

ONITA R. KING
Rates & Regulatory Affairs
Tel: 503.721.2452
Fax: 503.721.2516
email: ork@nwnatural.com



August 1, 2014

NWN OPUC Advice No. 14-11 / UG _____
(UM 1420)

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 Fairview Industrial Park 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:**

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, 2014, as follows:

Second 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, 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 reduce the Company's annual revenues by \$47,554, or 0.01%.

The monthly bill of the average industrial customer served under Rate Schedule 3 using 1,302 therms per month is a decrease of about \$1.65. The monthly decrease for the average industrial Rate Schedule 31 customer using 6,227 therms per month is about \$7.84, and the monthly decrease for the average industrial Rate Schedule 32 firm sales customer using 19,285 therms per month is about \$24.30.

The proposed adjustment for the amortization of the Industrial DSM account is \$0.01494 per therm.

The number of customers affected by the proposed change is 620 industrial and 300 commercial customers; 298 Rate Schedule 3 customers, 195 Rate Schedule 31 customers, and 427 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, 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.

The Company waives paper service in this proceeding. Please address correspondence on this matter to me at 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

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

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 188-1
Cancels First 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, 2014

(T)

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

\$0.01494 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 August 1, 2014
NWN OPUC Advice No. 14-11

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

UM 1420 Industrial DSM

NWN OPUC Advice No. 14-11 / UG ____
August 1, 2014

NW NATURAL
EXHIBIT A
Supporting Materials
Non-Gas Cost Deferral Amortizations - UM 1420
Industrial DSM
NWN OPUC ADVICE NO. 14-11 / UG ____

| Description | Page |
|---|------|
| Calculation of Increments Allocated on Equal Cent Per Therm Basis | 1 |
| Basis for Revenue Related Costs | 2 |
| Effects on Revenue | 3 |
| Summary of Deferred Accounts | 4 |
| Deferral of Industrial DSM | 5 |
| Amortization of Industrial DSM | 6 |

NW Natural
Rates & Regulatory Affairs
2014-15 PGA - Oregon: August Filing
Calculation of Increments Allocated on the EQUAL CENT PER THERM BASIS
ALL VOLUMES IN THERMS

| | | | Industrial DSM | | |
|------------------|---------|-------------|--------------------------------------|--|------------------|
| | | | Proposed Amount: | 1,693,970 Temporary Increment | |
| | | | Revenue Sensitive Multiplier: | 2.777% add revenue sensitive factor | |
| | | | Amount to Amortize: | 1,742,355 to C32 Sales and all I Sales | |
| | | | Multiplier | Volumes | Increment |
| | | | W | X | Y |
| Schedule | Block | A | | | |
| 2R | | 356,638,984 | 0.0 | 0 | 0.00000 |
| 3C Firm Sales | | 157,954,905 | 0.0 | 0 | 0.00000 |
| 3I Firm Sales | | 4,657,733 | 1.0 | 4,657,733 | 0.01494 |
| 27 Dry Out | | 796,593 | 0.0 | 0 | 0.00000 |
| 31C Firm Sales | Block 1 | 20,699,674 | 0.0 | 0 | 0.00000 |
| | Block 2 | 23,498,664 | 0.0 | 0 | 0.00000 |
| 31C Firm Trans | Block 1 | 388,881 | 0.0 | 0 | 0.00000 |
| | Block 2 | 545,978 | 0.0 | 0 | 0.00000 |
| 31I Firm Sales | Block 1 | 4,173,740 | 1.0 | 4,173,740 | 0.01494 |
| | Block 2 | 10,396,538 | 1.0 | 10,396,538 | 0.01494 |
| 31I Firm Trans | Block 1 | 165,160 | 0.0 | 0 | 0.00000 |
| | Block 2 | 807,983 | 0.0 | 0 | 0.00000 |
| 32C Firm Sales | Block 1 | 16,554,938 | 1.0 | 16,554,938 | 0.01494 |
| | Block 2 | 6,660,345 | 1.0 | 6,660,345 | 0.01494 |
| | Block 3 | 1,153,455 | 1.0 | 1,153,455 | 0.01494 |
| | Block 4 | 248,040 | 1.0 | 248,040 | 0.01494 |
| | Block 5 | 0 | 1.0 | 0 | 0.01494 |
| | Block 6 | 0 | 1.0 | 0 | 0.01494 |
| 32I Firm Sales | Block 1 | 4,334,225 | 1.0 | 4,334,225 | 0.01494 |
| | Block 2 | 5,158,108 | 1.0 | 5,158,108 | 0.01494 |
| | Block 3 | 1,793,731 | 1.0 | 1,793,731 | 0.01494 |
| | Block 4 | 516,050 | 1.0 | 516,050 | 0.01494 |
| | Block 5 | 0 | 1.0 | 0 | 0.01494 |
| | Block 6 | 0 | 1.0 | 0 | 0.01494 |
| 32 Firm Trans | Block 1 | 11,412,253 | 0.0 | 0 | 0.00000 |
| | Block 2 | 15,830,951 | 0.0 | 0 | 0.00000 |
| | Block 3 | 9,285,426 | 0.0 | 0 | 0.00000 |
| | Block 4 | 16,096,253 | 0.0 | 0 | 0.00000 |
| | Block 5 | 21,498,809 | 0.0 | 0 | 0.00000 |
| | Block 6 | 2,621,489 | 0.0 | 0 | 0.00000 |
| 32C Interr Sales | Block 1 | 6,122,694 | 1.0 | 6,122,694 | 0.01494 |
| | Block 2 | 8,160,076 | 1.0 | 8,160,076 | 0.01494 |
| | Block 3 | 4,328,184 | 1.0 | 4,328,184 | 0.01494 |
| | Block 4 | 5,489,488 | 1.0 | 5,489,488 | 0.01494 |
| | Block 5 | 242,825 | 1.0 | 242,825 | 0.01494 |
| | Block 6 | 0 | 1.0 | 0 | 0.01494 |
| 32I Interr Sales | Block 1 | 7,354,982 | 1.0 | 7,354,982 | 0.01494 |
| | Block 2 | 9,533,015 | 1.0 | 9,533,015 | 0.01494 |
| | Block 3 | 5,139,982 | 1.0 | 5,139,982 | 0.01494 |
| | Block 4 | 10,419,813 | 1.0 | 10,419,813 | 0.01494 |
| | Block 5 | 4,025,372 | 1.0 | 4,025,372 | 0.01494 |
| | Block 6 | 173,013 | 1.0 | 173,013 | 0.01494 |
| 32 Interr Trans | Block 1 | 8,967,105 | 0.0 | 0 | 0.00000 |
| | Block 2 | 15,920,961 | 0.0 | 0 | 0.00000 |
| | Block 3 | 11,590,796 | 0.0 | 0 | 0.00000 |
| | Block 4 | 30,144,365 | 0.0 | 0 | 0.00000 |
| | Block 5 | 57,187,852 | 0.0 | 0 | 0.00000 |
| | Block 6 | 78,650,314 | 0.0 | 0 | 0.00000 |
| 33 | | 0 | 0.0 | 0 | 0.00000 |
| TOTALS | | 957,339,742 | | 116,636,347 | 0.01494 |

Sources for line 2 above:

| | |
|---------------------------------|-----------|
| Inputs page | Line 63 |
| Tariff Schedules | |
| Rate Adjustment Schedule | Sched 188 |

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%</u> Line 8 ÷ Line 4 |
| 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.

NW Natural
Rates & Regulatory Affairs
2014-2015 PGA Filing - Oregon: August Filing
PGA Effects on Revenue
Tariff Advice 14-11: Industrial DSM

| | Including Revenue Sensitive Amount |
|----|---|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| 11 | |
| 12 | |
| 13 | |
| 14 | |
| 15 | |
| 16 | |
| 17 | |

| | | |
|--|---|---------------------------------|
| | <u>Temporary Increments</u> | |
| | <u>Removal of Current Temporary Increments</u> | |
| | Amortization of Industrial DSM | (\$1,789,909) |
| | <u>Addition of Proposed Temporary Increments</u> | |
| | Amortization of Industrial DSM | 1,742,355 |
| | | <hr/> |
| | TOTAL OF ALL COMPONENTS OF RATE CHANGES | <u><u>(\$47,554)</u></u> |
| | | |
| | 2013 Oregon Earnings Test Normalized Total Revenues | \$672,195,000 |
| | Effect of this filing, as a percentage change (line 11 ÷ line 15) | -0.01% |

| Account | Balance 6/30/2014 | Adjustment | Jul-Sep Estimated Activity | Jul-Oct Interest | Estimated Balance 10/31/2014 | Interest Rate During Amortization | Estimated Interest During Amortization | Total Estimated Amount for (Refund) or Collection | Amounts Excluded from PGA Filing | Amounts Included in PGA Filing |
|---|----------------------|------------|----------------------------------|---------------------|------------------------------------|---|---|---|--|--------------------------------------|
| A | B | C | D | E | F | G1 | G2 | H | I | J |
| | | | | | F = sum B thru E | | 1.77% | H = F + G2 | | Excl. Rev Sens |
| Miscellaneous Amortizations | | | | | | | | | | |
| 186232 DEFER INDUSTRIAL DSM (Mar 13 - Feb 14 activity only) | 1,813,882 | | 0 | 0 | 1,813,882 | | | | | |
| 186233 AMOR INDUSTRIAL DSM | 305,339 | | (441,820) | 438 | (136,043) | | | | | |
| Total | 2,119,221 | | (441,820) | 438 | 1,677,840 | 1.77% | 16,130 | 1,693,970 | | 1,693,970 |

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Industrial DSM Costs
 Account Number: 186232
 Docket UM 1420
 14-15 Deferral approved in Order 14-085

| 1 | Debit | | (Credit) | | | | | | | | | |
|----|-------------------|----------|-----------|-------------|----------|----------|-----------------|-----------------|-------------|-----------|-----------------|-----------------|
| 2 | | | | | | | | | | | | |
| 3 | | | | | TOTAL | Interest | Mar 13 - Feb 14 | Mar 14 - Feb 15 | | TOTAL | Mar 13 - Feb 14 | Mar 14 - Feb 15 |
| 4 | Month/Year | Note | Deferral | Transfers | Interest | Rate | Interest | Interest | Activity | Balance | Balance | Balance |
| 5 | (a) | (b) | (c) | (d) | (e) | (e1) | (e6) | (e7) | (f) | (g) | (g5) | (g6) |
| 6 | | | | | | | | | | | | |
| 7 | Beginning Balance | | | | | | | | | | | |
| 55 | Mar-13 | | 0 | | 0 | 7.78% | 0 | | 0 | 1,667,463 | | 0 |
| 56 | Apr-13 | | 575,946 | | 1,867 | 7.78% | 1,867 | | 577,813 | 2,245,276 | | 577,813 |
| 57 | May-13 | | 0 | | 3,746 | 7.78% | 3,746 | | 3,746 | 2,249,023 | | 581,559 |
| 58 | Jun-13 | | 0 | | 3,770 | 7.78% | 3,770 | | 3,770 | 2,252,793 | | 585,330 |
| 59 | Jul-13 | | 575,946 | | 5,662 | 7.78% | 5,662 | | 581,608 | 2,834,401 | | 1,166,938 |
| 60 | Aug-13 | | 0 | | 7,566 | 7.78% | 7,566 | | 7,566 | 2,841,967 | | 1,174,503 |
| 61 | Sep-13 | | 0 | | 7,615 | 7.78% | 7,615 | | 7,615 | 2,849,581 | | 1,182,118 |
| 62 | Oct-13 | | 575,946 | | 9,531 | 7.78% | 9,531 | | 585,477 | 3,435,058 | | 1,767,595 |
| 63 | Nov-13 | 1 | 0 | (1,667,463) | 11,460 | 7.78% | 11,460 | | (1,656,004) | 1,779,055 | | 1,779,055 |
| 64 | Dec-13 | | 0 | | 11,534 | 7.78% | 11,534 | | 11,534 | 1,790,589 | | 1,790,589 |
| 65 | Jan-14 | | 0 | | 11,609 | 7.78% | 11,609 | | 11,609 | 1,802,198 | | 1,802,198 |
| 66 | Feb-14 | | 0 | | 11,684 | 7.78% | 11,684 | | 11,684 | 1,813,882 | | 1,813,882 |
| 67 | Mar-14 | | 0 | | 0 | 7.78% | 0 | 0 | 0 | 1,813,882 | | 1,813,882 |
| 68 | Apr-14 | | 1,024,352 | | 3,321 | 7.78% | 0 | 3,321 | 1,027,673 | 2,841,555 | | 1,813,882 |
| 69 | May-14 | | 0 | | 6,663 | 7.78% | 0 | 6,663 | 6,663 | 2,848,218 | | 1,813,882 |
| 70 | Jun-14 | | 0 | | 6,706 | 7.78% | 0 | 6,706 | 6,706 | 2,854,924 | | 1,813,882 |
| 71 | Jul-14 | | 1,024,350 | | 10,070 | 7.78% | 0 | 10,070 | 1,034,420 | 3,889,344 | | 1,813,882 |
| 72 | Aug-14 | | 0 | | 13,456 | 7.78% | 0 | 13,456 | 13,456 | 3,902,800 | | 1,813,882 |
| 73 | Sep-14 | | 0 | | 13,543 | 7.78% | 0 | 13,543 | 13,543 | 3,916,343 | | 1,813,882 |
| 74 | Oct-14 | | 1,024,350 | | 16,952 | 7.78% | 0 | 16,952 | 1,041,302 | 4,957,644 | | 1,813,882 |
| 75 | | | | | | | | | | | | |

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 258
 Amortization of 12-13 deferral approved in Order 13-404

| 1 | Debit | (Credit) | | | | | | |
|----|-------------------|----------------------|--------------|-----------|----------|----------|-----------|-----------|
| 2 | | | | | | | | |
| 3 | | | | | TOTAL | Interest | | TOTAL |
| 4 | Month/Year | Note | Amortization | Transfers | Interest | Rate | Activity | Balance |
| 5 | (a) | (b) | (c) | (d) | (e) | (e1) | (f) | (g) |
| 6 | | | | | | | | |
| 7 | Beginning Balance | | | | | | | |
| 46 | Oct-13 | | (210,476) | | 137 | 1.47% | (210,339) | 6,930 |
| 47 | Nov-13 | old rates | (42,237) | | (17) | 1.47% | (42,254) | (35,324) |
| 48 | | new rates (1) | (118,964) | 1,667,463 | 1,849 | 1.38% | 1,550,349 | 1,515,025 |
| 49 | Dec-13 | | (199,421) | | 1,628 | 1.38% | (197,793) | 1,317,231 |
| 50 | Jan-14 | | (213,747) | | 1,392 | 1.38% | (212,355) | 1,104,876 |
| 51 | Feb-14 | | (195,550) | | 1,158 | 1.38% | (194,392) | 910,484 |
| 52 | Mar-14 | | (180,620) | | 943 | 1.38% | (179,676) | 730,808 |
| 53 | Apr-14 | | (162,999) | | 747 | 1.38% | (162,252) | 568,555 |
| 54 | May-14 | | (138,893) | | 574 | 1.38% | (138,319) | 430,236 |
| 55 | Jun-14 | | (125,320) | | 423 | 1.38% | (124,897) | 305,339 |
| 56 | Jul-14 | forecast | (101,988) | | 293 | 1.38% | (101,695) | 203,643 |
| 57 | Aug-14 | forecast | (104,302) | | 174 | 1.38% | (104,128) | 99,516 |
| 58 | Sep-14 | forecast | (105,970) | | 54 | 1.38% | (105,917) | (6,401) |
| 59 | Oct-14 | forecast | (129,560) | | (82) | 1.38% | (129,642) | (136,043) |

60
 61 **History truncated for ease of viewing**

62
 63 **NOTES**

64 **1** - Transfer in is from the October balance of 186232 Deferral of Industrial DSM