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September 15, 2015

NWN OPUC Advice No. 15-10 / UG 296  
SUPPLEMENT A  
(UM 1406)

**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: Replacement Filing: UG 296  
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 to its Tariff, P.U.C. Or. 25, stated to become effective with service on and after November 1, 2015, as follows:

Third Revision of Sheet 177-3,  
Schedule 177,  
"System Integrity Program (SIP) Recovery Mechanism (continued);"

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

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

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

This filing replaces all tariff sheets and Exhibit A in the entirety, originally filed under NWN OPUC Advice No. 15-10 dated July 31, 2015.

The purpose of this replacement filing is to revise the temporary adjustments to permanent rates associated with the Company's System Integrity Program (SIP): Part A, Bare Steel Replacement for actual investments recorded in July 2015 and to reflect changes in forecasted expenditures for August through October 2015. See the Company's initial filing (NWN OPUC Advice No. 15-10) dated July 31, 2015, which is incorporated herein by reference, for further information regarding the SIP program.

The net effect of the SIP Part A and cost of service reserve amounts is an increase to the Company's annual revenues of \$687,020, or 0.1% related only to the Bare Steel investments; the other components of SIP have expired.

The net effect of removing the adjustments placed into rates November 1, 2014, is to increase the monthly bill of the average residential customer served under Rate Schedule 2 using 53 therms per month by 7 cents. The monthly increase for the average commercial Rate Schedule 3 customer using 233 therms is about 26 cents, and the monthly increase for the average commercial Rate Schedule 31 customer using 3,324 therms is about \$3.54. The average Rate Schedule 32 firm sales industrial customer using 21,272 therms will see a monthly increase of about \$1.37. The average bill effects for all other rate schedule and service types can be found in the separately provided workpapers.

Because Parts B and C of the SIP Program have expired, this filing zeros out the Part B and Part C Columns shown on Sheets 177-3 and 177-4 and the Part B Columns shown on Sheets 177-5 and 177-6.

The balance in the SIP cost of service reserve account has been transferred to a residual account for amortization under Schedule 178 (see OPUC Advice 15-08).

The number of customers affected by the proposed changes described above is 572,721 residential customers, 58,300 commercial customers, and 805 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 workpapers 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, 2015.

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 Andrew Speer at [Andrew.Speer@nwnatural.com](mailto:Andrew.Speer@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)

Sincerely,

*/s/ Onita R. King*

Onita R. King  
NW Natural

Attachments: Exhibit A – Supporting Materials

**NORTHWEST NATURAL GAS COMPANY**

P.U.C. Or. 25

Third Revision of Sheet 177-3  
 Cancels Second Revision of Sheet 177-3

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

**APPLICATION TO RATE SCHEDULES:**

**Effective: November 1, 2015**

(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		\$0.00388	\$0.00171	\$0.00000	\$0.00000	\$0.00559
3 (CSF)		\$0.00388	\$0.00121	\$0.00000	\$0.00000	\$0.00509
3 (ISF)		\$0.00000	\$0.00103	\$0.00000	\$0.00000	\$0.00103
27		\$0.00388	\$0.00143	\$0.00000	\$0.00000	\$0.00531
31 (CSF)	Block 1	\$0.00388	\$0.00091	\$0.00000	\$0.00000	\$0.00479
	Block 2	\$0.00388	\$0.00083	\$0.00000	\$0.00000	\$0.00471
31 (CTF)	Block 1	\$0.00388	\$0.00109	\$0.00000	\$0.00000	\$0.00497
	Block 2	\$0.00388	\$0.00100	\$0.00000	\$0.00000	\$0.00488
31 (ISF)	Block 1	\$0.00000	\$0.00066	\$0.00000	\$0.00000	\$0.00066
	Block 2	\$0.00000	\$0.00060	\$0.00000	\$0.00000	\$0.00060
31 (IFT)	Block 1	\$0.00000	\$0.00067	\$0.00000	\$0.00000	\$0.00067
	Block 2	\$0.00000	\$0.00061	\$0.00000	\$0.00000	\$0.00061
32 (CSF)	Block 1	\$0.00000	\$0.00053	\$0.00000	\$0.00000	\$0.00053
	Block 2	\$0.00000	\$0.00045	\$0.00000	\$0.00000	\$0.00045
	Block 3	\$0.00000	\$0.00032	\$0.00000	\$0.00000	\$0.00032
	Block 4	\$0.00000	\$0.00018	\$0.00000	\$0.00000	\$0.00018
	Block 5	\$0.00000	\$0.00011	\$0.00000	\$0.00000	\$0.00011
	Block 6	\$0.00000	\$0.00005	\$0.00000	\$0.00000	\$0.00005

(C)

(C)

(continue to Sheet 177-4)

Issued September 15, 2015  
 NWN OPUC Advice No. 15-10A

Effective with service on  
 and after November 1, 2015

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

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

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

**APPLICATION TO RATE SCHEDULES:**

**Effective: November 1, 2015**

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

(T)

Schedule	Block	Part A		Part B	Part C	Total Adjustment
		70%	30%			
32 (ISF)	Block 1	\$0.00000	\$0.00039	\$0.00000	\$0.00000	\$0.00039
	Block 2	\$0.00000	\$0.00033	\$0.00000	\$0.00000	\$0.00033
	Block 3	\$0.00000	\$0.00023	\$0.00000	\$0.00000	\$0.00023
	Block 4	\$0.00000	\$0.00014	\$0.00000	\$0.00000	\$0.00014
	Block 5	\$0.00000	\$0.00008	\$0.00000	\$0.00000	\$0.00008
	Block 6	\$0.00000	\$0.00004	\$0.00000	\$0.00000	\$0.00004
32 (TF)	Block 1	\$0.00000	\$0.00037	\$0.00000	\$0.00000	\$0.00037
	Block 2	\$0.00000	\$0.00031	\$0.00000	\$0.00000	\$0.00031
	Block 3	\$0.00000	\$0.00022	\$0.00000	\$0.00000	\$0.00022
	Block 4	\$0.00000	\$0.00013	\$0.00000	\$0.00000	\$0.00013
	Block 5	\$0.00000	\$0.00007	\$0.00000	\$0.00000	\$0.00007
	Block 6	\$0.00000	\$0.00004	\$0.00000	\$0.00000	\$0.00004
32 (CSI)	Block 1	\$0.00000	\$0.00038	\$0.00000	\$0.00000	\$0.00038
	Block 2	\$0.00000	\$0.00032	\$0.00000	\$0.00000	\$0.00032
	Block 3	\$0.00000	\$0.00023	\$0.00000	\$0.00000	\$0.00023
	Block 4	\$0.00000	\$0.00013	\$0.00000	\$0.00000	\$0.00013
	Block 5	\$0.00000	\$0.00008	\$0.00000	\$0.00000	\$0.00008
	Block 6	\$0.00000	\$0.00004	\$0.00000	\$0.00000	\$0.00004
32 (ISI)	Block 1	\$0.00000	\$0.00036	\$0.00000	\$0.00000	\$0.00036
	Block 2	\$0.00000	\$0.00031	\$0.00000	\$0.00000	\$0.00031
	Block 3	\$0.00000	\$0.00022	\$0.00000	\$0.00000	\$0.00022
	Block 4	\$0.00000	\$0.00013	\$0.00000	\$0.00000	\$0.00013
	Block 5	\$0.00000	\$0.00007	\$0.00000	\$0.00000	\$0.00007
	Block 6	\$0.00000	\$0.00004	\$0.00000	\$0.00000	\$0.00004
32 (TI)	Block 1	\$0.00000	\$0.00033	\$0.00000	\$0.00000	\$0.00033
	Block 2	\$0.00000	\$0.00028	\$0.00000	\$0.00000	\$0.00028
	Block 3	\$0.00000	\$0.00020	\$0.00000	\$0.00000	\$0.00020
	Block 4	\$0.00000	\$0.00012	\$0.00000	\$0.00000	\$0.00012
	Block 5	\$0.00000	\$0.00007	\$0.00000	\$0.00000	\$0.00007
	Block 6	\$0.00000	\$0.00003	\$0.00000	\$0.00000	\$0.00003
33 (all)		\$0.00000	\$0.00002	\$0.00000	\$0.00000	\$0.00002

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(continue to Sheet 177-5)

Issued September 15, 2015  
NWN OPUC Advice No. 15-10A

Effective with service on  
and after November 1, 2015

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet 177-5  
Cancels Original Sheet 177-5

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

**APPLICATION TO RATE SCHEDULES:**

**Effective: November 1, 2015**

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:

(T)

Schedule	Block	Part A		Part B	Total Adjustment
		70%	30%		
2		\$0.00000	\$0.00000	\$0.00000	\$0.00000
3 (CSF)		\$0.00000	\$0.00000	\$0.00000	\$0.00000
3 (ISF)		\$0.00000	\$0.00000	\$0.00000	\$0.00000
27		\$0.00000	\$0.00000	\$0.00000	\$0.00000
31 (CSF)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
31(CTF)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
31 (ISF)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
31 (IFT)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
32 (CSF)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000	\$0.00000	\$0.00000

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(continue to Sheet 177-6)

Issued September 15, 2015  
NWN OPUC Advice No. 15-10A

Effective with service on  
and after November 1, 2015

**NORTHWEST NATURAL GAS COMPANY**

P.U.C. Or. 25

First Revision of Sheet 177-6  
Cancels Original Sheet 177-6

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

(continued)

**APPLICATION TO RATE SCHEDULES (continued):**

**Effective: November 1, 2015**

(T)  
(D)

Schedule	Block	Part A		Part B	Total Adjustment
		70%	30%		
32 (ISF)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000	\$0.00000	\$0.00000
32 (TF)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000	\$0.00000	\$0.00000
32 (CSI)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000	\$0.00000	\$0.00000
32 (ISI)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000	\$0.00000	\$0.00000
32 (TI)	Block 1	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 2	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 3	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 4	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 5	\$0.00000	\$0.00000	\$0.00000	\$0.00000
	Block 6	\$0.00000	\$0.00000	\$0.00000	\$0.00000
33 (all)		\$0.00000	\$0.00000	\$0.00000	\$0.00000

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(C)

Issued September 15, 2015  
NWN OPUC Advice No. 15-10A

Effective with service on  
and after November 1, 2015

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Non-Gas Cost Deferral Amortizations  
UM 1406 System Integrity Program

NWN OPUC Advice No. 15-10A/UG 296

September 15, 2015

# NW NATURAL

## EXHIBIT A

### Supporting Material

Non-Gas Cost Deferral Amortizations – UM 1406

System Integrity Program

NWN OPUC ADVICE NO. 15-10A/UG 296

<b>Description</b>	<b>Page</b>
Calculation of Increments Allocated on the Equal Percentage of Margin Basis	1
Calculations of Increments Allocated on the Equal Cent Per Therm Basis	2
PGA Effects on Revenue	3
Cost of Service Summary	4
Safety Program Workpaper – Bare Steel/Leakage	5





NW Natural  
 Rates & Regulatory Affairs  
 2015-16 PGA - Oregon: September Filing  
 Calculation of Increments Allocated on the EQUAL CENT PER THERM BASIS  
 ALL VOLUMES IN THERMS

				SIP: Bare Steel - 70%		
Oregon PGA				Proposed Amount:	2,185,217 PERMANENT Increment	
Volumes page,				Revenue Sensitive Multiplier:	N/A rev sensitive factor is built in	
Column F				Amount to Amortize:	2,185,217 to res. & comm. firm sls & transp	
Schedule	Block	A		Multiplier Z	Volumes AA	Increment AB
2R		365,285,306		1.0	365,285,306	0.00388
3C Firm Sales		158,936,755		1.0	158,936,755	0.00388
3I Firm Sales		3,811,735		0.0	0	0.00000
27 Dry Out		700,552		1.0	700,552	0.00388
31C Firm Sales	Block 1	20,701,736		1.0	20,701,736	0.00388
	Block 2	15,317,497		1.0	15,317,497	0.00388
31C Firm Trans	Block 1	1,022,480		1.0	1,022,480	0.00388
	Block 2	1,238,213		1.0	1,238,213	0.00388
31I Firm Sales	Block 1	4,178,853		0.0	0	0.00000
	Block 2	9,536,789		0.0	0	0.00000
31I Firm Trans	Block 1	181,494		0.0	0	0.00000
	Block 2	680,650		0.0	0	0.00000
32C Firm Sales	Block 1	26,567,626		0.0	0	0.00000
	Block 2	7,804,067		0.0	0	0.00000
	Block 3	829,092		0.0	0	0.00000
	Block 4	20,793		0.0	0	0.00000
	Block 5	0		0.0	0	0.00000
	Block 6	0		0.0	0	0.00000
32I Firm Sales	Block 1	4,645,409		0.0	0	0.00000
	Block 2	5,152,955		0.0	0	0.00000
	Block 3	1,826,257		0.0	0	0.00000
	Block 4	627,963		0.0	0	0.00000
	Block 5	(0)		0.0	0	0.00000
	Block 6	0		0.0	0	0.00000
32 Firm Trans	Block 1	12,006,597		0.0	0	0.00000
	Block 2	16,315,496		0.0	0	0.00000
	Block 3	9,641,378		0.0	0	0.00000
	Block 4	16,134,178		0.0	0	0.00000
	Block 5	21,282,059		0.0	0	0.00000
	Block 6	1,920,752		0.0	0	0.00000
32C Interr Sales	Block 1	5,686,222		0.0	0	0.00000
	Block 2	7,563,208		0.0	0	0.00000
	Block 3	3,897,038		0.0	0	0.00000
	Block 4	4,445,365		0.0	0	0.00000
	Block 5	71,870		0.0	0	0.00000
	Block 6	0		0.0	0	0.00000
32I Interr Sales	Block 1	7,186,289		0.0	0	0.00000
	Block 2	8,946,142		0.0	0	0.00000
	Block 3	5,135,755		0.0	0	0.00000
	Block 4	10,445,179		0.0	0	0.00000
	Block 5	4,597,392		0.0	0	0.00000
	Block 6	1		0.0	0	0.00000
32 Interr Trans	Block 1	8,779,332		0.0	0	0.00000
	Block 2	15,689,249		0.0	0	0.00000
	Block 3	11,306,695		0.0	0	0.00000
	Block 4	28,429,084		0.0	0	0.00000
	Block 5	56,035,539		0.0	0	0.00000
	Block 6	78,278,646		0.0	0	0.00000
33		0		0.0	0	0.00000

57	TOTALS	962,859,686			563,202,538	0.00388
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59	<u>Sources for line 2 above:</u>					
60	Inputs page			Line 33		
62	<u>Tariff Schedules</u>					
63	Rate Adjustment Schedule			Sched 177		



NW Natural  
System Integrity Program Cost Tracking  
Cost of Service Summary - 2015-16 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	\$971
4		
5 <b>Activity Ended October 31, 2014</b>	\$9,221	\$1,226
6		
7 <b>Activity Ended October 31, 2015</b>	\$5,959	\$925
8		
9 <b>Total Bare Steel Program</b>	<u>\$22,709</u>	<u>\$3,122</u>
10		
11		
12 <b>Reflects Actuals through July 31, 2015</b>		

NW Natural  
 Rates & Regulatory Affairs  
 2015-2016 PGA Filing - Oregon: September Filing  
 Safety Program Workpaper - Bare Steel/Leakage

**Bare Steel & Leakage Summary**

	(a)	(b)	(c)	(d) = (a) + (b) - (c)
<b>Investment per Engineering by Program Year:</b>	<u>Leakage</u>	<u>Bare Steel</u>	<u>first \$4MM=NWN</u>	<u>Total</u>
Nov 12 - Oct 13	1,439,424	13,053,971	4,000,000	10,493,395
1 Nov 13 - Oct 14	2,186,658	11,034,242	4,000,000	9,220,900
2 Nov 14 - Oct 15	2,887,619	6,070,994	3,000,000	5,958,613
3				
4 <b>Project to Date Investment</b>	6,513,701	30,159,207	11,000,000	25,672,908
5				
6 <b>Reductions by Program Year:</b>				
7 <u>Agreed to Audit Adjustments:</u>				
8 Audit of 2013 completed in 2014				0
9 Audit of 2014 completed in 2015				0
10 Audit of 2015 completed in 2016				0
11 Subtotal audit adjustments				0
12				
13				
14 <b>Project to Date Investment Net of Audit Adjustments</b>				25,672,908
15				
16 <b>Investment Amounts Included in Prior PGA Filings (by PGA Year):</b>				
17 Nov 13 - Oct 14				10,493,395
18 Nov 14 - Oct 15				9,220,900
19 Nov 15 - Oct 16				0
20 Subtotal				19,714,295
21				
22 <b>Net Investment to Include in Rates</b>				5,958,613
23				
24				
25				

Program year lags the PGA year by 1 year. For example, in the 2015-16 PGA you would expect to see costs from Nov 14-Oct 15