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September 15, 2014

NWN OPUC Advice No. 14-14 / UG 272  
(UM 1406)  
SUPPLEMENT A

***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: Replacement Filing:  
Schedule 177: Adjustments to Rates for System Integrity Program (SIP)**

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith revisions and additions 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 177-3,  
Schedule 177,  
"System Integrity Program (SIP) Recovery Mechanism (continued);"

Second Revision of Sheet 177-4,  
Schedule 177,  
"System Integrity Program (SIP) Recovery Mechanism (continued);"

Original Sheet 177-5,  
Schedule 177,  
"System Integrity Program (SIP) Recovery Mechanism (continued);" and

Original Sheet 177-6,  
Schedule 177,  
"System Integrity Program (SIP) Recovery Mechanism (continued)."

This filing replaces, in the entirety, the advice letter, tariff sheets and Exhibit A that were originally filed under NWN OPUC Advice No. 14-14 dated August 1, 2014.

The first purpose of this replacement filing is to update the temporary adjustments to permanent rates associated with the Company's System Integrity Program (SIP) that includes: Part A: Bare Steel, Part B: Transmission Integrity Management (TIMP);

and Part C: Distribution Integrity Management (DIMP) pursuant to a Stipulation adopted by the Commission in Docket UG 221 for actual investments during July 2014 as well as changes in forecasted expenditures for August through October 2014. The Company last adjusted rates for this purpose effective November 1, 2013.

The Company notes that pursuant to the stipulation in UG 221, the SIP sunsets in 2014, and this filing implements the last adjustment under the sun setting program. The Company intends to seek an extension and modification of the SIP program that it hopes would be effective before the next PGA which begins November 1, 2015.

The effect of this portion of the filing is to increase the Company's annual revenues by \$1,958,504.

Due to the manner in which SIP costs are allocated to each Rate Schedule, the 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 second purpose of this filing is to apply a one-year temporary adjustment to rates to true-up the effects of an overestimate of SIP costs that were placed into base rates effective with the Company's last PGA Year commencing November 1, 2013. The proposed adjustments are reflected on Sheets 177-5 and 177-6 filed herein.

For the 2013-2014 PGA year, the Company calculated the cost of service for actual SIP investments through July, plus estimated expenditures for August through October, in accordance with the provisions of the SIP mechanism (Order No. 09-067). Subsequent to the November 1, 2013 rate effective date, the Company discovered that the actual costs capitalized for August through October were \$3.8 million lower than the estimated amounts. While rate base has always been adjusted in the following year to reflect actual capital spend, usually the cost of service on the difference between the estimated and actual investment is not true-up for the first year of collection. Given the magnitude of the overestimate, however, the Company proposes to include the cost of service difference in the amount of \$575,841 and is requesting with this filing that the Commission approve this amount to be credited to customers with the 2014-2015 PGA Year. This adjustment is explained in more detail in Exhibit A to OPUC Advice No. 14-16A.

The true-up of this deferred cost is made on the same basis as the initial SIP cost allocation. The result is a decrease of \$0.00105 on residential Rate Schedule 2 customer rates, and a decrease of \$0.00090 on commercial Rate Schedule 3 rates. The adjustments for Rate Schedule 31 and Rate Schedule 32 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 net effect of the SIP and cost of service reserve amounts is an increase to the Company's annual revenues of \$1,382,663, or 0.21%.

The monthly bill of the average residential customer served under Rate Schedule 2 using 53 therms per month will increase by 13 cents. The monthly increase for the average commercial Rate Schedule 3 customer using 233 therms is about 45 cents, and the monthly increase for the average commercial Rate Schedule 31 customer using 3,524

therms is about \$5.59. The average Rate Schedule 32 firm sales industrial customer using 19,284 therms will see a monthly increase of about \$8.22. 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 changes described above is 563,128 residential customers, 59,508 commercial customers, and 825 industrial customers.

This filing is made in accordance with ORS 757.210 which authorizes changes to an existing rate or schedule of rates to the extent authorized by the Commission, and with OPUC Order Nos. 09-067 and 13-179 in Docket 1406.

In addition to the supporting materials submitted as part of this filing, the Company separately provided 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  
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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 177-3  
 Cancels First Revision of Sheet 177-3

**SCHEDULE 177**  
**SYSTEM INTEGRITY PROGRAM (SIP) RECOVERY MECHANISM**  
 (continued)

(T)

**APPLICATION TO RATE SCHEDULES:**

**Effective: November 1, 2014**

(T)

The Adjustments shown below are included in the Base Adjustments in the listed Rate Schedules:

Schedule	Block	Part A		Part B	Part C	Total Adjustment
		70%	30%			
2		\$0.00302	\$0.00135	\$0.00245	\$0.00080	\$0.00762
3 (CSF)		\$0.00302	\$0.00095	\$0.00172	\$0.00056	\$0.00625
3 (ISF)		\$0.00000	\$0.00081	\$0.00147	\$0.00048	\$0.00276
27		\$0.00302	\$0.00108	\$0.00196	\$0.00064	\$0.00670
31 (CSF)	Block 1	\$0.00302	\$0.00070	\$0.00128	\$0.00042	\$0.00542
	Block 2	\$0.00302	\$0.00064	\$0.00117	\$0.00038	\$0.00521
31(CTF)	Block 1	\$0.00302	\$0.00072	\$0.00131	\$0.00043	\$0.00548
	Block 2	\$0.00302	\$0.00066	\$0.00120	\$0.00039	\$0.00527
31 (ISF)	Block 1	\$0.00000	\$0.00051	\$0.00093	\$0.00030	\$0.00174
	Block 2	\$0.00000	\$0.00046	\$0.00084	\$0.00027	\$0.00157
31 (IFT)	Block 1	\$0.00000	\$0.00051	\$0.00093	\$0.00030	\$0.00174
	Block 2	\$0.00000	\$0.00046	\$0.00084	\$0.00028	\$0.00158
32 (CSF)	Block 1	\$0.00000	\$0.00042	\$0.00076	\$0.00025	\$0.00143
	Block 2	\$0.00000	\$0.00035	\$0.00064	\$0.00021	\$0.00120
	Block 3	\$0.00000	\$0.00025	\$0.00045	\$0.00015	\$0.00085
	Block 4	\$0.00000	\$0.00015	\$0.00026	\$0.00009	\$0.00050
	Block 5	\$0.00000	\$0.00008	\$0.00015	\$0.00005	\$0.00028
	Block 6	\$0.00000	\$0.00004	\$0.00008	\$0.00002	\$0.00014

(C)

(C)

(continue to Sheet 177-4)

Issued September 15, 2014  
 NWN OPUC Advice No. 14-14A

Effective with service on  
 and after November 1, 2014

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet 177-4  
 Cancels First Revision of Sheet 177-4

## SCHEDULE 177 SYSTEM INTEGRITY PROGRAM (SIP) RECOVERY MECHANISM (continued)

(T)

**APPLICATION TO RATE SCHEDULES:**

**Effective: November 1, 2014**

(T)

The Adjustments shown below are included in the Base Adjustments in the listed Rate Schedules:

Schedule	Block	Part A		Part B	Part C	Total Adjustment
		70%	30%			
32 (ISF)	Block 1	\$0.00000	\$0.00032	\$0.00057	\$0.00019	\$0.00108
	Block 2	\$0.00000	\$0.00027	\$0.00049	\$0.00016	\$0.00092
	Block 3	\$0.00000	\$0.00019	\$0.00034	\$0.00011	\$0.00064
	Block 4	\$0.00000	\$0.00011	\$0.00020	\$0.00007	\$0.00038
	Block 5	\$0.00000	\$0.00006	\$0.00011	\$0.00004	\$0.00021
	Block 6	\$0.00000	\$0.00003	\$0.00006	\$0.00002	\$0.00011
32 (TF)	Block 1	\$0.00000	\$0.00029	\$0.00053	\$0.00017	\$0.00099
	Block 2	\$0.00000	\$0.00025	\$0.00045	\$0.00015	\$0.00085
	Block 3	\$0.00000	\$0.00017	\$0.00032	\$0.00010	\$0.00059
	Block 4	\$0.00000	\$0.00010	\$0.00018	\$0.00006	\$0.00034
	Block 5	\$0.00000	\$0.00006	\$0.00011	\$0.00003	\$0.00020
	Block 6	\$0.00000	\$0.00003	\$0.00005	\$0.00002	\$0.00010
32 (CSI)	Block 1	\$0.00000	\$0.00029	\$0.00053	\$0.00017	\$0.00099
	Block 2	\$0.00000	\$0.00025	\$0.00045	\$0.00015	\$0.00085
	Block 3	\$0.00000	\$0.00018	\$0.00032	\$0.00010	\$0.00060
	Block 4	\$0.00000	\$0.00010	\$0.00019	\$0.00006	\$0.00035
	Block 5	\$0.00000	\$0.00006	\$0.00011	\$0.00003	\$0.00020
	Block 6	\$0.00000	\$0.00003	\$0.00005	\$0.00002	\$0.00010
32 (ISI)	Block 1	\$0.00000	\$0.00029	\$0.00053	\$0.00017	\$0.00099
	Block 2	\$0.00000	\$0.00025	\$0.00045	\$0.00015	\$0.00085
	Block 3	\$0.00000	\$0.00017	\$0.00032	\$0.00010	\$0.00059
	Block 4	\$0.00000	\$0.00010	\$0.00018	\$0.00006	\$0.00034
	Block 5	\$0.00000	\$0.00006	\$0.00011	\$0.00003	\$0.00020
	Block 6	\$0.00000	\$0.00003	\$0.00005	\$0.00002	\$0.00010
32 (TI)	Block 1	\$0.00000	\$0.00026	\$0.00047	\$0.00015	\$0.00088
	Block 2	\$0.00000	\$0.00022	\$0.00040	\$0.00013	\$0.00075
	Block 3	\$0.00000	\$0.00016	\$0.00028	\$0.00009	\$0.00053
	Block 4	\$0.00000	\$0.00009	\$0.00017	\$0.00005	\$0.00031
	Block 5	\$0.00000	\$0.00005	\$0.00009	\$0.00003	\$0.00017
	Block 6	\$0.00000	\$0.00003	\$0.00005	\$0.00002	\$0.00010
33 (all)		\$0.00000	\$0.00002	\$0.00003	\$0.00001	\$0.00006

(C)

(C)

(continue to Sheet 177-5)

Issued September 15, 2014  
 NWN OPUC Advice No. 14-14A

Effective with service on  
 and after November 1, 2014

**SCHEDULE 177  
SYSTEM INTEGRITY PROGRAM (SIP) RECOVERY MECHANISM  
(continued)**

**APPLICATION TO RATE SCHEDULES:**

**Effective: November 1, 2014**

The Adjustments shown below reflect a credit to customer rates associated with a cost of service reserve relating to the 2013-2014 PGA Year. The Adjustments shown below are included in the Temporary Adjustments in the listed Rate Schedules:

Schedule	Block	Part A		Part B	Total Adjustment
		70%	30%		
2		\$(0.00055)	\$(0.00024)	\$(0.00026)	\$(0.00105)
3 (CSF)		\$(0.00055)	\$(0.00017)	\$(0.00018)	\$(0.00090)
3 (ISF)		\$0.00000	\$(0.00015)	\$(0.00015)	\$(0.00030)
27		\$(0.00055)	\$(0.00020)	\$(0.00020)	\$(0.00095)
31 (CSF)	Block 1	\$(0.00055)	\$(0.00013)	\$(0.00013)	\$(0.00081)
	Block 2	\$(0.00055)	\$(0.00012)	\$(0.00012)	\$(0.00079)
31(CTF)	Block 1	\$(0.00055)	\$(0.00013)	\$(0.00014)	\$(0.00082)
	Block 2	\$(0.00055)	\$(0.00012)	\$(0.00013)	\$(0.00080)
31 (ISF)	Block 1	\$0.00000	\$(0.00009)	\$(0.00010)	\$(0.00019)
	Block 2	\$0.00000	\$(0.00008)	\$(0.00009)	\$(0.00017)
31 (IFT)	Block 1	\$0.00000	\$(0.00009)	\$(0.00010)	\$(0.00019)
	Block 2	\$0.00000	\$(0.00008)	\$(0.00009)	\$(0.00017)
32 (CSF)	Block 1	\$0.00000	\$(0.00008)	\$(0.00008)	\$(0.00016)
	Block 2	\$0.00000	\$(0.00006)	\$(0.00007)	\$(0.00013)
	Block 3	\$0.00000	\$(0.00005)	\$(0.00005)	\$(0.00010)
	Block 4	\$0.00000	\$(0.00003)	\$(0.00003)	\$(0.00006)
	Block 5	\$0.00000	\$(0.00002)	\$(0.00002)	\$(0.00004)
	Block 6	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)

(continue to Sheet 177-6)

(N)

(N)

Issued September 15, 2014  
NWN OPUC Advice No. 14-14A

Effective with service on  
and after November 1, 2014

**SCHEDULE 177  
SYSTEM INTEGRITY PROGRAM (SIP) RECOVERY MECHANISM  
(continued)**

**APPLICATION TO RATE SCHEDULES:**

**Effective: November 1, 2014**

The Adjustments shown below are included in the Base Adjustments in the listed Rate Schedules:

(N)

Schedule	Block	Part A		Part B	Total Adjustment
		70%	30%		
32 (ISF)	Block 1	\$0.00000	\$(0.00006)	\$(0.00006)	\$(0.00012)
	Block 2	\$0.00000	\$(0.00005)	\$(0.00005)	\$(0.00010)
	Block 3	\$0.00000	\$(0.00003)	\$(0.00004)	\$(0.00007)
	Block 4	\$0.00000	\$(0.00002)	\$(0.00002)	\$(0.00004)
	Block 5	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)
	Block 6	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)
32 (TF)	Block 1	\$0.00000	\$(0.00005)	\$(0.00005)	\$(0.00010)
	Block 2	\$0.00000	\$(0.00004)	\$(0.00005)	\$(0.00009)
	Block 3	\$0.00000	\$(0.00003)	\$(0.00003)	\$(0.00006)
	Block 4	\$0.00000	\$(0.00002)	\$(0.00002)	\$(0.00004)
	Block 5	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)
	Block 6	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)
32 (CSI)	Block 1	\$0.00000	\$(0.00005)	\$(0.00006)	\$(0.00011)
	Block 2	\$0.00000	\$(0.00004)	\$(0.00005)	\$(0.00009)
	Block 3	\$0.00000	\$(0.00003)	\$(0.00003)	\$(0.00006)
	Block 4	\$0.00000	\$(0.00002)	\$(0.00002)	\$(0.00004)
	Block 5	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)
	Block 6	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)
32 (ISI)	Block 1	\$0.00000	\$(0.00005)	\$(0.00005)	\$(0.00010)
	Block 2	\$0.00000	\$(0.00004)	\$(0.00005)	\$(0.00009)
	Block 3	\$0.00000	\$(0.00003)	\$(0.00003)	\$(0.00006)
	Block 4	\$0.00000	\$(0.00002)	\$(0.00002)	\$(0.00004)
	Block 5	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)
	Block 6	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)
32 (TI)	Block 1	\$0.00000	\$(0.00005)	\$(0.00005)	\$(0.00010)
	Block 2	\$0.00000	\$(0.00004)	\$(0.00004)	\$(0.00008)
	Block 3	\$0.00000	\$(0.00003)	\$(0.00003)	\$(0.00006)
	Block 4	\$0.00000	\$(0.00002)	\$(0.00002)	\$(0.00004)
	Block 5	\$0.00000	\$(0.00001)	\$(0.00001)	\$(0.00002)
	Block 6	\$0.00000	\$0.00000	\$0.00000	\$0.00000
33 (all)		\$0.00000	\$0.00000	\$0.00000	\$0.00000

(N)

Issued September 15, 2014  
NWN OPUC Advice No. 14-14A

Effective with service on  
and after November 1, 2014

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

NW NATURAL  
SUPPORTING MATERIALS

UM 1406  
System Integrity Program (SIP)

NWN OPUC Advice No. 14-14A / UG 272  
September 15, 2014





Exhibit A  
Supporting Materials  
System Integrity Program - UM 1406

NWN OPUC Advice No. 14-14A / UG 272

**Page No.**

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NW Natural  
 Rates & Regulatory Affairs  
 2014-15 PGA - Oregon: September Filing  
 Summary of PERMANENT Increments

		REMOVE Current	REMOVE Current	REMOVE Current	Permanent Increments to Remove	ADD Proposed SIP: Bare Steel 70%	ADD Proposed SIP: Bare Steel 30%	ADD Proposed SIP: DIMP	ADD Proposed SIP: TIMP	Subtotal	Net Effect of Permanent Items (M = L - H)
		Bare Steel	SIP: DIMP	SIP: TIMP	Subtotal						
Schedule	Block	A	C	D	E	F	G	I	J	L	M
2R		0.00279	0.00034	0.00095	0.00408	0.00302	0.00135	0.00080	0.00245	0.00762	0.00354
3C Firm Sales		0.00252	0.00024	0.00066	0.00342	0.00302	0.00095	0.00056	0.00172	0.00625	0.00283
3I Firm Sales		0.00243	0.00021	0.00057	0.00321	0.00000	0.00081	0.00048	0.00147	0.00276	(0.00045)
27 Dry Out		0.00279	0.00034	0.00095	0.00408	0.00302	0.00108	0.00064	0.00196	0.00670	0.00262
31C Firm Sales	Block 1	0.00234	0.00017	0.00047	0.00298	0.00302	0.00070	0.00042	0.00128	0.00542	0.00244
	Block 2	0.00231	0.00015	0.00043	0.00289	0.00302	0.00064	0.00038	0.00117	0.00521	0.00232
31C Firm Trans	Block 1	0.00238	0.00019	0.00051	0.00308	0.00302	0.00072	0.00043	0.00131	0.00548	0.00240
	Block 2	0.00234	0.00017	0.00046	0.00297	0.00302	0.00066	0.00039	0.00120	0.00527	0.00230
31I Firm Sales	Block 1	0.00033	0.00013	0.00036	0.00082	0.00000	0.00051	0.00030	0.00093	0.00174	0.00092
	Block 2	0.00030	0.00012	0.00032	0.00074	0.00000	0.00046	0.00027	0.00084	0.00157	0.00083
31I Firm Trans	Block 1	0.00034	0.00013	0.00037	0.00084	0.00000	0.00051	0.00030	0.00093	0.00174	0.00090
	Block 2	0.00031	0.00012	0.00033	0.00076	0.00000	0.00046	0.00028	0.00084	0.00158	0.00082
32C Firm Sales	Block 1	0.00027	0.00010	0.00029	0.00066	0.00000	0.00042	0.00025	0.00076	0.00143	0.00077
	Block 2	0.00023	0.00009	0.00025	0.00057	0.00000	0.00035	0.00021	0.00064	0.00120	0.00063
	Block 3	0.00016	0.00006	0.00017	0.00039	0.00000	0.00025	0.00015	0.00045	0.00085	0.00046
	Block 4	0.00009	0.00004	0.00010	0.00023	0.00000	0.00015	0.00009	0.00026	0.00050	0.00027
	Block 5	0.00005	0.00002	0.00006	0.00013	0.00000	0.00008	0.00005	0.00015	0.00028	0.00015
	Block 6	0.00003	0.00001	0.00003	0.00007	0.00000	0.00004	0.00002	0.00008	0.00014	0.00007
32I Firm Sales	Block 1	0.00020	0.00008	0.00022	0.00050	0.00000	0.00032	0.00019	0.00057	0.00108	0.00058
	Block 2	0.00017	0.00007	0.00019	0.00043	0.00000	0.00027	0.00016	0.00049	0.00092	0.00049
	Block 3	0.00012	0.00005	0.00013	0.00030	0.00000	0.00019	0.00011	0.00034	0.00064	0.00034
	Block 4	0.00007	0.00003	0.00008	0.00018	0.00000	0.00011	0.00007	0.00020	0.00038	0.00020
	Block 5	0.00004	0.00002	0.00004	0.00010	0.00000	0.00006	0.00004	0.00011	0.00021	0.00011
	Block 6	0.00002	0.00001	0.00002	0.00005	0.00000	0.00003	0.00002	0.00006	0.00011	0.00006
32 Firm Trans	Block 1	0.00019	0.00008	0.00021	0.00048	0.00000	0.00029	0.00017	0.00053	0.00099	0.00051
	Block 2	0.00017	0.00006	0.00018	0.00041	0.00000	0.00025	0.00015	0.00045	0.00085	0.00044
	Block 3	0.00012	0.00005	0.00013	0.00030	0.00000	0.00017	0.00010	0.00032	0.00059	0.00029
	Block 4	0.00007	0.00003	0.00007	0.00017	0.00000	0.00010	0.00006	0.00018	0.00034	0.00017
	Block 5	0.00004	0.00002	0.00004	0.00010	0.00000	0.00006	0.00003	0.00011	0.00020	0.00010
	Block 6	0.00002	0.00001	0.00002	0.00005	0.00000	0.00003	0.00002	0.00005	0.00010	0.00005
32C Interr Sales	Block 1	0.00019	0.00007	0.00020	0.00046	0.00000	0.00029	0.00017	0.00053	0.00099	0.00053
	Block 2	0.00016	0.00006	0.00017	0.00039	0.00000	0.00025	0.00015	0.00045	0.00085	0.00046
	Block 3	0.00011	0.00004	0.00012	0.00027	0.00000	0.00018	0.00010	0.00032	0.00060	0.00033
	Block 4	0.00007	0.00003	0.00007	0.00017	0.00000	0.00010	0.00006	0.00019	0.00035	0.00018
	Block 5	0.00004	0.00001	0.00004	0.00009	0.00000	0.00006	0.00003	0.00011	0.00020	0.00011
	Block 6	0.00002	0.00001	0.00002	0.00005	0.00000	0.00003	0.00002	0.00005	0.00010	0.00005
32I Interr Sales	Block 1	0.00018	0.00007	0.00020	0.00045	0.00000	0.00029	0.00017	0.00053	0.00099	0.00054
	Block 2	0.00016	0.00006	0.00017	0.00039	0.00000	0.00025	0.00015	0.00045	0.00085	0.00046
	Block 3	0.00011	0.00004	0.00012	0.00027	0.00000	0.00017	0.00010	0.00032	0.00059	0.00032
	Block 4	0.00006	0.00003	0.00007	0.00016	0.00000	0.00010	0.00006	0.00018	0.00034	0.00018
	Block 5	0.00004	0.00001	0.00004	0.00009	0.00000	0.00006	0.00003	0.00011	0.00020	0.00011
	Block 6	0.00002	0.00001	0.00002	0.00005	0.00000	0.00003	0.00002	0.00005	0.00010	0.00005
32 Interr Trans	Block 1	0.00017	0.00007	0.00019	0.00043	0.00000	0.00026	0.00015	0.00047	0.00088	0.00045
	Block 2	0.00015	0.00006	0.00016	0.00037	0.00000	0.00022	0.00013	0.00040	0.00075	0.00038
	Block 3	0.00010	0.00004	0.00011	0.00025	0.00000	0.00016	0.00009	0.00028	0.00053	0.00028
	Block 4	0.00006	0.00002	0.00006	0.00014	0.00000	0.00009	0.00005	0.00017	0.00031	0.00017
	Block 5	0.00003	0.00001	0.00004	0.00008	0.00000	0.00005	0.00003	0.00009	0.00017	0.00009
	Block 6	0.00002	0.00001	0.00002	0.00005	0.00000	0.00003	0.00002	0.00005	0.00010	0.00005
33		0.00001	0.00000	0.00001	0.00002	0.00000	0.00002	0.00001	0.00003	0.00006	0.00004

**Sources:**

Direct Inputs	13-14 PGA	13-14 PGA	13-14 PGA
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Equal ¢ per therm	Column AE
Equal % of margin	Column AA    Column AD    Column AG

**Tariff Schedules**

Rate Adjustment Schedule	Sched 177 A	Sched 177 C	Sched 177 B
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**Filing:**

Tariff Advice Notice #	14-14A	14-14A	14-14A
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**NW Natural**  
**Rates & Regulatory Affairs**  
**2014-15 PGA - Oregon: September Filing**  
**Summary of TEMPORARY Increments**

1 **Note: The information presented below is consistent with Tariff Advice 14-14 (August 2014 filing)**  
 2  
 3

		Cost of Service Reserve			
		SIP: Bare Steel	SIP: Bare Steel	SIP: TIMP	Subtotal
		70%	30%		
Schedule	Block	F	G	J	L
2R		(0.00055)	(0.00024)	(0.00026)	(0.00105)
3C Firm Sales		(0.00055)	(0.00017)	(0.00018)	(0.00090)
3I Firm Sales		0.00000	(0.00015)	(0.00015)	(0.00030)
27 Dry Out		(0.00055)	(0.00020)	(0.00020)	(0.00095)
31C Firm Sales	Block 1	(0.00055)	(0.00013)	(0.00013)	(0.00081)
	Block 2	(0.00055)	(0.00012)	(0.00012)	(0.00079)
31C Firm Trans	Block 1	(0.00055)	(0.00013)	(0.00014)	(0.00082)
	Block 2	(0.00055)	(0.00012)	(0.00013)	(0.00080)
31I Firm Sales	Block 1	0.00000	(0.00009)	(0.00010)	(0.00019)
	Block 2	0.00000	(0.00008)	(0.00009)	(0.00017)
31I Firm Trans	Block 1	0.00000	(0.00009)	(0.00010)	(0.00019)
	Block 2	0.00000	(0.00008)	(0.00009)	(0.00017)
32C Firm Sales	Block 1	0.00000	(0.00008)	(0.00008)	(0.00016)
	Block 2	0.00000	(0.00006)	(0.00007)	(0.00013)
	Block 3	0.00000	(0.00005)	(0.00005)	(0.00010)
	Block 4	0.00000	(0.00003)	(0.00003)	(0.00006)
	Block 5	0.00000	(0.00002)	(0.00002)	(0.00004)
	Block 6	0.00000	(0.00001)	(0.00001)	(0.00002)
32I Firm Sales	Block 1	0.00000	(0.00006)	(0.00006)	(0.00012)
	Block 2	0.00000	(0.00005)	(0.00005)	(0.00010)
	Block 3	0.00000	(0.00003)	(0.00004)	(0.00007)
	Block 4	0.00000	(0.00002)	(0.00002)	(0.00004)
	Block 5	0.00000	(0.00001)	(0.00001)	(0.00002)
	Block 6	0.00000	(0.00001)	(0.00001)	(0.00002)
32 Firm Trans	Block 1	0.00000	(0.00005)	(0.00005)	(0.00010)
	Block 2	0.00000	(0.00004)	(0.00005)	(0.00009)
	Block 3	0.00000	(0.00003)	(0.00003)	(0.00006)
	Block 4	0.00000	(0.00002)	(0.00002)	(0.00004)
	Block 5	0.00000	(0.00001)	(0.00001)	(0.00002)
	Block 6	0.00000	(0.00001)	(0.00001)	(0.00002)
32C Interr Sales	Block 1	0.00000	(0.00005)	(0.00006)	(0.00011)
	Block 2	0.00000	(0.00005)	(0.00005)	(0.00010)
	Block 3	0.00000	(0.00003)	(0.00003)	(0.00006)
	Block 4	0.00000	(0.00002)	(0.00002)	(0.00004)
	Block 5	0.00000	(0.00001)	(0.00001)	(0.00002)
	Block 6	0.00000	(0.00001)	(0.00001)	(0.00002)
32I Interr Sales	Block 1	0.00000	(0.00005)	(0.00005)	(0.00010)
	Block 2	0.00000	(0.00004)	(0.00005)	(0.00009)
	Block 3	0.00000	(0.00003)	(0.00003)	(0.00006)
	Block 4	0.00000	(0.00002)	(0.00002)	(0.00004)
	Block 5	0.00000	(0.00001)	(0.00001)	(0.00002)
	Block 6	0.00000	(0.00001)	(0.00001)	(0.00002)
32 Interr Trans	Block 1	0.00000	(0.00005)	(0.00005)	(0.00010)
	Block 2	0.00000	(0.00004)	(0.00004)	(0.00008)
	Block 3	0.00000	(0.00003)	(0.00003)	(0.00006)
	Block 4	0.00000	(0.00002)	(0.00002)	(0.00004)
	Block 5	0.00000	(0.00001)	(0.00001)	(0.00002)
	Block 6	0.00000	0.00000	0.00000	0.00000
33		0.00000	0.00000	0.00000	0.00000

56 **Sources:**

58 Direct Inputs				
59				
60 Equal ¢ per therm	Column S			
61 Equal % of margin		Column R	Column U	

62 **Tariff Schedules**

64 Rate Adjustment Schedule	Sched 177	Sched 177	
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65 **Filing:**

67 Tariff Advice Notice #	14-14A	14-14A	14-14A
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**NW Natural**  
**Rates & Regulatory Affairs**  
**2014-15 PGA - Oregon: September Filing**  
**Calculation of Increments Allocated on the EQUAL CENT PER THERM BASIS**  
**ALL VOLUMES IN THERMS**

		SIP COS Reserve Bare Steel - 70%			SIP: Bare Steel - 70%				
		Proposed Amount:	(306,764) Temporary Increment			1,704,303 PERMANENT Increment			
Oregon PGA		Revenue Sensitive Multiplier:	N/A rev sensitive factor is built in			N/A rev sensitive factor is built in			
Volumes page,		Amount to Amortize:	(306,764) to residential & commercial			1,704,303 to res. & comm. firm sls & trans			
Column F			Multiplier	Volumes	Increment	Multiplier	Volumes	Increment	
			Q	R	S	AC	AD	AE	
	Schedule	Block	A						
6									
7	2R		360,262,077	1.0	356,638,984	(0.00055)	1.0	360,262,077	0.00302
8	3C Firm Sales		158,380,592	1.0	157,954,905	(0.00055)	1.0	158,380,592	0.00302
9	3I Firm Sales		4,657,729	0.0	0	0.00000	0.0	0	0.00000
10	27 Dry Out		796,593	1.0	796,593	(0.00055)	1.0	796,593	0.00302
11	31C Firm Sales	Block 1	20,755,459	1.0	20,699,674	(0.00055)	1.0	20,755,459	0.00302
12		Block 2	23,561,992	1.0	23,498,664	(0.00055)	1.0	23,561,992	0.00302
13	31C Firm Trans	Block 1	388,881	1.0	388,881	(0.00055)	1.0	388,881	0.00302
14		Block 2	545,978	1.0	545,978	(0.00055)	1.0	545,978	0.00302
15	31I Firm Sales	Block 1	4,173,736	0.0	0	0.00000	0.0	0	0.00000
16		Block 2	10,396,529	0.0	0	0.00000	0.0	0	0.00000
17	31I Firm Trans	Block 1	165,160	0.0	0	0.00000	0.0	0	0.00000
18		Block 2	807,983	0.0	0	0.00000	0.0	0	0.00000
19	32C Firm Sales	Block 1	16,599,553	0.0	0	0.00000	0.0	0	0.00000
20		Block 2	6,678,295	0.0	0	0.00000	0.0	0	0.00000
21		Block 3	1,156,563	0.0	0	0.00000	0.0	0	0.00000
22		Block 4	248,708	0.0	0	0.00000	0.0	0	0.00000
23		Block 5	0	0.0	0	0.00000	0.0	0	0.00000
24		Block 6	0	0.0	0	0.00000	0.0	0	0.00000
25	32I Firm Sales	Block 1	4,334,221	0.0	0	0.00000	0.0	0	0.00000
26		Block 2	5,158,103	0.0	0	0.00000	0.0	0	0.00000
27		Block 3	1,793,730	0.0	0	0.00000	0.0	0	0.00000
28		Block 4	516,049	0.0	0	0.00000	0.0	0	0.00000
29		Block 5	2	0.0	0	0.00000	0.0	0	0.00000
30		Block 6	0	0.0	0	0.00000	0.0	0	0.00000
31	32 Firm Trans	Block 1	11,412,253	0.0	0	0.00000	0.0	0	0.00000
32		Block 2	15,830,951	0.0	0	0.00000	0.0	0	0.00000
33		Block 3	9,285,426	0.0	0	0.00000	0.0	0	0.00000
34		Block 4	16,096,253	0.0	0	0.00000	0.0	0	0.00000
35		Block 5	21,498,809	0.0	0	0.00000	0.0	0	0.00000
36		Block 6	2,621,489	0.0	0	0.00000	0.0	0	0.00000
37	32C Interr Sales	Block 1	6,122,693	0.0	0	0.00000	0.0	0	0.00000
38		Block 2	8,160,075	0.0	0	0.00000	0.0	0	0.00000
39		Block 3	4,328,184	0.0	0	0.00000	0.0	0	0.00000
40		Block 4	5,489,487	0.0	0	0.00000	0.0	0	0.00000
41		Block 5	242,825	0.0	0	0.00000	0.0	0	0.00000
42		Block 6	0	0.0	0	0.00000	0.0	0	0.00000
43	32I Interr Sales	Block 1	7,354,981	0.0	0	0.00000	0.0	0	0.00000
44		Block 2	9,533,013	0.0	0	0.00000	0.0	0	0.00000
45		Block 3	5,139,981	0.0	0	0.00000	0.0	0	0.00000
46		Block 4	10,419,812	0.0	0	0.00000	0.0	0	0.00000
47		Block 5	4,025,372	0.0	0	0.00000	0.0	0	0.00000
48		Block 6	173,012	0.0	0	0.00000	0.0	0	0.00000
49	32 Interr Trans	Block 1	8,967,105	0.0	0	0.00000	0.0	0	0.00000
50		Block 2	15,920,961	0.0	0	0.00000	0.0	0	0.00000
51		Block 3	11,590,796	0.0	0	0.00000	0.0	0	0.00000
52		Block 4	30,144,365	0.0	0	0.00000	0.0	0	0.00000
53		Block 5	57,187,852	0.0	0	0.00000	0.0	0	0.00000
54		Block 6	78,650,314	0.0	0	0.00000	0.0	0	0.00000
55	33		0	0.0	0	0.00000	0.0	0	0.00000
56	TOTALS		961,573,943		560,523,678	(0.00055)		564,691,573	0.00302
57									
58									
59	<b>Sources for line 2 above:</b>								
60	Inputs page		Line 72		Line 33				
61									
62	<b>Tariff Schedules</b>								
63	Rate Adjustment Schedule		Sched 177		Sched 177 A				

**NW Natural**  
**System Integrity Program Cost Tracking**  
**Cost of Service Summary - 2014-15 PGA: September filing**

*in Thousands of Dollars*

	<u>Investment</u>	<u>Tracker Year Cost of Service</u>
1 <b>Bare Steel Program</b>		
2		
3 <b>Activity Ended October 31, 2013</b>	\$7,529	\$1,001
4		
5 <b>Activity Ended October 31, 2014</b>	<u>9,221</u>	<u>1,434</u>
6		
7 <b>Total Bare Steel Program</b>	<u>\$16,750</u>	<u>\$2,435</u>
8		
9		
10 <b>Transmission Integrity Management Program ("TIMP")</b>		
11		
12 <b>Activity Ended October 31, 2013</b>	\$2,470	\$328
13		
14 <b>Activity Ended October 31, 2014</b>	<u>6,417</u>	<u>998</u>
15		
16 <b>Total Transmission Integrity Management Program</b>	<u>\$8,887</u>	<u>\$1,326</u>
17		
18		
19 <b>Distribution Integrity Management Program ("DIMP")</b>		
20		
21 <b>Activity Ended October 31, 2013</b>	\$1,344	\$179
22		
23 <b>Activity Ended October 31, 2014</b>	<u>1,640</u>	<u>255</u>
24		
25 <b>Total Distribution Integrity Management Program</b>	<u>\$2,985</u>	<u>\$434</u>
26		
27		
28 <b>GRAND TOTAL ALL PROGRAMS</b>	<u>\$28,622</u>	<u>\$4,195</u>
29		
30		
31 <b>Reflects Actuals through July 31, 2014</b>		

**NW Natural**  
**Rates & Regulatory Affairs**  
**2014-2015 PGA Filing - Oregon: September Filing**  
**Safety Program Workpaper - Bare Steel/Leakage**

**Bare Steel & Leakage Summary**

	(a) <u>Leakage</u>	(b) <u>Bare Steel</u>	(c) <u>first \$4MM=NWN</u>	(d) = (a) + (b) - (c) <u>Total</u>
1 <b>Investment per Engineering by Program Year:</b>				
2 Nov 12 - Oct 13	1,162,386	10,366,716	4,000,000	7,529,102
3 Nov 13 - Oct 14	2,186,658	11,034,242	4,000,000	9,220,900
4 <b>Project to Date Investment</b>	3,349,044	21,400,958	8,000,000	16,750,002
5				
6				
7 <b>Investment Amounts Included in Prior PGA Filings (by PGA Year):</b>				
8 Nov 13 - Oct 14				10,493,395
9 Nov 14 - Oct 15				0
10 Subtotal				10,493,395
11				
12 <b>Net Investment to Include in Rates</b>				6,256,607
13				
14				
15				

Program year lags the PGA year by 1 year. For example, in the 2014-15 PGA you would expect to see costs from Nov 13-Oct 14

**NW Natural  
Rates & Regulatory Affairs  
2014-2015 PGA Filing - Oregon: September Filing  
Safety Program Workpaper - TIMP**

**IMP Summary of Costs Provided by Engineering**

1	<b>Actual Investment per Engineering:</b>	
2		<u>Total</u>
3	Nov 12 - Oct 13	2,469,924
4	Nov 13 - Oct 14	6,417,403
5		<hr/>
6		8,887,327
7	<b><u>Investment Amounts Included in Prior PGA Filings:</u></b>	
8	Nov 13 - Oct 14	3,400,719
9	Nov 14 - Oct 15	
10	Subtotal	<hr/>
11		3,400,719
12	<b>Net Investment to Include in Rates</b>	<hr/> <hr/>
		5,486,608



**NW Natural  
Rates & Regulatory Affairs  
2014-2015 PGA Filing - Oregon: September Filing  
Safety Program Workpaper - DIMP**

**IMP Summary of Costs Provided by Engineering**

1	<b>Actual Investment per Engineering:</b>	
2		<u>Total</u>
3	Nov 12 - Oct 13	1,344,435
4	Nov 13 - Oct 14	1,640,294
5		<hr/>
6		2,984,729
7	<b><u>Investment Amounts Included in Prior PGA Filings:</u></b>	
8	Nov 13 - Oct 14	1,231,930
9	Nov 14 - Oct 15	
10	Subtotal	<hr/>
11		1,231,930
12	<b>Net Investment to Include in Rates</b>	<hr/> <hr/>
		1,752,799

**NW Natural**  
**System Integrity Program Cost Tracking**  
**Cost of Service Summary - 2014-15 PGA: September filing**  
*in Thousands of Dollars*

*The investment amounts below represent the difference between amounts estimated for the 2012-13 tracker year that were placed in rates effective 11/1/2013 and the actual investments through 10/31/2013.*

	<u>Investment</u>	<u>Tracker Year Cost of Service</u>
<b>Bare Steel Program</b>		
Activity Ended October 31, 2013	(\$2,964)	(\$438)
Activity Ended October 31, 2014	<u>0</u>	<u>0</u>
<b>Total Bare Steel Program</b>	<u><u>(\$2,964)</u></u>	<u><u>(\$438)</u></u>
<b>Transmission Integrity Management Program ("TIMP")</b>		
Activity Ended October 31, 2013	(\$931)	(\$138)
Activity Ended October 31, 2014	<u>0</u>	<u>0</u>
<b>Total Transmission Integrity Management Program</b>	<u><u>(\$931)</u></u>	<u><u>(\$138)</u></u>
<b>Distribution Integrity Management Program ("DIMP")</b>		
Activity Ended October 31, 2013	\$113	\$17
Activity Ended October 31, 2014	<u>0</u>	<u>0</u>
<b>Total Distribution Integrity Management Program</b>	<u><u>\$113</u></u>	<u><u>\$17</u></u>
<b>GRAND TOTAL ALL PROGRAMS</b>	<u><u>(\$3,783)</u></u>	<u><u>(\$559)</u></u>
<b>Bare Steel and TIMP total (Line 7 + Line 12)</b>	<u><u>(\$3,783)</u></u>	<u><u>(\$576)</u></u> (a)

**Notes:**

(a) The Company proposes to include only the COS on actual investments for the 2012-13 tracker year that are less than amounts estimated for the 2013-14 PGA. As such, the increase in COS for the DIMP program is excluded from the adjustment.

**NW Natural**  
**Rates & Regulatory Affairs**  
**2013-2014 PGA Filing - Oregon: September Filing**  
**Safety Program Workpaper - Bare Steel/Leakage**

**Bare Steel & Leakage Summary - Variance of to Nov 12 - Oct 13 Actual Investment Spend and Estimate in Rates**

	(a) <u>Leakage</u>	(b) <u>Bare Steel</u>	(c) <u>first \$4MM=NWN</u>	(d) = (a) + (b) - (c) <u>Total</u>
1 <b>Investment per Engineering by Program Year:</b>				
2       Nov 12 - Oct 13	1,162,386	10,366,716	4,000,000	7,529,102
3       Nov 13 - Oct 14				0
4 <b>Project to Date Investment</b>	1,162,386	10,366,716	4,000,000	7,529,102
5				
6				
7 <b>Investment Amounts Included in Prior PGA Filings (by PGA Year):</b>				
8       Nov 13 - Oct 14				10,493,395
9       Nov 14 - Oct 15				0
10      Subtotal				10,493,395
11				
12 <b>Net Investment to Include in Rates</b>				(2,964,293)

13  
 14  
 15     Program year lags the PGA year by 1 year. For example, in the 2014-15 PGA you would expect to see costs from Nov 13-Oct 14

**NW Natural  
 Rates & Regulatory Affairs  
 2013-2014 PGA Filing - Oregon: September Filing  
 Safety Program Workpaper - TIMP**

**IMP Summary of Costs Provided by Engineering**

1	<b>Actual Investment per Engineering:</b>	
2		<u>Total</u>
3	Nov 12 - Oct 13	2,469,924
4	Nov 13 - Oct 14	
5		<hr/> 2,469,924
6	<b><u>Agreed to Audit Adjustments:</u></b>	
7	Audit of 2013 completed in 2014	
8	Audit of 2014 completed in 2015	
9	Subtotal audit adjustments	<hr/> 0
10		
11	<b>Project to Date Investment</b>	<hr/> 2,469,924
12		
13	<b><u>Investment Amounts Included in Prior PGA Filings:</u></b>	
14	Nov 13 - Oct 14	3,400,719
15	Nov 14 - Oct 15	
16	Subtotal	<hr/> 3,400,719
17		
18	<b>Net Investment to Include in Rates</b>	<hr/> <hr/> (930,795)

**NW Natural**  
**Rates & Regulatory Affairs**  
**2014-2015 PGA Filing - Oregon: September Filing**  
**PGA Effects on Revenue**  
**Tariff Advice 14-14A: SIP**

	<b>Including Revenue Sensitive Amount</b>
1	
2	
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**Permanent Rate Adjustments**

SIP Program Costs

Addition of Proposed Bare Steel Program Costs	2,434,719
Removal of Current Bare Steel Program Costs	(1,551,321)
Addition of Proposed Integrity Management Program Costs	1,326,201
Removal of Current Integrity Management Program Costs	(502,755)
Addition of Proposed Distribution Integrity Program Costs	433,786
Removal of Current Distribution Integrity Program Costs	(182,126)
	<u>1,958,504</u>

**Temporary Rate Adjustments**

Addition of Proposed Temporary Increments

Amortization of SIP COS Reserve	(575,841)
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**TOTAL OF ALL COMPONENTS OF ALL RATE CHANGES**

**\$1,382,663**

2012 Oregon Earnings Test Normalized Total Revenues	\$672,195,000
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Effect of this filing, as a percentage change (line 23 ÷ line 26)	0.21%
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