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July 28, 2017

NWN OPUC Advice No. 17-08 / UG 330
(UM 1078)

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 AMOUNTS COLLECTIBLE THROUGH
SITE REMEDIATION RECOVERY MECHANISM (SRRM)
(UM 1078 AND UM 1635)**

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

Third Revision of Sheet 183-3,
Schedule 183,
“Site Remediation Recovery Mechanism (SRRM) (continued).”

This filing is made in accordance with OAR 860-022-0025, and the Commission’s orders in UM 1635.

The purpose of this filing is to request amortization of amounts deferred under Docket UM 1078 for inclusion in rates effective November 1, 2017. The Company revises rates for this purpose annually; the last filing was effective November 1, 2016.

The net effect of the removal of the current temporary adjustments applied to rates effective November 1, 2016 and the application of the new temporary adjustments is to decrease the Company’s annual revenues by \$3,872,212 or about -0.60%.

The monthly bill of the average residential customer served under Rate Schedule 2 using 50 therms per month will decrease by \$0.37, or -0.7%. The monthly decrease for the average commercial Rate Schedule 3 customer using 231 therms is about \$1.18, or -0.5%, and the monthly decrease for the average commercial Rate Schedule 31 customer using 2,878 therms is about \$10.57, or -0.5%. The average Rate Schedule 32 firm sales industrial customer using 18,967 therms will see a monthly decrease of about \$34.11, or -0.4%. The average bill effects for all other rate schedule and service types can be found in the separately provided workpapers.

The number of customers affected by the proposed change is 588,720 residential customers, and 60,839 commercial customers, and 942 industrial customers.

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.

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. 15-049 in Docket UM 1635. 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 2016 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, 2017.

In accordance with ORS 757.205, 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.

Notice to customers will be made in accordance with OAR 860-022-0017.

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

eFiling
Rates & Regulatory Affairs
NW Natual
220 NW Second Avenue
Portland, Oregon 97209
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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

Third Revision of Sheet 183-3
Cancels Second Revision of Sheet 183-3

SCHEDULE 183 SITE REMEDIATION RECOVERY MECHANISM (SRRM) (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.

Rate Schedule/Class	Block	SRRM Adjustment		Schedule	Block	SRRM Adjustment
2		\$0.01198		31 CSF	Block 1	\$0.00658
03 CSF		\$0.00831			Block 2	\$0.00601
03 ISF		\$0.00707		31 CTF	Block 1	\$0.00660
27		\$0.00905			Block 2	\$0.00604
				31 ISF	Block 1	\$0.00470
					Block 2	\$0.00425
				31 ITF	Block 1	\$0.00544
					Block 2	\$0.00492
32 CSF	Block 1	\$0.00454		32 CSI	Block 1	\$0.00259
	Block 2	\$0.00386			Block 2	\$0.00220
	Block 3	\$0.00273			Block 3	\$0.00155
	Block 4	\$0.00159			Block 4	\$0.00091
	Block 5	\$0.00091			Block 5	\$0.00052
	Block 6	\$0.00045			Block 6	\$0.00026
32 ISF	Block 1	\$0.00311		32 ISI	Block 1	\$0.00258
	Block 2	\$0.00265			Block 2	\$0.00219
	Block 3	\$0.00187			Block 3	\$0.00155
	Block 4	\$0.00109			Block 4	\$0.00090
	Block 5	\$0.00062			Block 5	\$0.00052
	Block 6	\$0.00031			Block 6	\$0.00026
32 ITF/CTF	Block 1	\$0.00271		32 CTI / ITI	Block 1	\$0.00226
	Block 2	\$0.00230			Block 2	\$0.00192
	Block 3	\$0.00162			Block 3	\$0.00136
	Block 4	\$0.00095			Block 4	\$0.00079
	Block 5	\$0.00054			Block 5	\$0.00045
	Block 6	\$0.00027			Block 6	\$0.00023
				33 (all)		\$0.00015

(C)

(C)

Issued July 28, 2017
NWN OPUC Advice No. 17-08

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
UM 1078

Site Remediation Recovery Mechanism (SRRM)

NWN OPUC Advice No. 17-08 / UG 330

July 28, 2017

NW NATURAL

EXHIBIT A

Supporting Material

Non-Gas Cost Deferral Amortizations – UM 1078

Site Remediation Recovery Mechanism

NWN OPUC ADVICE NO. 17-08 / UG 330

Description	Page
Calculation of Increments Allocated on the Equal Percentage of Margin Basis	1
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SRRM Post Prudence Activity and Balance	8

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

Advice 17-08

ALL VOLUMES IN THERMS

See note [5]

1	Oregon PGA		Normal	Minimum	11/1/2016	11/1/2016	Proposed	Proposed	Proposed		
2	Normalized		Therms	Monthly	Billing	Current	11/1/2017	11/1/2017	11/1/2017		
3	Volumes page,		Monthly	Monthly	Rates	Average Bill	SRRM Deferral	SRRM Deferral	SRRM Deferral		
4	Column D		Average use	Charge			Rates	Average Bill	% Bill Change		
5											
6	Schedule	Block	A	B	C	D	E	F = D + (C * E)	M	N = D + (C * M)	O = (N - F) / F
7	2R		353,902,060	N/A	50	\$8.00	\$0.90723	\$53.36	\$0.89987	\$52.99	-0.7%
8	3C Firm Sales		159,700,612	N/A	231	\$15.00	\$0.86447	\$214.69	\$0.85936	\$213.51	-0.5%
9	3I Firm Sales		4,602,931	N/A	1,118	\$15.00	\$0.82099	\$932.87	\$0.81659	\$927.95	-0.5%
10	27 Dry Out		1,205,372	N/A	51	\$6.00	\$0.79183	\$46.38	\$0.78465	\$46.02	-0.8%
11	31C Firm Sales	Block 1	13,316,134	2,000	2,878	\$325.00	\$0.59951	\$2,033.45	\$0.59574	\$2,022.88	-0.5%
12		Block 2	12,481,400	all additional			\$0.58022		\$0.57677		
13	31C Firm Trans	Block 1	1,525,441	2,000	1,718	\$575.00	\$0.19261	\$905.90	\$0.18791	\$897.83	-0.9%
14		Block 2	2,009,166	all additional			\$0.17612		\$0.17183		
15	31I Firm Sales	Block 1	4,070,024	2,000	5,101	\$325.00	\$0.52142	\$2,932.08	\$0.51864	\$2,918.73	-0.5%
16		Block 2	8,722,092	all additional			\$0.50443		\$0.50192		
17	31I Firm Trans	Block 1	125,106	2,000	5,582	\$575.00	\$0.17295	\$1,480.91	\$0.16970	\$1,463.88	-1.1%
18		Block 2	276,784	all additional			\$0.15634		\$0.15340		
19	32C Firm Sales	Block 1	25,883,715	10,000	6,918	\$675.00	\$0.45060	\$3,792.25	\$0.44818	\$3,775.51	-0.4%
20		Block 2	8,661,618	20,000			\$0.43472		\$0.43267		
21		Block 3	1,237,042	20,000			\$0.40833		\$0.40688		
22		Block 4	165,932	100,000			\$0.38189		\$0.38104		
23		Block 5	0	600,000			\$0.36585		\$0.36537		
24		Block 6	0	all additional			\$0.35526		\$0.35501		
25	32I Firm Sales	Block 1	4,719,808	10,000	18,967	\$675.00	\$0.44761	\$9,026.91	\$0.44567	\$8,992.80	-0.4%
26		Block 2	5,298,281	20,000			\$0.43223		\$0.43059		
27		Block 3	1,764,186	20,000			\$0.40657		\$0.40541		
28		Block 4	508,368	100,000			\$0.38095		\$0.38027		
29		Block 5	0	600,000			\$0.36535		\$0.36496		
30		Block 6	0	all additional			\$0.35515		\$0.35495		
31	32 Firm Trans	Block 1	16,254,618	10,000	42,165	\$925.00	\$0.10157	\$4,409.93	\$0.09987	\$4,351.40	-1.3%
32		Block 2	18,153,953	20,000			\$0.08634		\$0.08489		
33		Block 3	10,538,827	20,000			\$0.06103		\$0.06000		
34		Block 4	19,469,774	100,000			\$0.03567		\$0.03508		
35		Block 5	21,237,750	600,000			\$0.02045		\$0.02011		
36		Block 6	3,397,316	all additional			\$0.01035		\$0.01018		
37	32C Interr Sales	Block 1	5,242,630	10,000	31,274	\$675.00	\$0.43726	\$13,982.77	\$0.43579	\$13,941.93	-0.3%
38		Block 2	7,424,480	20,000			\$0.42157		\$0.42032		
39		Block 3	3,966,495	20,000			\$0.39542		\$0.39453		
40		Block 4	4,896,519	100,000			\$0.36927		\$0.36876		
41		Block 5	236,893	600,000			\$0.35356		\$0.35327		
42		Block 6	0	all additional			\$0.34299		\$0.34284		
43	32I Interr Sales	Block 1	6,200,783	10,000	34,814	\$675.00	\$0.43711	\$15,379.11	\$0.43569	\$15,336.62	-0.3%
44		Block 2	7,447,078	20,000			\$0.42148		\$0.42027		
45		Block 3	3,991,226	20,000			\$0.39539		\$0.39454		
46		Block 4	8,413,466	100,000			\$0.36930		\$0.36880		
47		Block 5	1,938,065	600,000			\$0.35364		\$0.35336		
48		Block 6	0	all additional			\$0.34310		\$0.34296		
49	32 Interr Trans	Block 1	8,753,845	10,000	208,347	\$925.00	\$0.10200	\$9,686.23	\$0.10059	\$9,564.99	-1.3%
50		Block 2	15,798,206	20,000			\$0.08673		\$0.08553		
51		Block 3	11,612,336	20,000			\$0.06128		\$0.06044		
52		Block 4	31,071,223	100,000			\$0.03582		\$0.03532		
53		Block 5	59,059,181	600,000			\$0.02055		\$0.02027		
54		Block 6	91,219,916	all additional			\$0.01038		\$0.01024		
55	33		0	N/A	0	\$38,000	\$0.00590	\$38,000.00	\$0.00581	\$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]	\$ 848,945	0.125% Line 8 ÷ Line 4
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 17-08: SRRM

	<u>Including Revenue</u> <u>Sensitive Amount</u>
1 <u>SRRM Components:</u>	
2	
3 <u>Removal of Current Temporary Increments:</u>	
4	
5 Amortization of SRRM	(\$10,273,577)
6	
7 <u>Addition of Proposed Temporary Increments:</u>	
8	
9 Amortization of SRRM	\$6,401,365
10	
11 Total	<u>(3,872,212)</u>
12	
13	
14	
15 2016 Oregon Earnings Test Normalized Total Revenues	\$645,156,000
16	
17 Effect of this filing, as a percentage change (line 11 ÷ line 1	-0.60%

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

Account	A	B	C	D	E	F1	F2	G	H	I
	Balance 6/30/2017	Jul-Oct Estimated Activity	Jul-Oct Interest	Estimated Balance 10/31/2017	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	Excl. Rev Sens
								G = E + F2		
21 Miscellaneous Amortizations						2.38%				
22 186183 SRRM AMORTIZATION	319,279	(1,581,198)	(2,373)	(1,264,292)						
23 186182 SRRM POST PRUDENCE (one-fifth of balance and int)	7,336,817	0	70,441	7,407,258						
24 Subtotal	7,656,096	(1,581,198)	68,068	6,142,966	2.38%	79,481	6,222,447		6,222,447	

E = sum B thru D

G = E + F2

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of SRRM
 Account Number: 186183
 Dockets UM 1635 and UG 310
 Amortization of SRRM approved in Order 16-395

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Debit	Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance																							
(Credit)	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)																							
	Beginning Balance							0.00																							
	Nov-15	new rates (1)	(331,221.24)	8,353,752.31	1.93%	13,169.26	8,035,700.33	8,035,700.33																							
	Dec-15		(1,249,743.48)		1.93%	11,919.08	(1,237,824.40)	6,797,875.93																							
	Jan-16		(1,475,133.69)		1.93%	9,747.00	(1,465,386.69)	5,332,489.24																							
	Feb-16		(986,250.27)		1.93%	7,783.31	(978,466.96)	4,354,022.28																							
	Mar-16		(861,642.01)		1.93%	6,309.82	(855,332.19)	3,498,690.09																							
	Apr-16		(629,655.19)		1.93%	5,120.71	(624,534.48)	2,874,155.61																							
	May-16		(398,916.35)		1.93%	4,301.81	(394,614.54)	2,479,541.07																							
	Jun-16	2	(329,633.68)	(3.20)	1.93%	3,722.84	(325,914.04)	2,153,627.03																							
	Jul-16		(261,339.04)		1.93%	3,253.59	(258,085.45)	1,895,541.58																							
	Aug-16		(228,862.19)		1.93%	2,864.62	(225,997.57)	1,669,544.01																							
	Sep-16		(248,248.14)		1.93%	2,485.55	(245,762.59)	1,423,781.42																							
	Oct-16		(378,960.88)		1.93%	1,985.17	(376,975.71)	1,046,805.71																							
	Nov-16	old rates	(297,497.27)		1.93%	1,444.38	(296,052.89)	750,752.82																							
	Nov-16	new rates (1)	(329,107.19)	8,999,816.50	2.20%	16,197.98	8,686,907.29	9,437,660.12																							
	Dec-16		(1,473,791.53)		2.20%	15,951.40	(1,457,840.13)	7,979,819.99																							
	Jan-17		(2,319,711.39)		2.20%	12,503.27	(2,307,208.12)	5,672,611.87																							
	Feb-17		(1,792,406.24)		2.20%	8,756.75	(1,783,649.49)	3,888,962.38																							
	Mar-17		(1,381,558.60)		2.20%	5,863.34	(1,375,695.26)	2,513,267.12																							
	Apr-17		(1,016,909.87)		2.20%	3,675.49	(1,013,234.38)	1,500,032.74																							
	May-17		(744,643.96)		2.20%	2,067.47	(742,576.49)	757,456.25																							
	Jun-17		(439,163.17)		2.20%	986.10	(438,177.07)	319,279.18																							
	Jul-17	forecast	(292,631.88)		2.20%	317.10	(292,314.78)	26,964.40																							
	Aug-17	forecast	(294,920.44)		2.20%	(220.91)	(295,141.35)	(268,176.95)																							
	Sep-17	forecast	(312,657.35)		2.20%	(778.26)	(313,435.61)	(581,612.56)																							
	Oct-17	forecast	(680,988.69)		2.20%	(1,690.53)	(682,679.22)	(1,264,291.78)																							

History truncated for ease of viewing

NOTES

- 1** - Transferred in authorized balances from Environmental Post Prudent account 186182.
- 2** - Transfer represents true-up to the general ledger.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: SRRM Post-Prudence
 Account Number: 186182
 Other Info: SRRM Environmental Mechanism established in Order No. 12-437

Debit (Credit)	Month/Year	Note (b)	Transfer In From Pre-Prudence (c)	Transfer Out To Amortization (d)	Adjustments (e)	Interest (f1)	Interest Rate (f2)	Activity (g)	Balance (h)
	1								
	2								
	3								
	4								
	12								
	13								
	14								
	15								
	16								
	17								
	18								
	19								
	20								
	21								
	22								
	23								
	24								
	25								
	26								
	27								
	28								
	29								
	30								
	31								
	32								
	33								
	34								
	35								
	36								
	37								
	38								
	39								
	40								
	41								

History truncated for ease of viewing

Notes:

1 - Transferred authorized amount of \$8,999,816 (one-fifth of October Post Prudence balance) to amortization account 186183.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: SRRM Post-Prudence
 Account Number: 186182
 Other Info: SRRM Environmental Mechanism established in Order No. 12-437

Debit (Credit)	Month/Year	Note	Transfer In From Pre-Prudence	Transfer Out To Amortization	Adjustments	Interest (f1)	Interest Rate (f2)	Activity (g)	Balance (h)
	(a)	(b)	(c)	(d)	(e)	(f1)	(f2)	(g)	(h)
1									
2									
3									
4	Beginning Balance								
20	Jun-16					100,483.17	2.71%	100,483.17	44,594,875.44
21	Jul-16					100,710.09	2.71%	100,710.09	44,695,585.53
22	Aug-16					100,937.53	2.71%	100,937.53	44,796,523.06
23	Sep-16					101,165.48	2.71%	101,165.48	44,897,688.54
24	Oct-16					101,393.95	2.71%	101,393.95	44,999,082.49
25	Nov-16	1		(8,999,817)		81,298.34	2.71%	(8,918,518.16)	36,080,564.33
26	Dec-16					81,481.94	2.71%	81,481.94	36,162,046.27
27	Jan-17					86,487.56	2.87%	86,487.56	36,248,533.83
28	Feb-17					86,694.41	2.87%	86,694.41	36,335,228.24
29	Mar-17					86,901.75	2.87%	86,901.75	36,422,129.99
30	Apr-17					87,109.59	2.87%	87,109.59	36,509,239.58
31	May-17					87,317.93	2.87%	87,317.93	36,596,557.51
32	Jun-17					87,526.77	2.87%	87,526.77	36,684,084.28
33	Jul-17					87,736.10	2.87%	87,736.10	36,771,820.38
34	Aug-17					87,945.94	2.87%	87,945.94	36,859,766.32
35	Sep-17					88,156.27	2.87%	88,156.27	36,947,922.59
36	Oct-17					88,367.11	2.87%	88,367.11	37,036,289.70
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									

October 2017 Balance
 1/5th of balance
 Total amount to collect in 2017-18 PGA year

37,036,289.70
 x 20%
 7,407,257.94

History truncated for ease of viewing

Notes:
 1 - Transferred authorized amount of \$8,999,816 (one-fifth of October Post Prudence balance) to amortization account 186183.