

GAIL HAMMER
Rates & Regulatory Affairs
Tel: 503.226.4211, ext. 5865
Fax: 503.721.2516
Email: gail.hammer@nwnatural.com



July 28, 2017

NWN OPUC Advice No. 17-06 / UG 328

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:

Residual Account Balances

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith revisions to its Tariff, P.U.C. Or. 25¹ ("the Tariff"), stated to become effective with service on and after November 1, 2017, as follows:

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

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

This filing is made in accordance with OAR 860-022-0025.

The purpose of this filing is to request amortization of residual amounts for inclusion in rates effective November 1, 2017. The Company last adjusted rates for this purpose effective November 1, 2016.

The net effect of removing the temporary adjustment applied to rates effective November 1, 2016 and the application of the new temporary adjustment is to decrease the Company's annual revenues by \$55,770, or about -0.01%.

The monthly bill of the average residential customer served under Rate Schedule 2 using 50 therms will decrease by less than one cent. The monthly decrease for the average commercial Rate Schedule 3 customer using 231 therms per month is less than one cent, and the monthly decrease for the average industrial Schedule 32 firm sales customer using 18,967 therms is about \$1.14.

¹ Tariff P.U.C. Or. 25 originated November 1, 2012 with Docket UG 221; OPUC Order No. 12-408 as supplemented by Order No. 12-437, and was filed pursuant to ORS 767.205 and OAR 860-022-0005.

The number of customers affected by the proposed change is 588,720 residential customers, 60,839 commercial customers, and 942 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, and with OPUC order No. 10-279 in Docket UM 1147 regarding the creation of a deferred account for the amortization of residual amounts. In the event there were deferrals included in this filing, they would have 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 2016 Annual Results of Operations review.

The Company requests that the tariff sheets filed herewith be permitted to become effective with service on and after November 1, 2017.

This filing is made in accordance with OAR 860-022-0025, 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.

Please address correspondence on this matter to Kyle Walker at kyle.walker@nwnatural.com with copies to:

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/ Gail Hammer

Gail Hammer
Rates & Regulatory Affairs

Attachments: Exhibit A – Supporting Materials

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fifth Revision of Sheet 178-1
Cancels Fourth 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, and with residual amounts deferred in accordance with OPUC Order No. 10-279 in Docket UM 1147.

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:

There are no miscellaneous non-recurring amounts for recovery in customer rates under this Schedule.

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2017

(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		(\$0.00006)
3 CSF		(\$0.00006)
3 ISF		(\$0.00006)
27		(\$0.00006)
31 CSF	Block 1	(\$0.00006)
	Block 2	(\$0.00006)
31 CTF	Block 1	(\$0.00006)
	Block 2	(\$0.00006)

(C)

(C)

(continue to Sheet 178-2)

Issued July 28, 2017
NWN OPUC Advice No. 17-06

Effective with service on
and after November 1, 2017

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fifth Revision of Sheet 178-2
Cancels Fourth Revision of Sheet 178-2

**SCHEDULE 178
REGULATORY RATE ADJUSTMENT
(continued)**

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2017

(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	(\$0.00006)
	Block 2	(\$0.00006)
31 ITF	Block 1	(\$0.00006)
	Block 2	(\$0.00006)
32 CSF	Block 1	(\$0.00006)
	Block 2	(\$0.00006)
	Block 3	(\$0.00006)
	Block 4	(\$0.00006)
	Block 5	(\$0.00006)
	Block 6	(\$0.00006)
32 ISF	Block 1	(\$0.00006)
	Block 2	(\$0.00006)
	Block 3	(\$0.00006)
	Block 4	(\$0.00006)
	Block 5	(\$0.00006)
	Block 6	(\$0.00006)
32 CTF/ITF	Block 1	(\$0.00006)
	Block 2	(\$0.00006)
	Block 3	(\$0.00006)
	Block 4	(\$0.00006)
	Block 5	(\$0.00006)
	Block 6	(\$0.00006)
32 CSI	Block 1	(\$0.00006)
	Block 2	(\$0.00006)
	Block 3	(\$0.00006)
	Block 4	(\$0.00006)
	Block 5	(\$0.00006)
	Block 6	(\$0.00006)
32 ISI	Block 1	(\$0.00006)
	Block 2	(\$0.00006)
	Block 3	(\$0.00006)
	Block 4	(\$0.00006)
	Block 5	(\$0.00006)
	Block 6	(\$0.00006)
32 CTI/ITI	Block 1	(\$0.00006)
	Block 2	(\$0.00006)
	Block 3	(\$0.00006)
	Block 4	(\$0.00006)
	Block 5	(\$0.00006)
	Block 6	(\$0.00006)
33 (all)		(\$0.00006)

(C)

(C)

Issued July 28, 2017
NWN OPUC Advice No. 17-06

Effective with service on
and after November 1, 2017

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Non-Gas Cost Deferral Amortizations
Residual Account Balances

NWN OPUC Advice No. 17-06 / UG 328

July 28, 2017

NW NATURAL

EXHIBIT A

Supporting Material

Non-Gas Cost Deferral Amortizations

Residual Account Balances

NWN OPUC ADVICE NO. 17-06 / UG 328

Description	Page
Calculation of Increments Allocated on Equal Cent per Therm Basis	1
Effects on Average Bill by Rate Schedule	2
Basis for Revenue Related Costs	3
PGA Effects on Revenue	4
Summary of Deferred Accounts Included in the PGA	5
254305 Gain on Sale of Utility Property	6
186311 Amortization of Residual Balances	7

NW Natural
Rates & Regulatory Affairs
2017-18 PGA - Oregon: August Filing

Calculation of Increments Allocated on the EQUAL CENT PER THERM BASIS

ALL VOLUMES IN THERMS

			Residual Deferral		
			(54,211) Temporary Increment		
			2.795% add revenue sensitive factor		
			(55,770) All classes and schedules exclud		
Schedule	Block	A	Multiplier Z	Volumes AA	Increment AB
2R		353,902,060	1.0	353,902,060	(\$0.00006)
3C Firm Sales		159,700,612	1.0	159,700,612	(\$0.00006)
3I Firm Sales		4,602,931	1.0	4,602,931	(\$0.00006)
27 Dry Out		1,205,372	1.0	1,205,372	(\$0.00006)
31C Firm Sales	Block 1	13,316,134	1.0	13,316,134	(\$0.00006)
	Block 2	12,481,400	1.0	12,481,400	(\$0.00006)
31C Firm Trans	Block 1	1,525,441	1.0	1,525,441	(\$0.00006)
	Block 2	2,009,166	1.0	2,009,166	(\$0.00006)
31I Firm Sales	Block 1	4,070,024	1.0	4,070,024	(\$0.00006)
	Block 2	8,722,092	1.0	8,722,092	(\$0.00006)
31I Firm Trans	Block 1	125,106	1.0	125,106	(\$0.00006)
	Block 2	276,784	1.0	276,784	(\$0.00006)
32C Firm Sales	Block 1	25,883,715	1.0	25,883,715	(\$0.00006)
	Block 2	8,661,618	1.0	8,661,618	(\$0.00006)
	Block 3	1,237,042	1.0	1,237,042	(\$0.00006)
	Block 4	165,932	1.0	165,932	(\$0.00006)
	Block 5	0	1.0	0	(\$0.00006)
	Block 6	0	1.0	0	(\$0.00006)
32I Firm Sales	Block 1	4,719,808	1.0	4,719,808	(\$0.00006)
	Block 2	5,298,281	1.0	5,298,281	(\$0.00006)
	Block 3	1,764,186	1.0	1,764,186	(\$0.00006)
	Block 4	508,368	1.0	508,368	(\$0.00006)
	Block 5	0	1.0	0	(\$0.00006)
	Block 6	0	1.0	0	(\$0.00006)
32 Firm Trans	Block 1	16,254,618	1.0	16,254,618	(\$0.00006)
	Block 2	18,153,953	1.0	18,153,953	(\$0.00006)
	Block 3	10,538,827	1.0	10,538,827	(\$0.00006)
	Block 4	19,469,774	1.0	19,469,774	(\$0.00006)
	Block 5	21,237,750	1.0	21,237,750	(\$0.00006)
	Block 6	3,397,316	1.0	3,397,316	(\$0.00006)
32C Interr Sales	Block 1	5,242,630	1.0	5,242,630	(\$0.00006)
	Block 2	7,424,480	1.0	7,424,480	(\$0.00006)
	Block 3	3,966,495	1.0	3,966,495	(\$0.00006)
	Block 4	4,896,519	1.0	4,896,519	(\$0.00006)
	Block 5	236,893	1.0	236,893	(\$0.00006)
	Block 6	0	1.0	0	(\$0.00006)
32I Interr Sales	Block 1	6,200,783	1.0	6,200,783	(\$0.00006)
	Block 2	7,447,078	1.0	7,447,078	(\$0.00006)
	Block 3	3,991,226	1.0	3,991,226	(\$0.00006)
	Block 4	8,413,466	1.0	8,413,466	(\$0.00006)
	Block 5	1,938,065	1.0	1,938,065	(\$0.00006)
	Block 6	0	1.0	0	(\$0.00006)
32 Interr Trans	Block 1	8,753,845	1.0	8,753,845	(\$0.00006)
	Block 2	15,798,206	1.0	15,798,206	(\$0.00006)
	Block 3	11,612,336	1.0	11,612,336	(\$0.00006)
	Block 4	31,071,223	1.0	31,071,223	(\$0.00006)
	Block 5	59,059,181	1.0	59,059,181	(\$0.00006)
	Block 6	91,219,916	1.0	91,219,916	(\$0.00006)
33		0	1.0	0	(\$0.00006)
TOTALS		966,500,651		966,500,651	\$ (0.00006)
Sources for line 2 above:					
Inputs page			Line 53		
Tariff Schedules					
Rate Adjustment Schedule			Sched 178		

NW Natural
Rates & Regulatory Affairs
2017-18 PGA - Oregon: August Filing
Effects on Average Bill by Rate Schedule [1]

Advice 17-06

ALL VOLUMES IN THERMS

See note [3]

1	Oregon PGA		Normal	Minimum	11/1/2016	11/1/2016	Proposed	Proposed	Proposed		
2	Normalized		Therms	Monthly	Billing	Current	Residual Deferral	Residual Deferral	Residual Deferral		
3	Volumes page,		Monthly	Charge	Rates	Average Bill	Rates	Average Bill	11/1/2017		
4	Column D		Average use						11/1/2017		
5		Therms in							Residual Deferral		
6	Schedule	Block	Block	C	D	E	F = D + (C * E)	S	T = D + (C * S)	U = (T - F) / F	
7			A	B						% Bill Change	
7	2R		353,902,060	N/A	50	\$8.00	\$0.90723	\$53.36	\$0.90717	\$53.36	0.0%
8	3C Firm Sales		159,700,612	N/A	231	\$15.00	\$0.86447	\$214.69	\$0.86441	\$214.68	0.0%
9	3I Firm Sales		4,602,931	N/A	1,118	\$15.00	\$0.82099	\$932.87	\$0.82093	\$932.80	0.0%
10	27 Dry Out		1,205,372	N/A	51	\$6.00	\$0.79183	\$46.38	\$0.79177	\$46.38	0.0%
11	31C Firm Sales	Block 1	13,316,134	2,000	2,878	\$325.00	\$0.59951	\$2,033.45	\$0.59945	\$2,033.28	0.0%
12		Block 2	12,481,400	all additional			\$0.58022		\$0.58016		
13	31C Firm Trans	Block 1	1,525,441	2,000	1,718	\$575.00	\$0.19261	\$905.90	\$0.19255	\$905.80	0.0%
14		Block 2	2,009,166	all additional			\$0.17612		\$0.17606		
15	31I Firm Sales	Block 1	4,070,024	2,000	5,101	\$325.00	\$0.52142	\$2,932.08	\$0.52136	\$2,931.77	0.0%
16		Block 2	8,722,092	all additional			\$0.50443		\$0.50437		
17	31I Firm Trans	Block 1	125,106	2,000	5,582	\$575.00	\$0.17295	\$1,480.91	\$0.17289	\$1,480.57	0.0%
18		Block 2	276,784	all additional			\$0.15634		\$0.15628		
19	32C Firm Sales	Block 1	25,883,715	10,000	6,918	\$675.00	\$0.45060	\$3,792.25	\$0.45054	\$3,791.84	0.0%
20		Block 2	8,661,618	20,000			\$0.43472		\$0.43466		
21		Block 3	1,237,042	20,000			\$0.40833		\$0.40827		
22		Block 4	165,932	100,000			\$0.38189		\$0.38183		
23		Block 5	0	600,000			\$0.36585		\$0.36579		
24		Block 6	0	all additional			\$0.35526		\$0.35520		
25	32I Firm Sales	Block 1	4,719,808	10,000	18,967	\$675.00	\$0.44761	\$9,026.91	\$0.44755	\$9,025.77	0.0%
26		Block 2	5,298,281	20,000			\$0.43223		\$0.43217		
27		Block 3	1,764,186	20,000			\$0.40657		\$0.40651		
28		Block 4	508,368	100,000			\$0.38095		\$0.38089		
29		Block 5	0	600,000			\$0.36535		\$0.36529		
30		Block 6	0	all additional			\$0.35515		\$0.35509		
31	32 Firm Trans	Block 1	16,254,618	10,000	42,165	\$925.00	\$0.10157	\$4,409.93	\$0.10151	\$4,407.40	-0.1%
32		Block 2	18,153,953	20,000			\$0.08634		\$0.08628		
33		Block 3	10,538,827	20,000			\$0.06103		\$0.06097		
34		Block 4	19,469,774	100,000			\$0.03567		\$0.03561		
35		Block 5	21,237,750	600,000			\$0.02045		\$0.02039		
36		Block 6	3,397,316	all additional			\$0.01035		\$0.01029		
37	32C Interr Sales	Block 1	5,242,630	10,000	31,274	\$675.00	\$0.43726	\$13,982.77	\$0.43720	\$13,980.89	0.0%
38		Block 2	7,424,480	20,000			\$0.42157		\$0.42151		
39		Block 3	3,966,495	20,000			\$0.39542		\$0.39536		
40		Block 4	4,896,519	100,000			\$0.36927		\$0.36921		
41		Block 5	236,893	600,000			\$0.35356		\$0.35350		
42		Block 6	0	all additional			\$0.34299		\$0.34293		
43	32I Interr Sales	Block 1	6,200,783	10,000	34,814	\$675.00	\$0.43711	\$15,379.11	\$0.43705	\$15,377.02	0.0%
44		Block 2	7,447,078	20,000			\$0.42148		\$0.42142		
45		Block 3	3,991,226	20,000			\$0.39539		\$0.39533		
46		Block 4	8,413,466	100,000			\$0.36930		\$0.36924		
47		Block 5	1,938,065	600,000			\$0.35364		\$0.35358		
48		Block 6	0	all additional			\$0.34310		\$0.34304		
49	32 Interr Trans	Block 1	8,753,845	10,000	208,347	\$925.00	\$0.10200	\$9,686.23	\$0.10194	\$9,673.73	-0.1%
50		Block 2	15,798,206	20,000			\$0.08673		\$0.08667		
51		Block 3	11,612,336	20,000			\$0.06128		\$0.06122		
52		Block 4	31,071,223	100,000			\$0.03582		\$0.03576		
53		Block 5	59,059,181	600,000			\$0.02055		\$0.02049		
54		Block 6	91,219,916	all additional			\$0.01038		\$0.01032		
55	33		0	N/A	0	\$38,000	\$0.00590	\$38,000.00	\$0.00584	\$38,000.00	0.0%
56											
57	Totals		966,500,651								

[1] For convenience of presentation, the cent per therm demand charge is used, rather than the available MDDV demand
 [2] Tariff Advice Notice 17-05: Non-Gas Cost Deferral Amortizations - Intervenor Funding
 [3] Tariff Advice Notice 17-06: Non-Gas Cost Deferral Amortizations - Residual Account
 [4] Tariff Advice Notice 17-07: Non-Gas Cost Deferral Amortizations - Oregon PUC Fee
 [5] Tariff Advice Notice 17-08: Non-Gas Cost Deferral Amortizations - SRRM
 [6] Tariff Advice Notice 17-09: Non-Gas Cost Deferral Amortizations - Industrial DSM
 [7] Tariff Advice Notice 17-10: Non-Gas Cost Deferral Amortizations - Decoupling
 [8] Tariff Advice Notice 17-11: Non-Gas Cost Deferral Amortizations - WARM
 [9] Tariff Advice Notice 17-12: PGA

NW Natural
Rates and Regulatory Affairs
2017-2018 PGA Filing - OREGON
Basis for Revenue Related Costs

	Twelve Months <u>Ended 06/30/17</u>		
1			
2			
3	Total Billed Gas Sales Revenues	\$ 674,696,212	
4	Total Oregon Revenues	\$ 678,088,466	
5			
6	Regulatory Commission Fees [1]	n/a	0.300% Statutory rate
7	City License and Franchise Fees	\$ 16,069,889	2.370% Line 7 ÷ Line 4
8	Net Uncollectible Expense [2]	<u>\$ 848,945</u>	<u>0.125% Line 8 ÷ Line 4</u>
9			
10	Total		<u><u>2.795%</u></u> Sum lines 8-9
11			
12			

13 **Note:**

- 14 [1] Dollar figure is set at statutory level of 0.275% times Total Oregon Revenues (line 4).
 15 Because the fee changed occurred mid gas year, the difference between the previous fee of 0.275%
 16 and the new fee of 0.3% is being captured as a temporary deferral.
 17 [2] Represents the normalized net write-offs based on a three-year average.

NW Natural
Rates & Regulatory Affairs
2017-2018 PGA Filing - Oregon: August Filing
PGA Effects on Revenue
Tariff Advice 17-06: Residual Account

	<u>Including Revenue Sensitive Amount</u>
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		<u>Including Revenue Sensitive Amount</u>
	<u>Temporary Increments:</u>	
	<u>Removal of Current Temporary Increments</u>	
	Residual Accounts	\$ -
	Total	<u>0</u>
	<u>Addition of Proposed Temporary Increments</u>	
	Residual Components:	
	Gain on Property Sale	\$ (55,770)
	Total	<u>(55,770)</u>
	TOTAL OF ALL COMPONENTS OF RATE CHANGES	<u><u>(55,770)</u></u>
	2016 Oregon Earnings Test Normalized Total Revenues	\$645,156,000
	Effect of this filing, as a percentage change (line 14 ÷ line 18)	-0.01%

NW Natural
Rates & Regulatory Affairs
2017-2018 PGA Filing - August Filing
Summary of Deferred Accounts Included in the PGA

Account A	Balance 6/30/2017 B	Jul-Oct Estimated Activity C	Jul-Oct Interest D	Estimated Balance 10/31/2017 E	Interest Rate During Amortization F1	Estimated Interest During Amortization F2	Total Estimated Amount for (Refund) or Collection G	Amounts Excluded from PGA Filing H	Amounts Included in PGA Filing I	Excl. Rev Sens
21 Miscellaneous Amortizations					2.38%					
37 254305 DEFER GAIN ON PROPERTY SALES	(43,798)	0	0	(43,798)						
38 186311 AMORT RESIDUAL BALANCES	(9,721)	0	0	(9,721)						
39	(53,519)	-	-	(53,519)	2.38%	(692)	(54,211)		(54,211)	

E = sum B thru D
G = E + F2

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Residual Balances
 Account Number: 186311
 Amortization of Residual Balances last authorized in Order 15-331

Debit (Credit)	Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Beginning Balance								
	Nov-15	1	2,562.55	(68,463.24)	1.93%	(108.05)	(66,008.74)	(66,008.74)
	Dec-15		9,689.69		1.93%	(98.37)	9,591.32	(56,417.42)
	Jan-16		11,434.11		1.93%	(81.54)	11,352.57	(45,064.85)
	Feb-16		7,641.49		1.93%	(66.33)	7,575.16	(37,489.69)
	Mar-16		6,675.22		1.93%	(54.93)	6,620.29	(30,869.40)
	Apr-16		4,872.11		1.93%	(45.73)	4,826.38	(26,043.02)
	May-16		3,078.36		1.93%	(39.41)	3,038.95	(23,004.07)
	Jun-16		2,539.15		1.93%	(34.96)	2,504.19	(20,499.88)
	Jul-16		2,007.86		1.93%	(31.36)	1,976.50	(18,523.38)
	Aug-16		1,755.07		1.93%	(28.38)	1,726.69	(16,796.69)
	Sep-16		1,906.80		1.93%	(25.48)	1,881.32	(14,915.37)
	Oct-16		2,926.14		1.93%	(21.64)	2,904.50	(12,010.87)
	Nov-16		2,307.72		1.93%	(17.46)	2,290.26	(9,720.61)
	Dec-16	2						(9,720.61)
	Jan-17							(9,720.61)
	Feb-17							(9,720.61)
	Mar-17							(9,720.61)
	Apr-17							(9,720.61)
	May-17							(9,720.61)
	Jun-17							(9,720.61)
	Jul-17							(9,720.61)
	Aug-17							(9,720.61)
	Sep-17							(9,720.61)
	Oct-17							(9,720.61)

NOTES

- 1** - Transfer in authorized balances from accounts 254315 (Property Sales amortization), 186307 (AMR amortization), 191031 (Working Gas Deferral amortization), and 254309 (SIP COS amortization).
2 - The rate increment for this account was removed from customer rates in November 2016. The residual balance remains until additional amounts are transferred for amortization.