0.47356	0.40805	0.00689	0.05862					1.0		0.00002		
	Block 4	10,419,813	0.44904	0.40805	0.00679	0.03420					1.0		0.00001		
	Block 5	4,025,372	0.43431	0.40805	0.00672	0.01954					1.0		0.00001		
	Block 6	173,013	0.42452	0.40805	0.00668	0.00979					1.0		0.00000		
32 Interr Trans	Block 1	8,967,105	0.09476	0.00000	(0.00111)	0.09587	5,688,876	\$925.00	87	6,654,576	1.0	2,088	0.00004		
	Block 2	15,920,961	0.08060	0.00000	(0.00090)	0.08150					1.0		0.00003		
	Block 3	11,590,796	0.05698	0.00000	(0.00055)	0.05753					1.0		0.00002		
	Block 4	30,144,365	0.03335	0.00000	(0.00020)	0.03355					1.0		0.00001		
	Block 5	57,187,852	0.01919	0.00000	0.00001	0.01918					1.0		0.00001		
	Block 6	78,650,314	0.00977	0.00000	0.00015	0.00962					1.0		0.00000		
33		0	0.00542	0.00000	(0.00009)	0.00551	0	\$38,000.00	0	0	1.0	0	0.00000		
TOTALS		957,339,742					237,539,012			312,626,300	312,626,300	98,110			

Sources for line 2 above:

Inputs page	Line 67
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Tariff Schedules

Rate Adjustment Schedule	Sched 178
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Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.  
 \* Since Billing Rates for all schedules above 31 do not include demand, column c for those schedules is WACOG only

**NW Natural**  
**Rates and Regulatory Affairs**  
**2014-2015 PGA Filing - OREGON**  
**Basis for Revenue Related Costs**

	Twelve Months Ended 06/30/14	
1		
2		
3 Total Billed Gas Sales Revenues	668,271,650	
4 Total Oregon Revenues	691,523,698	
5		
6 Regulatory Commission Fees [1]	1,728,809	0.250% Statutory rate
7 City License and Franchise Fees	16,182,350	2.340% Line 7 ÷ Line 4
8 Net Uncollectible Expense [2]	<u>1,290,601</u>	<u>0.187% Line 8 ÷ Line 4</u>
9		
10 Total	<u><u>19,201,760</u></u>	<u><u>2.777%</u></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.



Account A	Balance 6/30/2014 B	Adjustment C	Jul-Sep Estimated Activity D	Jul-Oct Interest E	Estimated Balance 10/31/2014 F <small>F = sum B thru E</small>	Interest Rate During Amortization G1	Estimated Interest During Amortization G2 <small>1.77%</small>	Total Estimated Amount for (Refund) or Collection H <small>H = F + G2</small>	Amounts Excluded from PGA Filing I	Amounts Included in PGA Filing J <small>Excl. Rev Sens</small>
1 <b>Miscellaneous Amortizations</b>										
2										
3 254315 PROPERTY SALES AMORT	(495,923)		591,574	(1,174)	94,477	1.77%	908	95,385		<b>95,385</b>

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Property Sales Amort. - OR  
 Account Number: 254315  
 Info: Docket UG 259  
 Authorization to amortize in Order 13-403

1	Debit (Credit)							Total
2								
3								
4	Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
6								
7	Beginning Balance							
8	Nov-13	<b>1</b>	141,982	(3,634,353)	1.38%	(4,098)	(3,496,469)	(3,496,469)
9	Dec-13		623,998		1.38%	(3,662)	620,336	(2,876,133)
10	Jan-14		671,503		1.38%	(2,921)	668,582	(2,207,551)
11	Feb-14		610,210		1.38%	(2,188)	608,022	(1,599,529)
12	Mar-14		437,617		1.38%	(1,588)	436,029	(1,163,500)
13	Apr-14		312,830		1.38%	(1,158)	311,672	(851,829)
14	May-14		215,401		1.38%	(856)	214,546	(637,283)
15	Jun-14		142,012		1.38%	(651)	141,360	(495,923)
16	Jul-14	forecast	110,466		1.38%	(507)	109,960	(385,963)
17	Aug-14	forecast	111,169		1.38%	(380)	110,790	(275,174)
18	Sep-14	forecast	116,154		1.38%	(250)	115,904	(159,269)
19	Oct-14	forecast	253,784		1.38%	(37)	253,747	94,477 <b>(2)</b>

21 **NOTES**

- 22 **1** - Transfer in is from the October balance of 254305 Property Sales Oregon and residual balance from 186279 Earnings Test Amortization.  
 23 **2** - Forecasted residual balance remaining from Property Sales Gain amortized during the 2013-14 PGA year.

**NW Natural**  
**Rates & Regulatory Affairs**  
**2014-2015 PGA Filing - Oregon: August Filing**  
**PGA Effects on Revenue**  
**Tariff Advice 14-12: Property Sales Amortization**

	<b>Including Revenue Sensitive Amount</b>
1	
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<b>Temporary Increments</b>	
<u>Removal of Current Temporary Increments</u>	
Amortization of Property Sales	\$3,803,453
<u>Addition of Proposed Temporary Increments</u>	
Amortization of Property Sales Residual Balance	98,110
	<hr/>
<b>TOTAL OF ALL COMPONENTS OF RATE CHANGES</b>	<b><u><u>\$3,901,563</u></u></b>
2013 Oregon Earnings Test Normalized Total Revenues	\$672,195,000
Effect of this filing, as a percentage change (line 11 ÷ line 15)	0.58%