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March 31, 2015

NWN OPUC Advice No. 15-03 / ADV \_\_\_\_\_

**VIA ELECTRONIC FILING AND US MAIL**

Public Utility Commission of Oregon  
3930 Fairview Industrial Park Drive SE  
Post Office Box 1088  
Salem, Oregon 97308-1088

Attn: Filing Center

**Re: UM 1635/UM 1706: Order No. 15-049 Compliance Filing**

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 June 1, 2015 as follows:

See attached Table of Tariff Revisions.

NW Natural makes this filing in accordance with Order No. 15-049 (“Order”), issued on February 20, 2015 in Docket No. UM 1635.<sup>1</sup> In that Order, the Commission resolved a number of outstanding issues relating to the implementation of NW Natural’s Site Remediation and Recovery Mechanism (SRRM), which the Commission approved in NW Natural’s last general rate case, Docket No. UG 221. In the Order, the Commission directed that “[w]ithin thirty (30) days of the date of this order, Northwest Natural Gas Company . . . submit a filing in this docket demonstrating how it will implement both the historic and future decisions reached in this order.”<sup>2</sup> On March 19, 2015, NW Natural filed a petition for extension of time to file the compliance filing from March 23, 2015 to March 31, 2015, which was approved by the Commission on March 20, 2015. This filing (the “Compliance Filing”) seeks to demonstrate the Company’s plan to implement the Commission’s Order.

In the Order, the Commission addressed numerous issues, including the appropriate earnings test to apply to the SRRM going forward, the resolution of how an earnings test would be applied to past deferred amounts, the allocation of environmental costs to Oregon customers, the treatment of insurance proceeds received by NW Natural to

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<sup>1</sup> *In the Matters of Northwest Natural Gas Company, dba NW Natural, Mechanism for Recovery of Environmental Remediation Costs and Request for Determination of the Prudence of Environmental Remediation Costs for the Calendar Year 2013 and the First Quarter of 2015*, Dockets UM 1635 and UM 1706, Order No. 15-049 at 11 (Feb. 20, 2015) (the “Order”).

<sup>2</sup> Order at 20.

cover environmental costs, and the establishment of a new tariff rider to add additional amounts to rates. In light of the number of issues resolved, their complexity, and the Company's desire for a smooth implementation of the Commission's order, **NW Natural respectfully requests that the Commission issue an order, approving this compliance filing.** Such an approval would help avoid any future ambiguities or disagreements about the intent of the Order, or how it should be implemented. Below is a discussion of each action directed by the Commission in the Order, as well as a description of how NW Natural will implement that action. Where appropriate, references are made to spreadsheets, workpapers, and tariffs.

**I. New Tariffs for Future Environmental Remediation Costs: 2013 Onwards.**

On page 6 of the Order, the Commission adopted the Staff's recommendation for two time periods to consider remediation expenses. The Commission used a cut-off date of December 31, 2012 to demark the two periods.<sup>3</sup> Environmental costs incurred after December 31, 2012 are treated as future costs.<sup>4</sup> On page 11 of the Order, the Commission ordered "NW Natural to use a tariff rider to collect a certain amount of remediation expenses in base rates going forward" to offset the deferred future costs. The Commission authorized NW Natural to collect \$5 million in base rates per year and directed "NW Natural to file a compliance tariff to add this rider using sales estimates and allocation factors from docket UG 221, its last general rate case."<sup>5</sup>

In order to recover the \$5 million per year in base rates for remediation expenses for the period January 1, 2013 through May 31, 2015, which period the Commission found to be future costs, NW Natural proposes with this filing to fulfill this portion of the Order through a new Tariff schedule, Schedule 181 "Special Adjustment for Environmental Cost Recovery." For the \$5 million in base rates commencing June 1, 2015, NW Natural proposes with this filing to fulfill this portion of the order through a new Tariff schedule, Schedule 182 "Rate Adjustment for Environmental Cost Recovery." Schedule 181 and 182 are discussed in more detail below.

**A. Schedule 181 "Special Adjustment for Environmental Cost Recovery."**

The purpose of Schedule 181 "Special Adjustment for Environmental Cost Recovery" is to show the temporary effects on customer rates of the recovery of approximately \$12.4 million, which represents \$5 million per year for each of the calendar years 2013 and 2014, and \$2.1 million for the five months ended May 31, 2015. This accomplishes the Commission's directive to offset future costs (2013 onwards) with \$5 million per year to be collected in base rates.

Schedule 181 will be implemented in two parts. Part 1 will apply to the customer classes that receive the Interstate Storage and Optimization Credit and will be effective with the first billing cycle in June 2015 - to coincide with the Interstate Storage and

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<sup>3</sup> Order at 6.

<sup>4</sup> Order at 6.

<sup>5</sup> Order at 11.

Optimization Credit. For Part 1, NW Natural proposes to apply to the June bill a one-time lump sum bill surcharge representing those customers' allocated share of the \$5 million in base rates for 2013 and \$5 million in base rates in 2014, for a total of \$10 million. The increments used to calculate the lump-sum bill surcharge are reflected in the proposed Schedule 181 Tariff, and at Exhibit A, page 1. NW Natural will use 2014 actual per-customer volumes to determine those customers' June bill surcharge. NW Natural has proposed the one-time lump sum surcharge on the June bill because that is the same month customers receive the Interstate Storage and Optimization Credit, and the Company expects the Interstate Storage and Optimization Credit to approximately offset the surcharge.

Part 2 will apply to all customer classes and is proposed to be effective November 1, 2015, coincident with the annual PGA. For Part 2, NW Natural proposes to amortize the allocated share of the \$5 million for the five months ending May 31, 2015, or \$2.1 million, and the transportation customers' share of the \$5 million for 2013 and the \$5 million for 2014, through a 12-month amortization over the 2015-2016 PGA year.

If the effects of the June bill surcharge under Part 1 were permanent, the effect would be to increase the Company revenues by about \$9.9 million see Exhibit A, page 2 or 1.53 percent.

The average June 2014 bill surcharge under Schedule 181 is as follows:

Schedule 2 Residential \$12.39  
Schedule 3 Commercial \$38.01  
Schedule 31 Commercial Firm \$169.23  
Schedule 32 Industrial Firm Sales \$140.32  
Schedule 32 Industrial Interruptible Sales \$426.55

**B. Schedule 182 "Rate Adjustment for Environmental Cost Recovery."**

The purpose of Schedule 182 "Rate Adjustment for Environmental Cost Recovery" is to reflect the per-therm effect of the collection of \$5 million per year on a prospective basis, grossed up for revenue sensitive items, using sales estimates and allocation factors from Docket No. UG 221 as directed by the Order see Exhibit A, page 3. The increments reflected in Schedule 182 are permanent adjustments to rates, and are therefore embedded in the Base Rate column and reflected in the Total Billing Rate of each Rate Schedule. The Schedule 182 adjustments and the affected Rate Schedules are proposed to become effective with service on and after June 1, 2015. This accomplishes the Commission's directive to "use a tariff rider to collect [\$5 million] of remediation expenses in base rates going forward."<sup>6</sup>

The effect of this portion of the filing is to increase the Company revenues by \$5,142,816 (including revenue sensitive effects) or 0.77 percent. The average residential customer using 53 therms will see an increase in an average monthly bill of 52 cents, or

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<sup>6</sup> Order at 11.

0.8%, the average commercial customer using 233 therms will see an increase of \$1.60, or 0.7%, and the average industrial Schedule 31 sales service customer using 6,277 therms will see an increase of \$21.37, or 0.4%. The effects on all customer classes is shown in the materials provided in support of this filing at Exhibit A, pages 4-5.

**C. Combined Effects of Schedule 181 and Schedule 182.**

If the effects of the proposed Schedule 181 adjustments were permanent, the combined effects of Schedule 181 and Schedule 182 is to increase the Company revenues by \$15,428,448 or 2.3 percent. As described above, the \$10 million surcharge is temporary only.

Worksheets showing the derivation of the Schedule 181 and Schedule 182 adjustments to rates and the effects on customer billing rates can be found in Exhibit A, pages 1 through 6 to this filing.

**II. Allocation of Environmental Costs and Insurance Proceeds.**

**A. Actual Amounts in Compliance Filing.**

Initially, NW Natural notes that it has adjusted the approximations of the environmental costs and insurance proceeds described in the Order to reflect actual amounts on NW Natural's books. Additionally, NW Natural recalculated the environmental costs and insurance proceeds based upon the Commission-approved state allocation. NW Natural also adjusted the insurance proceeds to recognize additional insurance proceeds the Company received in December 2014, which the Commission did not contemplate in the Order. These calculations and adjustments, among others, are detailed throughout the Compliance Filing and the attached exhibits.

**B. Allocation of Environmental Costs.**

On page 6 of the Order, the Commission adopted the parties' initially agreed-upon state allocation of environmental remediation costs, "which relies on historic operations to determine the allocation of costs between Oregon and Washington." In the parties' Prudence and Earnings Test Stipulation ("Stipulation") filed with the Commission on July 7, 2013 in this Docket, the parties agreed that 96.68% of the deferred costs amortized through the SRRM will be allocated to Oregon customers. Because the Commission adopted "historic operations" as the basis for cost allocation, NW Natural interprets the Order to allocate to Oregon customers 96.68% of the environmental costs associated with remediation sites that historically served both Oregon and Washington customers and 100% of the environmental costs associated with sites that only served Oregon customers.<sup>7</sup>

Applying Oregon's state allocation percentage to the total past environmental costs deemed prudent from 2003 through 2012, Oregon customers' allocated share of the

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<sup>7</sup> The Stipulation did not detail the site-specific allocation that was described by NW Natural throughout the proceeding.

total environmental expenditures is \$68.5 million, as shown in Exhibit B. For 2013, Oregon customers' allocated share of the total environmental expenditures is \$6.8 million. For 2014 onwards, the state allocation will be applied after the Commission determines whether the expenditures incurred by NW Natural are prudent.

**C. Allocation of Insurance Proceeds.**

With respect to the Company's Insurance Proceeds<sup>8</sup>, the Commission ordered NW Natural to "allocate the \$150.5 million in insurance proceeds across the entire estimated period of the remediation project."<sup>9</sup> Under the Commission's Order, one-third of the Insurance Proceeds are allocated to the past period (2003-2012) of incurred costs and two-thirds of the insurance proceeds are allocated to the future period (2013 onwards).<sup>10</sup> The Commission found that the intergenerational allocation resulted in "approximately \$50.2 million being used to offset the past period deferrals, and the allocation of roughly \$5 million a year, plus interest earned on the balance each year, for the remaining estimated 20 years of the project."<sup>11</sup> The Commission then ordered NW Natural to "hold the insurance proceeds [attributable to the future period] in a secure account, with interest accruing at the highest rate the company is able to obtain while reasonably minimizing risk to principal."<sup>12</sup>

NW Natural proposes to implement this section of the Order in the following manner. First, NW Natural will increase the amount of Insurance Proceeds based on recently received Insurance Proceeds not contemplated by the Commission in the Order. Following NW Natural's May 15, 2014 annual report of environmental remediation expenses and collection of insurance proceeds, NW Natural received an additional \$1.685 million of Insurance Proceeds in December 2014. For purposes of implementation of the Order, NW Natural added the \$1.685 million of Insurance Proceeds to the \$150.5 million enumerated in the Order for a total of \$152.2 million of Insurance Proceeds. Next, NW Natural allocated \$147.1 million of the \$152.2 million of Insurance Proceeds to Oregon customers based upon the state allocation of 96.6%. NW Natural then deducted \$2.5 million of Insurance Proceeds from the \$147.1 million of Insurance Proceeds in connection with the Commission's Order 14-077 in Docket UG 263 authorizing NW Natural to apply \$2.5 million of Insurance Proceeds as an offset to the Company's costs associated with the Gasco Upland Pumping Station ("Gasco"). Consequently, the total amount of Insurance Proceeds equals \$144.6 million. These calculations and adjustments are detailed in Exhibit C.

In accordance with the Order, NW Natural will allocate one-third, or \$48.2 million, of the \$144.6 million to the past period and two-thirds, or \$96.4 million, to the future period. NW Natural is concurrently filing a motion for reconsideration, or clarification, requesting authorization to place the after-tax amount of its insurance receipts into the secure account ordered by the Commission. NW Natural notes that the after-tax amount to be deposited into a secure account for the future period, as described in that Petition, will not impact the Company's obligation to offset \$96.4 million of environmental expenditures. For

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<sup>8</sup> For purposes of this filing, NW Natural will treat insurance proceeds and money received from third parties as a result of the environmental issues in this case, as the same funds (the "Insurance Proceeds").

<sup>9</sup> Order at 6.

<sup>10</sup> Order at 6.

<sup>11</sup> Order at 6.

<sup>12</sup> Order at 7.

regulatory purposes, customers will still receive the full benefit of the pre-tax amount of the Insurance Proceeds.

**III. Recovery of Past Environmental Remediation Costs (4/7/2003 - 12/31/2012).**

**A. Prudence of Past Costs.**

On page 6 of the Order, the Commission found that all but \$33,400 of NW Natural's environmental remediation costs incurred from April 7, 2003<sup>13</sup> through December 31, 2012 were prudent. Accordingly, the Company has written-off \$33,400 and decreased the pre-2013 prudently incurred balance by this amount.

**B. Application of the Earnings Test to Past Costs.**

On page 17-18 of the Order, the Commission stated:

To determine how much of the \$94.3 [million] deferral balance NW Natural should be allowed to recover, we first apply the allocated insurance proceeds to reduce that amount. As discussed above, we have allocated \$50.2 million to offset remediation costs incurred during this period. After allocating those amounts on a prorated basis given the costs incurred each year, we are left with a deferral balance of approximately \$44.2 million for the past period.

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Exercising our discretion in a manner consistent with our regulatory duties, and in consideration of all of the issues discussed above, we reduce NW Natural's share of past costs to \$15 million. NW Natural will amortize the remaining \$29.2 million through its SRRM.

As shown in Exhibit B, NW Natural allocated approximately \$48.2 million of insurance proceeds to offset past deferred spend and interest costs of \$112.3 million. This represents one-third of the Oregon-allocated share of the Insurance Proceeds left after taxes and deducting the Gasco Insurance Proceeds.

Based on the Commission's application of the earnings test for this period, NW Natural has written-off \$15 million and reduced the pre-2013 prudently incurred balance by this amount. This, plus application of the Insurance Proceeds noted above, results in a remaining balance of approximately \$49.0 million.<sup>14</sup> The accounting for the past amounts is shown in Exhibit B. As shown in Exhibit B, NW Natural is also offsetting this \$49 million balance with \$20.8 million of interest accrued to customers' benefit at NW Natural's cost of capital on the insurance receipts.

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<sup>13</sup> NW Natural filed its application for deferred accounting on April 7, 2003 in docket UM 1078.

<sup>14</sup> Order at 17-18.

In accordance with Schedule 183 "Site Remediation Recovery Mechanism", NW Natural will hold the prudently incurred costs in an account that will accrue interest at the average of the five-year treasury rates used in the calculation of the modified blended treasury rates for the applicable year, plus 100 basis points ("SRRM Post-Prudence Account"). On November 1, 2015, NW Natural will transfer one-fifth of the prudently deferred costs into the SRRM Account for amortization in rates. The SRRM Account will accrue interest at the modified blended treasury rate prescribed by the Commission in OPUC Order No. 08-263. Each subsequent year, one-fifth of the SRRM Post-Prudence Account will be moved into the SRRM Account on November 1.

#### **IV. Recovery of Future Costs: 2013 Onwards.**

##### **A. Timing of Prudence Reviews.**

NW Natural's Schedule 183 "Site Remediation Recovery Mechanism", currently provides that NW Natural must file its annual report of environmental costs by May 15 each year. Under the existing tariff, NW Natural reports on four quarters of expenses, ending the first quarter of a year, or March 31<sup>st</sup>. Pursuant to OAR 860-022-0070(6), NW Natural must file test year results of operations for purposes of conducting an earnings review by May 1. This is done on a 12-month calendar year basis. In order to synch the annual prudence review of environmental remediation costs ("Prudence Review"), which covers 12-months, with the annual earnings review, which covers 12-months, NW Natural proposes to change the timing of the annual filing for the Prudence Review to March 15 instead of May 15, and to report environmental expenditures on a calendar year basis. This change will allow more time for the parties' review and will synch up the prudence review period with the earnings test period so that the earnings test can apply to the same 12 months. For 2015, however, because March 15 has already passed, the Company proposes to file its Prudence Review for the period April 1, 2014 through December 31, 2014, on or before May 15, 2015, and NW Natural requests that the Commission include the Prudence Review of the April 1, 2014 through December 31, 2014 environmental costs with the 2015 annual earnings review to allow a decision to be made by July 31, 2015, which is the timing required to adjust rates as part of the annual PGA process. For expenses incurred in 2015 and subsequent years, NW Natural will file the annual Prudence Review for the entire calendar year on or before March 15 of the following year.

##### **B. Secure Account for Insurance Proceeds to Future Costs.**

On page 7 of the Order, the Commission directed "NW Natural to hold the insurance proceeds in a secure account, with interest accruing at the highest rate the company is able to obtain while reasonably minimizing the risk to principal. . . . When NW Natural has established the account, the company should notify the Commission for review and acknowledgment." NW Natural is currently seeking to establish an account that most closely matches the Commission's directive. NW Natural will consult with Staff and the parties to the proceeding before establishing the account. NW Natural will notify the Commission when it has established the account.

**C. Application of Insurance Proceeds.**

Based on the Commission's view that the environmental remediation work may continue for as long as 20 years, the Commission allocated approximately \$100.3 million of the \$150.5 million of insurance proceeds to offset future costs.<sup>15</sup> On pages 6-7 of the Order, the Commission found:

that one-third of the insurance proceeds should be allocated to the past period of incurred costs, and two-thirds of insurance proceeds be applied to the future period. This results in approximately \$50.2 million being used to offset the past period deferrals, *and the allocation of roughly \$5 million a year, plus interest earned on the balance each year, for the remaining estimated 20 years of the project.* Any remaining funds will be used to offset costs at the end of the project.<sup>16</sup>

The above quote appears to direct NW Natural to use one-twentieth of the Insurance Proceeds, plus interest, to offset environmental expenditures each year for twenty years. However, in describing the same allocation on page 11 of the Order, the Commission stated that it "allocate[d] approximately \$100.3 million of the insurance proceeds for future remediation work, *and will apply \$5 million in insurance proceeds to each year moving forward,* plus interest accrued on the entire outstanding insurance proceeds balance over the previous 12 months."<sup>17</sup> The latter quote directs NW Natural to use an even \$5 million, plus interest, per year as an offset.

The difference between the two potential methods of allocating the Insurance Proceeds is not substantial, and NW Natural proposes to use \$5 million per year as the annual offset to environmental expenditures, for the sake of convenience.

**D. Earnings Test.**

On page 12 of the Order, the Commission adopted an earnings test set at NW Natural's Return on Equity (ROE). For purposes of the annual earnings review, NW Natural will include 100% of the WACOG sharing mechanism revenues and losses and 50% of shareholder AMA Optimization revenues derived from ratepayer-supported assets.<sup>18</sup> The implementation of the earnings test is as follows:

NW Natural will continue to defer its remediation expenses. Each year, [the Commission] will examine the prudence of those expenditures. [The Commission] will offset prudently incurred amounts first by applying the amounts collected under the tariff rider. If amounts collected under the tariff rider in any year exceed remediation costs for that year, NW Natural will credit the excess amounts against the SRRM balance. [The Commission] will then offset any remaining expenditures by applying that

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<sup>15</sup> Order at 11 (emphasis added).

<sup>16</sup> Order at 6-7.

<sup>17</sup> Order at 11 (emphasis added).

<sup>18</sup> Order at 12.



year's insurance proceeds and interest accrued on insurance proceeds. If the remaining expenditures in any year are less than the amount of \$5 million in rates and \$5 million, plus interest, in insurance proceeds, then the balance of the insurance proceeds will roll forward to offset the next year's costs.

[The Commission] will then apply an annual earnings test on the remaining deferred expenses incurred in that previous 12-month period. NW Natural will be allowed to amortize deferred amounts as necessary to bring its earnings up to its authorized ROE. The company will be required to offset each year's environmental expenses with any earnings above its ROE for that year.<sup>19</sup>

**E. 2013 Environmental Costs.**

On page 6 of the Order, the Commission found that NW Natural's environmental remediation costs from January 1, 2013 through March 31, 2014 were prudently incurred. In 2013, NW Natural recorded \$6.8 million of environmental spend. After the 2013 expenditures are offset by the \$5 million in base rates, \$1.8 million is left for which Insurance Proceeds will be applied. The \$3.2 million remainder of Insurance Proceeds (\$5 million less \$1.8 million) will be carried forward to apply to 2014 spend. As there is no further 2013 environmental spend to subject to an earnings test, the Earnings Test for this specific year is not applicable. For presentation purposes, however, NW Natural provided Exhibit D, which is confidential and subject to the protective order in this docket, to show the results of the Earnings Test after adding in 50% of AMA Optimization revenues derived from ratepayer-supported assets.

**F. 2014 Environmental Costs.**

The Commission found that the Company's environmental remediation costs for the period from January 1, 2014 through March 31, 2014 were prudently incurred.<sup>20</sup> NW Natural will file its annual Prudence Review for the period April 1, 2014 through December 31, 2014 on or before May 15, 2015. As discussed above, NW Natural will request that these costs be included in the 2015 annual earnings review used for the annual PGA filing process.

Upon Commission determination that the environmental expenses associated with April 1, 2014 through December 31, 2014 time period are prudent, NW Natural will transfer these amounts, offset first by the \$5 million in rate base and then the 2013 insurance carryover of \$3.2 million along with the annual \$5 million of insurance proceeds, plus interest, to the SRRM Post-Prudence Account. The balance of the 2014 environmental expenses will be subject to the 2014 earnings test if the Company earns over its authorized ROE after adding in 50% of AMA Optimization revenues derived from ratepayer-supported assets. On November 1, 2015, NW Natural will move one-fifth of the SRRM Post-Prudence Account into the SRRM account for amortization coincident with the Company's annual PGA filings. NW

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<sup>19</sup> Order at 13.

<sup>20</sup> Order at 6.

Natural will account for the interest associated with the SRRM Post-Prudence Account and SRRM account in accordance with Schedule 183.

**G. 2015 Environmental Costs (and Future Years).**

In accordance with the Order and Schedule 183, NW Natural will continue to defer environmental remediation expenses in its deferral account, accruing interest at the Company's authorized rate of return. NW Natural will file its Prudence Review for 2015 expenditures and subsequent years' environmental remediation expenses by March 15 each year. Upon Commission determination that the environmental expenses are prudent, NW Natural will transfer these amounts, offset first by the \$5 million in rate base and the \$5 million of insurance proceeds, plus interest, to the SRRM Post-Prudence Account. The balance of each year's expenses will be subject to the applicable years' earnings test if the Company earns over its authorized ROE after adding in 50% of AMA Optimization revenues derived from ratepayer-supported assets. On November 1, 2015, NW Natural will move one-fifth of the SRRM Post-Prudence Account into the SRRM account for amortization coincident with the Company's annual PGA filings. NW Natural will account for the interest associated with the deferral and SRRM accounts in accordance with Schedule 183.

**V. Request for Approval**

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after June 1, 2015.

Copies of this letter and the filing made herewith are available in the Company's main office in Portland, Oregon, and on the Company's 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 with copies to the following:

eFiling  
Rates & Regulatory Affairs  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2516  
E-mail: [eFiling@nwnatural.com](mailto:eFiling@nwnatural.com)

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson  
Rates & Regulatory Affairs

NW NATURAL  
 NWN OPUC Advice No. 15-03  
 Table of Tariff Sheet Revisions  
 Proposed to Become Effective June 1, 2015

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# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Third Revision of Sheet v  
Cancels Second Revision of Sheet v

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Issued March 31, 2015  
NWN OPUC Advice No. 15-03

Effective with service on  
and after June 1, 2015

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fourth Revision of Sheet 2-1  
Cancels Third Revision of Sheet 2-1

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## RATE SCHEDULE 2 RESIDENTIAL SALES SERVICE

### AVAILABLE:

To Residential Class Customers in all territory served by the Company under the Tariff of which this Rate Schedule is a part. Temporary Disconnection of Service is allowed subject to Special Provision 1 of this Rate Schedule. The installation of Distribution Facilities, when required before service can be provided to equipment served under this Rate Schedule, is subject to the provisions of **Schedule X**.

### SERVICE DESCRIPTION:

Service under this Rate Schedule is Firm Sales Service to gas-fired equipment used for Domestic purposes by qualifying Residential Class Customers.

Service to a Vehicle Fueling Appliance is subject to the conditions set forth in Special Provisions 3 through 5 of this Rate Schedule.

**MONTHLY RATE:** Effective: June 1, 2015

(T)

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **Schedule 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **Schedule 160**. The rates for service to a Vehicle Fueling Appliance shall be further adjusted as set forth in Special Provision 5 of this Rate Schedule.

	Base Rate	Base Adjustment	Pipeline Capacity	Commodity	Temporary Adjustment	Total Billing
Customer Charge:	\$8.00	---	---	---	---	<b>\$8.00</b>
Volumetric Charge (per therm):	\$0.43536	\$0.00762	\$0.12239	\$0.43383	\$0.02381	<b>\$1.02301</b>

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Minimum Monthly Bill: Customer Charge plus charges under **Schedule C** or **Schedule 15** (if applicable)

(continue to Sheet 2-2)

Issued March 31, 2015  
NWN OPUC Advice No. 15-03

Effective with service on  
and after June 1, 2015

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fourth Revision of Sheet 3-4  
Cancels Third Revision of Sheet 3-4

## RATE SCHEDULE 3 BASIC FIRM SALES SERVICE - NON-RESIDENTIAL (continued)

**MONTHLY RATE:** Effective: June 1, 2015

(T)

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **Schedule 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **Schedule 160**. The rates for service to CNG vehicle fueling equipment shall be further adjusted as set forth in Special Provision 6 of this Rate Schedule.

<b>FIRM SALES SERVICE CHARGES: (03CSF and 03ISF)</b>						<b>Billing Rates [1]</b>
<b>Customer Charge (per month):</b>						<b>\$15.00</b>
Volumetric Charges (per therm):	Base Rate	Base Adjustment	Pipeline Capacity	Commodity Component [2]	Temporary Adjustment	
<b>Commercial</b>	\$0.34669	\$0.00625	\$0.12239	\$0.43383	\$0.05288	<b>\$0.96204</b>
<b>Industrial</b>	\$0.33984	\$0.00276	\$0.12239	\$0.43383	\$0.03900	<b>\$0.93782</b>
<b>Standby Charge (per therm of MHDV) [3]:</b>						<b>\$10.00</b>

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[1] **Schedule C** and **Schedule 15** Charges shall apply, if applicable.

[2] The Commodity Component shown is the Annual Sales WACOG. The actual Commodity Component billed could be different for certain customers as described in the special provisions of this Rate Schedule

**Minimum Monthly Bill.** The Minimum Monthly Bill shall be the Customer Charge plus any **Schedule C** and **Schedule 15** Charges.

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# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fourth Revision of Sheet 31-11  
Cancels Third Revision of Sheet 31-11

## RATE SCHEDULE 31 NON-RESIDENTIAL FIRM SALES AND FIRM TRANSPORTATION SERVICE (continued)

### MONTHLY RATES FOR COMMERCIAL CUSTOMER CLASS:

**Effective: June 1, 2015**

(T)

The rates shown in this Rate Schedule may not always reflect actual billing rates. **See Schedule 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **Schedule 160**. The rates for service to CNG vehicle fueling equipment shall be further adjusted as set forth in Provision No. 3 of the "SPECIAL CONDITIONS FOR COMPRESSED NATURAL GAS ("CNG") SERVICE FOR VEHICULAR USE" of this Rate Schedule.

<b>FIRM SALES SERVICE CHARGES (31 CSF) [1]:</b>					Billing Rates
Customer Charge (per month):					<b>\$325.00</b>
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment	Commodity Component [2]	Total Temporary Adjustments [3]	
Block 1: 1 <sup>st</sup> 2,000 therms	\$0.20710	\$0.00542	\$0.43383	\$0.05295	<b>\$0.69930</b>
Block 2: All additional therms	\$0.18895	\$0.00521	\$0.43383	\$0.05298	<b>\$0.68097</b>
<b>Pipeline Capacity Charge Options (select one):</b>					
Firm Pipeline Capacity Charge - Volumetric option (per therm):					<b>\$0.12239</b>
Firm Pipeline Capacity Charge - Peak Demand option (per therm of MDDV):					<b>\$1.82</b>
<b>FIRM TRANSPORTATION SERVICE CHARGES (31 CTF):</b>					
Customer Charge (per month):					<b>\$325.00</b>
Transportation Charge (per month):					<b>\$250.00</b>
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment		Total Temporary Adjustments [4]	
Block 1: 1 <sup>st</sup> 2,000 therms	\$0.17449	\$0.00548		\$(0.00072)	<b>\$0.17925</b>
Block 2: All additional therms	\$0.15921	\$0.00527		\$(0.00071)	<b>\$0.16377</b>

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- [1] The Monthly Bill shall equal the sum of the Customer Charge, plus the Volumetric Charges, plus the Pipeline Capacity Charge selected by the Customer, plus any other charges that may apply from Schedule C or Schedule 15.
- [2] The stated rate is the Company's Annual Sales WACOG. However, the Commodity Component to be billed will be dependent on Customer's Service Type Selection and may instead be Winter Sales WACOG or Monthly Incremental Cost of Gas.
- [3] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Temporary Adjustments as set forth in Schedule 162 may not apply.
- [4] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Sales Service Temporary Adjustments as set forth in Schedule 162 may also apply.

(continue to Sheet 31-12)

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# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Third Revision of Sheet 31-12  
Cancels Second Revision of Sheet 31-12

## RATE SCHEDULE 31 NON-RESIDENTIAL FIRM SALES AND FIRM TRANSPORTATION SERVICE (continued)

### MONTHLY RATES FOR INDUSTRIAL CUSTOMER CLASS:

Effective: June 1, 2015

(T)

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **SCHEDULE 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **SCHEDULE 160**.

FIRM SALES SERVICE CHARGES (31 ISF) [1]:					Billing Rates
Customer Charge (per month):					<b>\$325.00</b>
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment	Commodity Component [2]	Total Temporary Adjustments [3]	
Block 1: 1 <sup>st</sup> 2,000 therms	\$0.16680	\$0.00174	\$0.43383	\$0.03909	<b>\$0.64146</b>
Block 2: All additional therms	\$0.15072	\$0.00157	\$0.43383	\$0.03911	<b>\$0.62523</b>
<b>Pipeline Capacity Charge Options (select one):</b>					
Firm Pipeline Capacity Charge - Volumetric option (per therm):					<b>\$0.12239</b>
Firm Pipeline Capacity Charge - Peak Demand option (per therm of MDDV):					<b>\$1.82</b>
<b>FIRM TRANSPORTATION SERVICE CHARGES (31 ITF):</b>					
Customer Charge (per month):					<b>\$325.00</b>
Transportation Charge (per month):					<b>\$250.00</b>
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment		Total Temporary Adjustments [4]	
Block 1: 1 <sup>st</sup> 2,000 therms	\$0.16211	\$0.00174		\$(0.00002)	<b>\$0.16383</b>
Block 2: All additional therms	\$0.14650	\$0.00158		\$(0.00001)	<b>\$0.14807</b>

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- [1] The Monthly Bill shall equal the sum of the Customer Charge, plus the Volumetric Charges, plus the Pipeline Capacity Charge selected by the Customer, plus any other charges that may apply from **SCHEDULE C** and **SCHEDULE 15**.
- [2] The stated rate is the Company's Annual Sales WACOG. However, the Commodity Component to be billed will be dependent on Customer's Service Type Selection and may instead be Winter Sales WACOG, or Monthly Incremental Cost of Gas.
- [3] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Temporary Adjustments as set forth in **SCHEDULE 162** may not apply.
- [4] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Sales Service Temporary Adjustments as set forth in **SCHEDULE 162** may also apply.

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# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Third Revision of Sheet 32-12  
Cancels Second Revision of Sheet 32-12

## RATE SCHEDULE 32 LARGE VOLUME NON-RESIDENTIAL SALES AND TRANSPORTATION SERVICE (continued)

**MONTHLY RATES:**

**Effective: June 1, 2015**

(T)

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **SCHEDULE 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **SCHEDULE 160**.

FIRM SALES SERVICE CHARGES [1]:					Billing Rates
Customer Charge (per month, all service types):					<b>\$675.00</b>
	Base Rate	Base Rate Adjustment	Commodity Component [2]	Total Temporary Adjustments [3]	
<b>32 CSF Volumetric Charges (per therm):</b>					
Block 1: 1 <sup>st</sup> 10,000 therms	\$0.09813	\$0.00143	\$0.43383	\$0.03903	<b>\$0.57242</b>
Block 2: Next 20,000 therms	\$0.08341	\$0.00120	\$0.43383	\$0.03906	<b>\$0.55750</b>
Block 3: Next 20,000 therms	\$0.05890	\$0.00085	\$0.43383	\$0.03907	<b>\$0.53265</b>
Block 4: Next 100,000 therms	\$0.03436	\$0.00050	\$0.43383	\$0.03911	<b>\$0.50780</b>
Block 5: Next 600,000 therms	\$0.01965	\$0.00028	\$0.43383	\$0.03912	<b>\$0.49288</b>
Block 6: All additional therms	\$0.00983	\$0.00014	\$0.43383	\$0.03915	<b>\$0.48295</b>
<b>32 ISF Volumetric Charges (per therm):</b>					
Block 1: 1 <sup>st</sup> 10,000 therms	\$0.09744	\$0.00108	\$0.43383	\$0.03916	<b>\$0.57151</b>
Block 2: Next 20,000 therms	\$0.08283	\$0.00092	\$0.43383	\$0.03918	<b>\$0.55676</b>
Block 3: Next 20,000 therms	\$0.05848	\$0.00064	\$0.43383	\$0.03921	<b>\$0.53216</b>
Block 4: Next 100,000 therms	\$0.03411	\$0.00038	\$0.43383	\$0.03922	<b>\$0.50754</b>
Block 5: Next 600,000 therms	\$0.01949	\$0.00021	\$0.43383	\$0.03925	<b>\$0.49278</b>
Block 6: All additional therms	\$0.00979	\$0.00011	\$0.43383	\$0.03924	<b>\$0.48297</b>
Firm Service Distribution Capacity Charge (per therm of MDDV per month):					<b>\$0.15748</b>
Firm Sales Service Storage Charge (per therm of MDDV per month):					<b>\$0.20415</b>
<b>Pipeline Capacity Charge Options (select one):</b>					
Firm Pipeline Capacity Charge - Volumetric option (per therm):					<b>\$0.12239</b>
Firm Pipeline Capacity Charge - Peak Demand option (per therm of MDDV per month):					<b>\$1.82</b>

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- [1] The Monthly Bill shall equal the sum of the Customer Charge, plus the Volumetric Charges, plus the Pipeline Capacity Charge selected by the Customer, plus any other charges that may apply from Schedule C or Schedule 15.
- [2] The stated rate is the Company's Annual Sales WACOG. However, the Commodity Component to be billed will be dependent on Customer's Service Type Selection and may instead be Winter Sales WACOG or Monthly Incremental Cost of Gas.
- [3] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Temporary Adjustments as set forth in Schedule 162 may not apply.

(continue to Sheet 32-13)

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# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fourth Revision of Sheet 32-13  
Cancels Third Revision of Sheet 32-13

## RATE SCHEDULE 32 LARGE VOLUME NON-RESIDENTIAL SALES AND TRANSPORTATION SERVICE (continued)

### MONTHLY RATES (continued):

**Effective: June 1, 2015**

(T)

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **SCHEDULE 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in **SCHEDULE 160**

<b>INTERRUPTIBLE SALES SERVICE CHARGES [1][4]:</b>					<b>Billing Rates</b>
Customer Charge (per month):					<b>\$675.00</b>
	Base Rate	Base Rate Adjustment	Commodity Component [2]	Total Temporary Adjustments [3]	
<b>32 CSI Volumetric Charges (per therm):</b>					
Block 1: 1 <sup>st</sup> 10,000 therms	\$0.09936	\$0.00099	\$0.43383	\$0.04615	\$0.58033
Block 2: Next 20,000 therms	\$0.08446	\$0.00085	\$0.43383	\$0.04615	\$0.56529
Block 3: Next 20,000 therms	\$0.05961	\$0.00060	\$0.43383	\$0.04619	\$0.54023
Block 4: Next 100,000 therms	\$0.03478	\$0.00035	\$0.43383	\$0.04620	\$0.51516
Block 5: Next 600,000 therms	\$0.01986	\$0.00020	\$0.43383	\$0.04623	\$0.50012
Block 6: All additional therms	\$0.00996	\$0.00010	\$0.43383	\$0.04622	\$0.49011
Interruptible Pipeline Capacity Charge (per therm):					<b>\$0.01455</b>
<b>32 ISI Volumetric Charges (per therm):</b>					
Block 1: 1 <sup>st</sup> 10,000 therms	\$0.09917	\$0.00099	\$0.43383	\$0.04626	\$0.58025
Block 2: Next 20,000 therms	\$0.08430	\$0.00085	\$0.43383	\$0.04626	\$0.56524
Block 3: Next 20,000 therms	\$0.05950	\$0.00059	\$0.43383	\$0.04629	\$0.54021
Block 4: Next 100,000 therms	\$0.03472	\$0.00034	\$0.43383	\$0.04630	\$0.51519
Block 5: Next 600,000 therms	\$0.01983	\$0.00020	\$0.43383	\$0.04633	\$0.50019
Block 6: All additional therms	\$0.00993	\$0.00010	\$0.43383	\$0.04632	\$0.49018
Interruptible Pipeline Capacity Charge (per therm):					<b>\$0.01455</b>

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- [1] The Monthly Bill shall equal the sum of the Customer Charge, plus the Volumetric Charges, plus the Pipeline Capacity Charge selected by the Customer, plus any other charges that may apply from Schedule C or Schedule 15.
- [2] The stated rate is the Company's Annual Sales WACOG. However, the Commodity Component to be billed will be dependent on Customer's Service Type Selection and may instead be Winter Sales WACOG or Monthly Incremental Cost of Gas.
- [3] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Temporary Adjustments as set forth in Schedule 162 may not apply.
- [4] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Sales Service Temporary Adjustments as set forth in Schedule 162 may also apply.

(continue to Sheet 32-14)

Issued March 31, 2015  
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**Issued by: NORTHWEST NATURAL GAS COMPANY**  
d.b.a. NW Natural  
220 N.W. Second Avenue  
Portland, Oregon 97209-3991

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Third Revision of Sheet 32-14  
Cancels Second Revision of Sheet 32-14

## RATE SCHEDULE 32 LARGE VOLUME NON-RESIDENTIAL SALES AND TRANSPORTATION SERVICE (continued)

### MONTHLY RATES (continued):

Effective: June 1, 2015

The rates shown in this Rate Schedule may not always reflect actual billing rates. See **SCHEDULE 100** for a list of applicable adjustments. Rates are subject to changes for purchased gas costs and technical rate adjustments. The rates for Coos County customers are subject to the additional adjustment set forth in Schedule 160.

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<b>FIRM TRANSPORTATION SERVICE CHARGES (32 CTF or 32 ITF) [1]:</b>					<b>Billing Rates</b>
Customer Charge (per month):					<b>\$675.00</b>
Transportation Charge (per month):					<b>\$250.00</b>
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment		Total Temporary Adjustments [2]	
Block 1: 1 <sup>st</sup> 10,000 therms	\$0.09622	\$0.00099		\$0.00004	<b>\$0.09725</b>
Block 2: Next 20,000 therms	\$0.08176	\$0.00085		\$0.00004	<b>\$0.08265</b>
Block 3: Next 20,000 therms	\$0.05774	\$0.00059		\$0.00006	<b>\$0.05839</b>
Block 4: Next 100,000 therms	\$0.03369	\$0.00034		\$0.00007	<b>\$0.03410</b>
Block 5: Next 600,000 therms	\$0.01924	\$0.00020		\$0.00009	<b>\$0.01953</b>
Block 6: All additional therms	\$0.00965	\$0.00010		\$0.00008	<b>\$0.00983</b>
Firm Service Distribution Capacity Charge (per therm of MDDV per month):					<b>\$0.15748</b>
<b>INTERRUPTIBLE TRANSPORTATION SERVICE CHARGES (32 CTI or ITI) [3]:</b>					
Customer Charge (per month):					<b>\$675.00</b>
Transportation Charge (per month):					<b>\$250.00</b>
Volumetric Charges (per therm)	Base Rate	Base Rate Adjustment		Temporary Adjustments [2]	
Block 1: 1 <sup>st</sup> 10,000 therms	\$0.09720	\$0.00088		\$0.00004	<b>\$0.09812</b>
Block 2: Next 20,000 therms	\$0.08262	\$0.00075		\$0.00005	<b>\$0.08342</b>
Block 3: Next 20,000 therms	\$0.05833	\$0.00053		\$0.00006	<b>\$0.05892</b>
Block 4: Next 100,000 therms	\$0.03402	\$0.00031		\$0.00007	<b>\$0.03440</b>
Block 5: Next 600,000 therms	\$0.01945	\$0.00017		\$0.00009	<b>\$0.01971</b>
Block 6: All additional therms	\$0.00974	\$0.00010		\$0.00010	<b>\$0.00994</b>

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- [1] For Firm Transportation Service, the Monthly Bill shall equal the sum of the Customer Charge, plus Transportation Charge, plus the Volumetric Charges, plus the Distribution Capacity Charge, plus any other charges that may apply from Schedule C or Schedule 15.
- [2] Where applicable, the Account 191 Adjustments shall apply.
- [3] For Interruptible Transportation Service, the Monthly Bill shall equal the sum of the Customer Charge, plus Transportation Charge, plus the Volumetric Charges, plus any other charges that may apply from Schedule C or Schedule 15.
- [4] Where applicable, as set forth in this rate schedule, the Account 191 portion of the Sales Service Temporary Adjustments as set forth in Schedule 162 may also apply.

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**NORTHWEST NATURAL GAS COMPANY**

P.U.C. Or. 25

Second Revision of Sheet 100-1  
 Cancels First Revision of Sheet 100-1

**SCHEDULE 100  
 SUMMARY OF ADJUSTMENTS**

**PURPOSE:**

The purpose of this Schedule is to list and summarize the adjustment Schedules applicable to each of the Company's Rate Schedules.

SCHEDULE	A	160	162	164	165	167	172	177
2	ADD	ADD	INC	INC	INC	INC	INC	INC
3 (CSF)	ADD	ADD	INC	INC	INC	INC		INC
3 (ISF)	ADD	ADD	INC	INC	INC	INC	INC	INC
15	ADD					INC		
27	ADD	ADD	INC	INC	INC	INC		INC
31 (CSF)	ADD	ADD	INC	INC	INC	INC		INC
31 (CTF)	ADD		INC			INC		INC
31 (ISF)	ADD	ADD	INC	INC	INC	INC	INC	INC
31 (ITF)	ADD		INC			INC	INC	INC
32 (CSF/ISF)	ADD	ADD	INC	INC	INC	INC	INC	INC
32 (CSI/ISI)	ADD	ADD	INC	INC	INC	INC	INC	INC
32 (CTF/ITF)	ADD		INC			INC	INC	INC
32 (CTI/ITI)	ADD		INC			INC	INC	INC
33 (CTI/ITI)	ADD		INC			INC		INC
33 (CTF/ITF)	ADD		INC			INC		INC
60	ADD							

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Table Code Key:

- ADD** This adjustment is added to the billing rates at the time the bill is issued.
- INC** This adjustment is included in the billing rates shown on the Rate Schedule.

(continue to Sheet 100-2)

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**NORTHWEST NATURAL GAS COMPANY**

P.U.C. Or. 25

Second Revision of Sheet 100-2  
 Cancels First Revision Sheet 100-2

**SCHEDULE 100  
 SUMMARY OF ADJUSTMENTS  
 (continued)**

**PURPOSE (continued):**

SCHEDULE	178	179	180	181	182	183	184	185	186	187	188	190	195	301
2	INC	INC	INC	ADD	INC	INC	INC	ADD	ADD	INC		INC	ADD	ADD
3 (CSF)	INC	INC	INC	ADD	INC	INC	INC	ADD	ADD	INC		INC	ADD	ADD
3 (ISF)	INC	INC	INC	ADD	INC	INC	INC	ADD	ADD	INC	INC			
15														
27	INC	INC	INC		INC	INC	INC			INC				ADD
31 (CSF)	INC	INC	INC	ADD	INC	INC	INC	ADD	ADD	INC		INC		ADD
31 (CTF)	INC				INC	INC	INC					INC		
31 (ISF)	INC	INC	INC	ADD	INC	INC	INC	ADD	ADD	INC	INC			
31 (ITF)	INC				INC	INC	INC							
32 (CSF/ISF)	INC		INC	ADD	INC	INC	INC	ADD	ADD	INC	INC			
32 (CSI/ISI)	INC		INC	ADD	INC	INC	INC		ADD	INC	INC			
32 (CTF/ITF)	INC				INC	INC	INC							
32 (CTI/ITI)	INC				INC	INC	INC							
33 (CTI/ITI)	INC				INC	INC	INC							
33 (CTF/ITF)	INC				INC	INC	INC							
60														

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Table Code Key:

- ADD** This adjustment is added to the billing rates at the time the bill is issued.
- INC** This adjustment is included in the billing rates shown on the Rate Schedule.

(continue to Sheet 100-3)

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**SCHEDULE 100**  
**SUMMARY OF ADJUSTMENTS**  
(continued)

**Schedule 180 "Special Rate Adjustment for Working Gas Inventory"**

These are: (1) Temporary Adjustments to volumetric rates (per therm) for the amortization of amounts relating to carrying costs on working gas inventory deferred between November 1, 2012 and October 31, 2013; and (2) additions to Base Rates (per therm) for the recovery of carrying costs on working gas inventory made in accordance with the Stipulation in Docket UM 1651.

**Schedule 181 "Special Rate Adjustment for Environmental Cost Recovery"**

Part 1 is a one-time lump sum bill surcharge applicable to Sales Service Customers. Part 2 applies temporary rate adjustments to volumetric rates (per-therm) for the recovery of amounts per OPUC Order No. 15-049 entered February 20, 2015.

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**Schedule 182 "Rate Adjustment for Environmental Cost Recovery"**

These are Base Rate Adjustments to volumetric rates (per therm) for the recovery of \$5.0 million per year commencing June 1, 2015 per OPUC Order No. 15-049 entered February 20, 2015.

**Schedule 183 "Site Remediation Recovery Mechanism"**

These are Temporary Rate Adjustments to volumetric rates (per therm) for the recovery of deferred environmental remediation costs.

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**Schedule 184 "Special Rate Adjustment Gasco Upland Pumping Station"**

These are additions to Base Rates (per therm) for the recovery of costs associated with the pumping station installed at the Gasco Upland Site located in Linnton, Oregon.

**Schedule 185 "Special Annual Interstate Storage and Transportation Credit."**

This applies an annual lump sum adjustment to June bills for the sharing of revenues from non-utility storage and transportation activities that do not affect Rate Schedule billing rates.

**Schedule 186 "Special Annual Core Pipeline Capacity Optimization Credit."**

This applies an annual lump sum adjustment to June bills for the sharing of revenues from pipeline capacity optimization activities that do not affect Rate Schedule billing rates.

**Schedule 187 "Special Adjustment for Storage Recall."**

These are additions to Base Rates (per therm) for the recovery of Mist storage facilities recalled from Interstate Storage activities to serve core utility customers.

**Schedule 188 "Industrial Demand Side Management (DSM) Program Cost Recovery."**

These are Temporary Adjustments to volumetric rates (per therm) for the recovery of costs associated with demand side management programs available to Industrial Customers.

**Schedule 190 "Partial Decoupling Mechanism."**

These are Temporary Adjustments to volumetric rates (per therm) to apply the effects of usage variances calculated in accordance with this Schedule.

**Schedule 195 "Weather Adjusted Rate Mechanism (WARM)."**

These are winter heating season adjustments to volumetric rates (per therm) applied to Residential and Commercial customer bills for the effect of any deviation from normal weather within a billing month.

**Schedule 301 "Public Purposes Funding Surcharge."**

These are monthly adjustments applied as a percentage of the total billed amount that does not affect Rate Schedule billing rates.

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Effective with service on  
and after June 1, 2015

**SCHEDULE 181**  
**SPECIAL RATE ADJUSTMENT FOR ENVIRONMENTAL COST RECOVERY**

**PURPOSE:**

The purpose of this Schedule is to reflect the effect of the collection of \$10 million for environmental costs relating to calendar years 2013 and 2014, respectively, which are considered future costs for which the Commission determined should be offset by \$5 million per year. See Order No. 15-049 in Docket UM 1635 and UM 1706 at pp. 6 and 11, entered by the Public Utility Commission of Oregon on February 20, 2015.

**TERM:**

The Term of Part 1 under this Schedule begins with the first billing cycle in June 2015 and ends with the last billing cycle in June 2015.

The Term of Part 2 under this Schedule will commence November 1, 2015 coincident with the Company's annual 2015-2016 PGA filing to and will continue until October 31, 2016, or such other date as the Commission may approve.

**APPLICABLE:**

To all Customers served under the following Rate Schedules of this Tariff as follows:

Part 1: Applicable only to Firm and Interruptible Sales Service Customers:

Rate Schedule 2	Rate Schedule 3	Rate Schedule 31
Rate Schedule 32	Rate Schedule 33	

Part 2: Applicable to Sales and Transportation Service Customers:

Rate Schedule 2	Rate Schedule 3	Rate Schedule 31
Rate Schedule 32	Rate Schedule 33	

**PART 1: APPLICATION TO RATE SCHEDULES:**      **Effective Billing Cycle: June 2015**

The bill surcharge to be applied to Customer bills during the effective billing cycle will be calculated by multiplying the following per-term credit by the Customer's actual gas usage billed during the period January 1, 2014 through December 31, 2014:

Rate Schedule/Class	Block	Temporary Adjustment	Schedule	Block	Temporary Adjustment
2		\$ 0.02125	31 CSF	Block 1	\$ 0.01482
03 CSF		\$ 0.01399		Block 2	\$ 0.01352
03 ISF		\$ 0.01157	31 ISF	Block 1	\$ 0.00869
				Block 2	\$ 0.00786
32 CSF	Block 1	\$ 0.00265	32 CSI	Block 1	\$ 0.00374
	Block 2	\$ 0.00225		Block 2	\$ 0.00318
	Block 3	\$ 0.00159		Block 3	\$ 0.00224
	Block 4	\$ 0.00093		Block 4	\$ 0.00131
	Block 5	\$ 0.00000		Block 5	\$ 0.00075
	Block 6	\$ 0.00000		Block 6	\$ 0.00000
32 ISF	Block 1	\$ 0.00675	32 ISI	Block 1	\$ 0.00406
	Block 2	\$ 0.00573		Block 2	\$ 0.00345
	Block 3	\$ 0.00405		Block 3	\$ 0.00244
	Block 4	\$ 0.00236		Block 4	\$ 0.00142
	Block 5	\$ 0.00000		Block 5	\$ 0.00081
	Block 6	\$ 0.00000		Block 6	\$ 0.00000

(continue to Sheet 181-2)

Issued March 31, 2015  
NWN OPUC Advice No. 15-03

Effective with service on  
and after June 1, 2015



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**SCHEDULE 181**  
**SPECIAL RATE ADJUSTMENT FOR ENVIRONMENTAL COST RECOVERY**  
(continued)

**PART 2: APPLICATION TO RATE SCHEDULES:**

The Adjustment amounts shown below are calculated based on equal percent of margin by Rate Schedule and Customer class, and the rate allocation adopted in Docket UG 221. The adjustment amount is included in the Temporary Adjustments reflected in the respective Rate Schedules listed above. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Rate Schedule/Class	Block	Temporary Adjustment		Schedule	Block	Temporary Adjustment
2		\$		31 CSF	Block 1	\$
03 CSF		\$			Block 2	\$
03 ISF		\$		31 ISF	Block 1	\$
					Block 2	\$
32 CSF	Block 1	\$		32 CSI	Block 1	\$
	Block 2	\$			Block 2	\$
	Block 3	\$			Block 3	\$
	Block 4	\$			Block 4	\$
	Block 5	\$			Block 5	\$
	Block 6	\$			Block 6	\$
32 ISF	Block 1	\$		32 ISI	Block 1	\$
	Block 2	\$			Block 2	\$
	Block 3	\$			Block 3	\$
	Block 4	\$			Block 4	\$
	Block 5	\$			Block 5	\$
	Block 6	\$			Block 6	\$
31 CTF	Block 1	\$		32 CTI / ITI	Block 1	\$
	Block 2	\$			Block 2	\$
31 ITF	Block 1	\$			Block 3	\$
	Block 2	\$			Block 4	\$
					Block 5	\$
					Block 6	\$
32 ITF/CTF	Block 1	\$		33 (all)		
	Block 2	\$				

Issued March 31, 2015  
NWN OPUC Advice No.15-03

Effective with service on  
and after June 1, 2015

**SCHEDULE 182  
RATE ADJUSTMENT FOR ENVIRONMENTAL COST RECOVERY**

**PURPOSE:**

The purpose of this Schedule is to reflect the rate effects of the collection of \$5.0 million per year commencing with the 2015 calendar year, for the recovery of costs related to environmental remediation expenses, in accordance with Order No. 15-049 in Docket UM 1635 and UM 1706 entered by the Public Utility Commission of Oregon on February 20, 2015.

**APPLICABLE:**

To all Customers served under the following Rate Schedules of this Tariff:

Rate Schedule 2	Rate Schedule 3	Rate Schedule 31
Rate Schedule 32	Rate Schedule 33	

**APPLICATION TO RATE SCHEDULES:**      Effective: June 1, 2015

The Adjustment amounts shown below are calculated based on equal percent of margin by Rate Schedule and Customer class, and the rate allocation adopted in Docket UG 221. The adjustment amount is embedded in the Base Rate reflected in the respective Rate Schedules listed above. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Rate Schedule/Class	Block	Base Rate Adjustment		Schedule	Block	Base Rate Adjustment
2		\$ 0.00971		31 CSF	Block 1	\$ 0.00477
03 CSF		\$ 0.00686			Block 2	\$ 0.00435
03 ISF		\$ 0.00583		31 ISF	Block 1	\$ 0.00367
					Block 2	\$ 0.00332
				31 CTF	Block 1	\$ 0.00616
					Block 2	\$ 0.00562
				31 ITF	Block 1	\$ 0.00395
					Block 2	\$ 0.00357
32 CSF	Block 1	\$ 0.00335		32 CSI	Block 1	\$ 0.00224
	Block 2	\$ 0.00285			Block 2	\$ 0.00190
	Block 3	\$ 0.00201			Block 3	\$ 0.00134
	Block 4	\$ 0.00117			Block 4	\$ 0.00078
	Block 5	\$ 0.00067			Block 5	\$ 0.00045
	Block 6	\$ 0.00034			Block 6	\$ 0.00022
32 ISF	Block 1	\$ 0.00337		32 ISI	Block 1	\$ 0.00210
	Block 2	\$ 0.00287			Block 2	\$ 0.00179
	Block 3	\$ 0.00203			Block 3	\$ 0.00126
	Block 4	\$ 0.00118			Block 4	\$ 0.00074
	Block 5	\$ 0.00068			Block 5	\$ 0.00042
	Block 6	\$ 0.00034			Block 6	\$ 0.00021
32 ITF/CTF	Block 1	\$ 0.00237		32 CTI / ITI	Block 1	\$ 0.00192
	Block 2	\$ 0.00201			Block 2	\$ 0.00163
	Block 3	\$ 0.00142			Block 3	\$ 0.00115
	Block 4	\$ 0.00083			Block 4	\$ 0.00067
	Block 5	\$ 0.00047			Block 5	\$ 0.00038
	Block 6	\$ 0.00024			Block 6	\$ 0.00019
				33 (all)		\$ 0.00000

Issued March 31, 2015  
NWN OPUC Advice No. 15-03

Effective with service on  
and after June 1, 2015

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet 183-1

Cancels Original Sheet 183-1

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## SCHEDULE 183 SITE REMEDIATION RECOVERY MECHANISM (SRRM)

### **PURPOSE:**

The purpose of this Schedule is to identify adjustments to rates in the Rate Schedules listed below for the amortization of balances in the Site Remediation Recovery Mechanism account ("SRRM Account") related to Environmental Site Remediation Costs, including past manufactured gas plant (MGP) operations pursuant to Commission Order 12-408, in Docket UG 221 and Commission Order 15-049 in Dockets UM 1635 and UM 1706. (N)

### **TERM:**

Adjustments under this Schedule shall continue for a period of five (5) years following the date that the last remediation expenses are incurred, or such other date as the Commission may approve.

### **APPLICABLE:**

To Sales and Transportation Service Customers served under 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

### **DEFINITIONS:**

The following definitions apply to this Schedule:

**Collection Period** is the 12-month period November 1 through October 31 coincident with the Purchased Gas Adjustment (PGA) Year in which amounts in the SRRM Account will be amortized. Any future change in the PGA Year will automatically carry to the Collection Period under this Schedule.

**Environmental Site Remediation Costs** are all costs that relate to environmental remediation, including for past manufactured gas plant (MGP) operations. Environmental Site Remediation Costs include investigation, testing, sampling, monitoring, removal, disposal, storage, remediation or other treatment of residues, land acquisition if appropriate, litigation costs/expenses or other liabilities excluding personal injury claims relating to MGP sites, disposal sites, sites that otherwise contain contamination that requires remediation for which the Company is responsible, or sites to which material may have migrated.

### **SPECIAL CONDITIONS – SRRM ADJUSTMENTS:**

1. All Environmental Site Remediation Costs, including all amounts deferred under UM 1078 through September 30, 2012, and any proceeds from insurance companies or other third-parties, will be held in a deferral account. The balance in the deferral account that has not been reviewed for prudence shall accrue interest at the authorized rate of return approved in the Company's most recent general rate case.

(continue to Sheet 183-2)

Issued March 31, 2015  
NWN OPUC Advice No. 15-03

Effective with service on  
and after June 1, 2015

**SCHEDULE 183**  
**SITE REMEDIATION RECOVERY MECHANISM (SRRM)**  
(continued)

**SPECIAL CONDITIONS – SRRM ADJUSTMENTS: (continued)**

- 2. Subject first to the earnings test established in Commission Order 15-049, one-fifth of the Oregon Customer's share of the deferral account balance will be transferred to an SRRM Account for amortization in each Collection Period. (C)
- 3. In the event that the amount in the SRRM Account in any Collection Period is negative (a refund), the Company, subject to approval by the Commission, will determine if the refund should be applied to Customer bills, or if the credit balance should carry to the next Collection Period. A credit balance may be carried to the next Collection Period if it is determined by the Commission that the credit balance is best used to offset future expected Environmental Site Remediation Costs not yet recorded in the deferral account, or for such other reasons as the Commission may approve. (C)
- 4. The amounts in the SRRM Account will be amortized and applied to Customer bills based on equal percent of margin by Rate Schedule and Customer class.
- 5. The SRRM Account balance shall accrue interest at the modified blended treasury rate prescribed by the Commission in OPUC Order No. 08-263.
- 6. Any deferral account amounts that have been reviewed for prudence but have not been moved to the SRRM Account will be transferred to the SRRM Post-Prudence Account, which will accrue interest at the average of the five-year Treasury rates used in the calculation of the modified blended treasury rate for the applicable year, plus 100 basis points. (C)
- 7. Any over- or under- collection of the balance in the SRRM Account at the end of a 12-month Collection Period will be retained in the SRRM Account and used to adjust the amount amortized into rates for the subsequent Collection Period.
- 8. By May 15, 2015 the Company will request Commission review and determination of prudence of Environmental Site Remediation Costs for the April 1, 2014 through December 31, 2014 time frame. The request for prudence review will include a report of all activity associated with Environmental Site Remediation Costs, including insurance or other third-party proceeds related to remediation activities recorded in the deferral account. By March 15, 2016, and each year thereafter, the Company will request Commission review and determination of prudence for all prior calendar year Environmental Site Remediation Costs, that will include a report detailing all activity associated with Environmental Site Remediation Costs, including insurance or other third-party proceeds related to remediation activities recorded in the deferral account. year (C)

**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.

(continue to Sheet 183-3)

Issued March 31, 2015  
NWN OPUC Advice No. 15-03

Effective with service on  
and after June 1, 2015

**EXHIBIT A**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**NW NATURAL  
SUPPORTING MATERIALS**

Mechanism for Recovery of  
Environmental Remediation Costs

UM 1635

NWN OPUC Advice No. 15-03

March 31, 2015

## Exhibit A

### Supporting Materials

#### Mechanism for Recovery of Environmental Remediation Costs NWN OPUC Advice No. 15-03 / UM 1635

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Calculation of Rate Increments based on the Equal Percentage of Margin Allocation	3
Effects on Average Bill by Rate Schedule – Schedule 182	4
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**NW Natural**  
**Rates & Regulatory Affairs**  
**Environmental Catch-Up Rider (Sales Only)**  
**Calculation of Rate Increments based on the EQUAL PERCENTAGE OF MARGIN ALLOCATION - Schedule 181**  
**Spread to Schedules based on UG 221 Margins**

		2014				UG 221	Insurance Rider - Catch-Up			
		Oregon	MARGIN	Volumetric	Margin	Proposed Amount:	10,000,000 Temporary Increment			
		Volumes	Rate	Margin	Spread	Revenue Sensitive Multiplier:	2.777% add revenue sensitive factor			
Schedule	Block					Amount to Amortize:	10,285,632 to all classes and schedules			
						Allocation				
						Multiplier	to RS	Increment		
		A	B	C = A*B	D	E	F	G	H	
	2R	322,433,868	\$0.41131	132,620,274	198,608,630		1.0	6,852,941	0.02125	
	3C Firm Sales	147,723,464	\$0.32977	48,714,767	59,897,712		1.0	2,066,756	0.01399	
	3I Firm Sales	4,212,416	\$0.32542	1,370,805	1,412,914		1.0	48,752	0.01157	
	31C Firm Sales	Block 1	19,011,369	\$0.19524	3,711,780	15,892,492		1.0	548,366	0.01482
		Block 2	19,722,824	\$0.17814	3,513,424			1.0	0.01352	
	31C Firm Trans	Block 1		\$0.16551	-	77,205		1.0	2,664	
		Block 2		\$0.15102	-			1.0		
	31I Firm Sales	Block 1	4,151,119	\$0.15769	654,590	3,383,425		1.0	116,744	0.00869
		Block 2	10,268,076	\$0.14248	1,462,996			1.0	0.00786	
	31I Firm Trans	Block 1		\$0.15611	-	173,433		1.0	5,984	
		Block 2		\$0.14107	-			1.0		
	32C Firm Sales	Block 1	19,210,957	\$0.09040	1,736,671	1,957,396		1.0	67,539	0.00265
		Block 2	6,721,908	\$0.07685	516,579			1.0	0.00225	
		Block 3	949,202	\$0.05426	51,504			1.0	0.00159	
		Block 4	58,622	\$0.03166	1,856			1.0	0.00093	
		Block 5	0	\$0.01810	-			1.0		
		Block 6	0	\$0.00905	-			1.0		
	32I Firm Sales	Block 1	4,326,842	\$0.09073	392,574	1,953,576		1.0	67,408	0.00675
		Block 2	5,175,659	\$0.07712	399,147			1.0	0.00573	
		Block 3	1,801,951	\$0.05445	98,116			1.0	0.00405	
		Block 4	524,573	\$0.03176	16,660			1.0	0.00236	
		Block 5	0	\$0.01815	-			1.0		
		Block 6	0	\$0.00911	-			1.0		
	32 Firm Trans	Block 1		\$0.09269	-	3,748,382		1.0	129,337	
		Block 2		\$0.07876	-			1.0		
		Block 3		\$0.05562	-			1.0		
		Block 4		\$0.03245	-			1.0		
		Block 5		\$0.01854	-			1.0		
		Block 6		\$0.00930	-			1.0		
	32C Interr Sales	Block 1	6,147,440	\$0.09405	578,167	1,885,516		1.0	65,059	0.00374
		Block 2	8,111,588	\$0.07995	648,521			1.0	0.00318	
		Block 3	4,233,070	\$0.05643	238,872			1.0	0.00224	
		Block 4	5,109,624	\$0.03293	168,260			1.0	0.00131	
		Block 5	175,161	\$0.01880	3,293			1.0	0.00075	
		Block 6	0	\$0.00943	-			1.0		
	32I Interr Sales	Block 1	7,100,594	\$0.09408	668,024	2,598,364		1.0	89,656	0.00406
		Block 2	8,877,160	\$0.07997	709,906			1.0	0.00345	
		Block 3	4,743,875	\$0.05645	267,792			1.0	0.00244	
		Block 4	10,881,470	\$0.03294	358,436			1.0	0.00142	
		Block 5	3,935,126	\$0.01882	74,059			1.0	0.00081	
		Block 6	0	\$0.00942	-			1.0		
	32 Interr Trans	Block 1		\$0.09426	-	6,504,179		1.0	224,425	
		Block 2		\$0.08012	-			1.0		
		Block 3		\$0.05657	-			1.0		
		Block 4		\$0.03300	-			1.0		
		Block 5		\$0.01886	-			1.0		
		Block 6		\$0.00945	-			1.0		
	33				0			1.0	0	
	TOTALS	625,607,958			298,093,224			298,093,224	10,285,631	

Transporation Amount (Held for Amortization in 2015 PGA) 362,410

Sales Amount 9,923,221

NW Natural  
 Rates & Regulatory Affairs  
 2015 Environmental Compliance - Oregon: March Filing  
 Effects on Average Bill by Rate Schedule - Schedule 181  
 ALL VOLUMES IN THERMS

		Schedule 181					
		Therms in Block	2014 Active Customer Volumes	2014 Active Customers	2014 Average Annual Therms	Proposed Sch. 181 Rates	Proposed Sch. 181 Bill Credit
Schedule	Block	A	B	C	D	E	F = E*D
2R		N/A	322,433,868	553,180	582.9	0.02125	<b>12.39</b>
3C Firm Sales		N/A	147,723,464	54,376	2,716.7	0.01399	<b>38.01</b>
3I Firm Sales		N/A	4,212,416	288	14,626.4	0.01157	<b>169.23</b>
31C Firm Sales	Block 1	2,000	19,011,369	1,039	37,280.3	0.01482	
	Block 2	all additional	19,722,824			0.01352	
	<b>Total</b>						<b>506.63</b>
31C Firm Trans	Block 1						
	Block 2						
	<b>Total</b>						
31I Firm Sales	Block 1	2,000	4,151,119	201	71,737.3	0.00869	
	Block 2	all additional	10,268,076			0.00786	
	<b>Total</b>						<b>565.52</b>
31I Firm Trans	Block 1						
	Block 2						
	<b>Total</b>						
32C Firm Sales	Block 1	10,000	19,210,957	300	89,802.3	0.00265	
	Block 2	20,000	6,721,908			0.00225	
	Block 3	20,000	949,202			0.00159	
	Block 4	100,000	58,622			0.00093	
	Block 5	600,000	0				
	Block 6	all additional	0				
	<b>Total</b>						<b>140.32</b>
32I Firm Sales	Block 1	10,000	4,326,842	52	227,481.2	0.00675	
	Block 2	20,000	5,175,659			0.00573	
	Block 3	20,000	1,801,951			0.00405	
	Block 4	100,000	524,573			0.00236	
	Block 5	600,000	0				
	Block 6	all additional	0				
	<b>Total</b>						<b>499.10</b>
32 Firm Trans	Block 1						
	Block 2						
	Block 3						
	Block 4						
	Block 5						
	Block 6						
	<b>Total</b>						
32C Interr Sales	Block 1	10,000	6,147,440	68	349,660.0	0.00374	
	Block 2	20,000	8,111,588			0.00318	
	Block 3	20,000	4,233,070			0.00224	
	Block 4	100,000	5,109,624			0.00131	
	Block 5	600,000	175,161			0.00075	
	Block 6	all additional	0				
	<b>Total</b>						<b>426.55</b>
32I Interr Sales	Block 1	10,000	7,100,594	75	473,843.0	0.00406	
	Block 2	20,000	8,877,160			0.00345	
	Block 3	20,000	4,743,875			0.00244	
	Block 4	100,000	10,881,470			0.00142	
	Block 5	600,000	3,935,126			0.00081	
	Block 6	all additional	0				
	<b>Total</b>						<b>562.71</b>
32 Interr Trans	Block 1						
	Block 2						
	Block 3						
	Block 4						
	Block 5						
	Block 6						
	<b>Total</b>						
33							
<b>Totals</b>			625,607,958	609,579			



**NW Natural**  
**Rates & Regulatory Affairs**  
**Environmental Forward Rider**  
**Calculation of Rate Increments based on the EQUAL PERCENTAGE OF MARGIN ALLOCATION - Schedule 182**  
**UG 221 Customers and Volumes**

										Insurance Rider - Forward			
										Proposed Amount:	5,000,000 Temporary Increment		
										Revenue Sensitive Multiplier:	2.777% add revenue sensitive factor		
										Amount to Amortize:	5,142,816 to all classes and schedules		
Schedule	Block	Oregon Volumes	MARGIN Rate	Volumetric Margin	Customer Charge	Customers	MDDV Based Revenue	Total Margin		Allocation to	Multiplier H	RS I	Increment J
		A	B	C = B * A	D	E	F	G					
2R		352,929,922	\$0.41131	145,163,606	\$8.00	556,719		198,608,630		1.0		3,426,471	0.00971
3C Firm Sales		150,619,378	\$0.32977	49,669,752	\$15.00	56,822		59,897,712		1.0		1,033,378	0.00686
3I Firm Sales		4,184,174	\$0.32542	1,361,614	\$15.00	285		1,412,914		1.0		24,376	0.00583
31C Firm Sales	Block 1	24,749,352	\$0.19524	11,220,292	\$325.00	1,198		15,892,492		1.0		274,183	0.00477
	Block 2	35,860,719	\$0.17814							1.0			0.00435
31C Firm Trans	Block 1	44,572	\$0.16551	35,805	\$575.00	6		77,205		1.0		1,332	0.00616
	Block 2	188,242	\$0.15102							1.0			0.00562
31I Firm Sales	Block 1	4,447,875	\$0.15769	2,505,925	\$325.00	225		3,383,425		1.0		58,372	0.00367
	Block 2	12,665,213	\$0.14248							1.0			0.00332
31I Firm Trans	Block 1	97,558	\$0.15611	118,233	\$575.00	8		173,433		1.0		2,992	0.00395
	Block 2	730,157	\$0.14107							1.0			0.00357
32C Firm Sales	Block 1	5,059,321	\$0.09040	910,156	\$675.00	53	617,940	1,957,396		1.0		33,770	0.00335
	Block 2	4,834,146	\$0.07685							1.0			0.00285
	Block 3	1,397,725	\$0.05426							1.0			0.00201
	Block 4	172,093	\$0.03166							1.0			0.00117
	Block 5	0	\$0.01810							1.0			0.00067
	Block 6	0	\$0.00905							1.0			0.00034
32I Firm Sales	Block 1	4,284,027	\$0.09073	906,089	\$675.00	45	682,987	1,953,576		1.0		33,704	0.00337
	Block 2	5,123,215	\$0.07712							1.0			0.00287
	Block 3	2,033,143	\$0.05445							1.0			0.00203
	Block 4	365,005	\$0.03176							1.0			0.00118
	Block 5	0	\$0.01815							1.0			0.00068
	Block 6	0	\$0.00911							1.0			0.00034
32 Firm Trans	Block 1	6,123,208	\$0.09269	2,530,812	\$925.00	65	496,070	3,748,382		1.0		64,668	0.00237
	Block 2	9,627,749	\$0.07876							1.0			0.00201
	Block 3	6,499,238	\$0.05562							1.0			0.00142
	Block 4	13,339,852	\$0.03245							1.0			0.00083
	Block 5	20,577,047	\$0.01854							1.0			0.00047
	Block 6	3,129,647	\$0.00930							1.0			0.00024
32C Interr Sales	Block 1	5,553,826	\$0.09405	1,367,116	\$675.00	64		1,885,516		1.0		32,530	0.00224
	Block 2	5,441,419	\$0.07995							1.0			0.00190
	Block 3	3,043,549	\$0.05643							1.0			0.00134
	Block 4	5,715,124	\$0.03293							1.0			0.00078
	Block 5	2,648,468	\$0.01880							1.0			0.00045
	Block 6	0	\$0.00943							1.0			0.00022
32I Interr Sales	Block 1	7,108,023	\$0.09408	2,007,064	\$675.00	73		2,598,364		1.0		44,828	0.00210
	Block 2	8,656,598	\$0.07997							1.0			0.00179
	Block 3	4,763,986	\$0.05645							1.0			0.00126
	Block 4	8,983,218	\$0.03294							1.0			0.00074
	Block 5	4,316,607	\$0.01882							1.0			0.00042
	Block 6	0	\$0.00942							1.0			0.00021
32 Interr Trans	Block 1	8,025,070	\$0.09426	5,516,279	\$925.00	89		6,504,179		1.0		112,213	0.00192
	Block 2	13,347,959	\$0.08012							1.0			0.00163
	Block 3	10,296,468	\$0.05657							1.0			0.00115
	Block 4	32,663,184	\$0.03300							1.0			0.00067
	Block 5	65,455,540	\$0.01886							1.0			0.00038
	Block 6	84,185,134	\$0.00945							1.0			0.00019
33		0		0	\$38,000.00			0		1.0		0	0.00000
TOTALS		939,286,751		223,312,743		615,652		298,093,224		298,093,224		5,142,817	

NW Natural  
 Rates & Regulatory Affairs  
 2015 Environmental Compliance - Oregon: March Filing  
 Effects on Average Bill by Rate Schedule - Schedule 182  
 ALL VOLUMES IN THERMS

Calculation of Effect on Customer Average Bill by Rate Schedule [1]

See note [11]

		Oregon PGA Normalized Volumes page,	Therms in Block	Normal Therms Monthly Average use	Minimum Monthly Charge	11/1/2014 Billing Rates	11/1/2014 Current Average Bill	Proposed 6/1/2015 Billing Rates [1]	Proposed 6/1/2015 Average Bill	Proposed 6/1/2015 % Bill Change
		A	B	C	D	E	F	G	H	I AJ = (AI-F)/F
1	Schedule									
2	Block									
3	2R	360,262,077	N/A	53	8.00	1.0133	61.70	1.02301	62.22	0.8%
4	3C Firm Sales	158,380,592	N/A	233	15.00	0.95518	237.56	0.96204	239.16	0.7%
5	3I Firm Sales	4,657,729	N/A	1,302	15.00	0.93199	1,228.45	0.93782	1,236.04	0.6%
6	31C Firm Sales	20,755,459	2,000	3,524	325.00	0.81692		0.82169		
7		23,561,992	all additional			0.79901		0.80336		
8	<b>Total</b>						<b>3,176.53</b>		<b>3,192.70</b>	<b>0.5%</b>
9	31C Firm Trans	388,881	2,000	1,800	575.00	0.17309		0.17925		
10		545,978	all additional			0.15815		0.16377		
11	<b>Total</b>						<b>886.56</b>		<b>897.65</b>	<b>1.3%</b>
12	31I Firm Sales	4,173,736	2,000	6,227	325.00	0.76018		0.76385		
13		10,396,529	all additional			0.7443		0.74762		
14	<b>Total</b>						<b>4,991.52</b>		<b>5,012.89</b>	<b>0.4%</b>
15	31I Firm Trans	165,160	2,000	10,137	575.00	0.15988		0.16383		
16		807,983	all additional			0.1445		0.14807		
17	<b>Total</b>						<b>2,070.56</b>		<b>2,107.51</b>	<b>1.8%</b>
18	32C Firm Sales	16,599,553	10,000	8,643	675.00	0.69146		0.69481		
19		6,678,295	20,000			0.67704		0.67989		
20		1,156,563	20,000			0.65303		0.65504		
21		248,708	100,000			0.62902		0.63019		
22		0	600,000			0.6146		0.61527		
23		0	all additional			0.605		0.60534		
24	<b>Total</b>						<b>6,651.29</b>		<b>6,680.24</b>	<b>0.4%</b>
25	32I Firm Sales	4,334,221	10,000	19,284	675.00	0.69053		0.6939		
26		5,158,103	20,000			0.67628		0.67915		
27		1,793,730	20,000			0.65252		0.65455		
28		516,049	100,000			0.62875		0.62993		
29		2	600,000			0.61449		0.61517		
30		0	all additional			0.60502		0.60536		
31	<b>Total</b>						<b>13,858.88</b>		<b>13,919.23</b>	<b>0.4%</b>
32	32 Firm Trans	11,412,253	10,000	58,140	925.00	0.09488		0.09725		
33		15,830,951	20,000			0.08064		0.08265		
34		9,285,426	20,000			0.05697		0.05839		
35		16,096,253	100,000			0.03327		0.0341		
36		21,498,809	600,000			0.01906		0.01953		
37		2,621,489	all additional			0.00959		0.00983		
38	<b>Total</b>						<b>4,896.82</b>		<b>4,995.87</b>	<b>2.0%</b>
39	32C Interr Sales	6,122,693	10,000	32,719	675.00	0.59264		0.59488		
40		8,160,075	20,000			0.57794		0.57984		
41		4,328,184	20,000			0.55344		0.55478		
42		5,489,487	100,000			0.52893		0.52971		
43		242,825	600,000			0.51422		0.51467		
44		0	all additional			0.50444		0.50466		
45	<b>Total</b>						<b>19,665.00</b>		<b>19,729.05</b>	<b>0.3%</b>
46	32I Interr Sales	7,354,981	10,000	40,182	675.00	0.5927		0.5948		
47		9,533,013	20,000			0.578		0.57979		
48		5,139,981	20,000			0.5535		0.55476		
49		10,419,812	100,000			0.529		0.52974		
50		4,025,372	600,000			0.51432		0.51474		
51		173,012	all additional			0.50452		0.50473		
52	<b>Total</b>						<b>23,797.74</b>		<b>23,867.37</b>	<b>0.3%</b>
53	32 Interr Trans	8,967,105	10,000	193,929	925.00	0.0962		0.09812		
54		15,920,961	20,000			0.08179		0.08342		
55		11,590,796	20,000			0.05777		0.05892		
56		30,144,365	100,000			0.03373		0.0344		
57		57,187,852	600,000			0.01933		0.01971		
58		78,650,314	all additional			0.00975		0.00994		
59	<b>Total</b>						<b>8,900.35</b>		<b>9,058.84</b>	<b>1.8%</b>
60	33	0	N/A	0	38,000.00	0.00554	38,000.00	0.00554	38,000.00	0.0%
61	<b>Totals</b>	960,777,350								

[1] For convenience of presentation, the cent per therm demand charge is used, rather than the available MDDV demand option for Rate Schedules 31 and 32.

NW Natural  
 Rates & Regulatory Affairs  
 2015 Environmental Compliance - Oregon: March Filing  
 Calculation of Proposed Rates - SUMMARY Schedule 182

		11/1/2014	Proposed	Proposed	11/1/2014	Net change	Proposed
		Base Rates	6/1/2015	6/1/2015	Billing	Permanent	6/1/2015
			Base Adj.	Base Rates	Rates	Increments	Rates [1]
1							
2							
3							
4							
5							
6	Schedule						
7	2R	0.42565	0.00971	0.43536	1.0133	0.00971	1.02301
8	3C Firm Sales	0.33983	0.00686	0.34669	0.95518	0.00686	0.96204
9	3I Firm Sales	0.33401	0.00583	0.33984	0.93199	0.00583	0.93782
10	31C Firm Sales	0.20233	0.00477	0.20710	0.69453	0.00477	0.69930
11		0.18460	0.00435	0.18895	0.67662	0.00435	0.68097
12	31C Firm Trans	0.16833	0.00616	0.17449	0.17309	0.00616	0.17925
13		0.15359	0.00562	0.15921	0.15815	0.00562	0.16377
14	31I Firm Sales	0.16313	0.00367	0.16680	0.63779	0.00367	0.64146
15		0.1474	0.00332	0.15072	0.62191	0.00332	0.62523
16	31I Firm Trans	0.15816	0.00395	0.16211	0.15988	0.00395	0.16383
17		0.14293	0.00357	0.14650	0.1445	0.00357	0.14807
18	32C Firm Sales	0.09478	0.00335	0.09813	0.56907	0.00335	0.57242
19		0.08056	0.00285	0.08341	0.55465	0.00285	0.55750
20		0.05689	0.00201	0.05890	0.53064	0.00201	0.53265
21		0.03319	0.00117	0.03436	0.50663	0.00117	0.50780
22		0.01898	0.00067	0.01965	0.49221	0.00067	0.49288
23		0.00949	0.00034	0.00983	0.48261	0.00034	0.48295
24	32I Firm Sales	0.09407	0.00337	0.09744	0.56814	0.00337	0.57151
25		0.07996	0.00287	0.08283	0.55389	0.00287	0.55676
26		0.05645	0.00203	0.05848	0.53013	0.00203	0.53216
27		0.03293	0.00118	0.03411	0.50636	0.00118	0.50754
28		0.01881	0.00068	0.01949	0.49210	0.00068	0.49278
29		0.00945	0.00034	0.00979	0.48263	0.00034	0.48297
30	32 Firm Trans	0.09385	0.00237	0.09622	0.09488	0.00237	0.09725
31		0.07975	0.00201	0.08176	0.08064	0.00201	0.08265
32		0.05632	0.00142	0.05774	0.05697	0.00142	0.05839
33		0.03286	0.00083	0.03369	0.03327	0.00083	0.03410
34		0.01877	0.00047	0.01924	0.01906	0.00047	0.01953
35		0.00941	0.00024	0.00965	0.00959	0.00024	0.00983
36	32C Interr Sales	0.09712	0.00224	0.09936	0.57809	0.00224	0.58033
37		0.08256	0.00190	0.08446	0.56339	0.0019	0.56529
38		0.05827	0.00134	0.05961	0.53889	0.00134	0.54023
39		0.03400	0.00078	0.03478	0.51438	0.00078	0.51516
40		0.01941	0.00045	0.01986	0.49967	0.00045	0.50012
41		0.00974	0.00022	0.00996	0.48989	0.00022	0.49011
42	32I Interr Sales	0.09707	0.00210	0.09917	0.57815	0.0021	0.58025
43		0.08251	0.00179	0.08430	0.56345	0.00179	0.56524
44		0.05824	0.00126	0.05950	0.53895	0.00126	0.54021
45		0.03398	0.00074	0.03472	0.51445	0.00074	0.51519
46		0.01941	0.00042	0.01983	0.49977	0.00042	0.50019
47		0.00972	0.00021	0.00993	0.48997	0.00021	0.49018
48	32 Interr Trans	0.09528	0.00192	0.09720	0.0962	0.00192	0.09812
49		0.08099	0.00163	0.08262	0.08179	0.00163	0.08342
50		0.05718	0.00115	0.05833	0.05777	0.00115	0.05892
51		0.03335	0.00067	0.03402	0.03373	0.00067	0.03440
52		0.01907	0.00038	0.01945	0.01933	0.00038	0.01971
53		0.00955	0.00019	0.00974	0.00975	0.00019	0.00994
54	33	0.00554	0	0.00554	0.00554	0	0.00554

[1] For convenience of presentation, demand charges for Rate Schedules 31 and 32 are omitted.

**NW Natural  
 Rates & Regulatory Affairs  
 2015 Environmental Compliance Filing  
 Effects on Revenue - COMBINED EFFECTS**

		<b>Including Revenue Sensitive Amount</b>
1		
2	<b><u>Purchased Gas Cost Adjustment (PGA)</u></b>	
3		
4	Gas Cost Change	\$0
5		
6	Capacity Cost Change	0
7		
8	<b>Total PGA Change</b>	<b>0</b>
9		
10	<b><u>Temporary Rate Adjustments</u></b>	
11		
12	Proposed Increments - June Environmental Schedule 181	10,285,632
13		
14	<b>Total Net Temporary Rate Adjustment</b>	<b>10,285,632</b>
15		
16	<b><u>Base Rate Adjustments</u></b>	
17		
18	Environmental Rider Schedule 182	5,142,816
19		
20	<b>Total Net Base Rate Adjustment</b>	<b>5,142,816</b>
21		
22		
23	<b>TOTAL OF ALL COMPONENTS OF ALL RATE CHANGES</b>	<b><u><u>\$15,428,448</u></u></b>
24		
25		
26		
27	2013 Oregon Earnings Test Normalized Total Revenues	\$672,195,000
28		
29	Effect of this filing, as a percentage change (line 31 ÷ line 37)	2.30%

Total Net Temporary Adjustment \$\$ w/rev sens	10,285,632
Total PGA Change \$\$ w/rev sens	0
Total Net Base Rate Adjustment	5,142,816

**EXHIBIT B**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**NW NATURAL  
SUPPORTING MATERIALS**

Mechanism for Recovery of  
Environmental Remediation Costs

UM 1635

NWN OPUC Advice No. 15-03

March 31, 2015

**Exhibit B**  
**NW Natural**  
**Order 15-049 Compliance Filing**  
**Summary of Deferred Environmental Activity**

	<b>Summary</b>
<b>1 Interest on Environmental Insurance Receipt</b>	(20,775,156) (line 10)
<b>2 Pre-2013 Environmental Expense net of Adjustments</b>	49,047,538 (line 18)
<b>3 2013 Deferred Environmental Expense net of Adjustments</b>	1,368,313 (line 24)
<b>5 Total Amount Transferred to Post-Prudence at 3/31/15</b>	29,640,694

	<b>Interest on Insurance (a)</b>
<b>6 2012 Interest Accrual</b>	(3,319,623)
<b>7 2013 Interest Accrual</b>	(3,668,218)
<b>8 2014 Interest Accrual</b>	(10,608,925)
<b>9 2015 Interest Accrual through 3/31/15</b>	(3,178,389)
<b>10 To Post-Prudence</b>	(20,775,156)

	<b>LTD 12/31/12</b>		
	<b>Expenditures (a)</b>	<b>Interest (b)</b>	<b>Total (c)</b>
<b>11 Life-to-date @ 12/31/12</b>	68,544,185	25,826,636	94,370,821
<b>12 Interest on pre-2013 balances accrued 1/1/13 - 3/31/15</b>		17,892,930	17,892,930
<b>13 3/31/15 Balance</b>	68,544,185	43,719,566	112,263,751
<b>14 Disallowance</b>			(15,000,000)
<b>15 1/3 of insurance proceeds (Exhibit C line 7)</b>			(48,216,213)
<b>16 To Post-Prudence</b>			49,047,538

	<b>2013</b>		
	<b>Expenditures (a)</b>	<b>Interest (b)</b>	<b>Total (c)</b>
<b>17 Current year cost - 2013</b>	6,816,728	612,129	7,428,857
<b>18 Interest on 2013 balances accrued 1/1/14 - 3/31/15</b>		756,183	756,183
<b>19 3/31/15 Balance</b>	6,816,728	1,368,313	8,185,041
<b>20 Application of Base Rate Adjustment</b>			(5,000,000)
<b>21 Application of Insurance</b>			(1,816,728)
<b>22 Note: \$1.8M is the remaining expenditures after application of the</b>			
<b>23 \$5M base rate adjustment</b>			
<b>24 To Post-Prudence</b>			1,368,313

**EXHIBIT C**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**NW NATURAL  
SUPPORTING MATERIALS**

Mechanism for Recovery of  
Environmental Remediation Costs

UM 1635

NWN OPUC Advice No. 15-03

March 31, 2015

**Exhibit C**  
**NW Natural**  
**Order 15-049 Compliance Filing**  
**Insurance and Third Party Recoveries - Oregon Allocation**

<u>Line</u>		
1	Total proceeds received as of 12/31/2014	152,201,738 <b>[a]</b>
2		
3	Oregon portion of proceeds (96.68%)	147,148,640
4	Less: insurance applied to Source Control <b>[b]</b>	<u>(2,500,000)</u>
5	Total remaining Oregon proceeds	144,648,640
6		
7	1/3 of proceeds applied to life-to-date 2012 balances	48,216,213
8		
9	2/3 of proceeds applied to future periods	96,432,427
10	Insurance proceeds applied to 2013 expenditures	<u>(1,816,728)</u>
11	Remaining insurance to be applied to future periods	94,615,699
12		
13	<u>Notes:</u>	
14	<b>[a]</b> This amount does not include accrued interest on insurance proceeds.	
15	<b>[b]</b> Per Order 14-077, \$2.5 million of insurance was applied to the Source Control	
16	investment included in rate base.	



**EXHIBIT D – REDACTED**

***CONFIDENTIAL SUBJECT TO  
PROTECTIVE ORDER 13-030***

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**NW NATURAL  
SUPPORTING MATERIALS**

Mechanism for Recovery of  
Environmental Remediation Costs

UM 1635

NWN OPUC Advice No. 15-03

March 31, 2015

Exhibit D - REDACTED  
NW Natural  
Order 15-049 Compliance Filing  
2013 Oregon Earnings Review - Pro Forma with 50% AMA Revenues  
(\$000's)

Line No.	OREGON EARNINGS TEST REVIEW				
	Test Year Results AS FILED (a)	50% of NWN's Share of AMA Revenues (a1)	Test Year Results ADJUSTED (a2)	TYPE I Adjustments (b)	Results after Type I (c)
<b>Operating Revenues</b>					
1	Sale of Gas		\$667,918	(\$10,670)	
2	WARM Revenues		(13,240)	13,240	
3	Revenue & Technical Adjustments		(9,004)	0	
4	Decoupling Adjustments		8,411	(8,411)	
5	Transportation		14,083	0	
	Miscellaneous Revenues		4,027	(1)	
6	50% of NWN's Share of AMA Revenues		0	0	
7	<b>Total Operating Revenues</b>		672,195	(5,843)	
<b>Operating Revenue Deductions</b>					
8	Gas Purchased		338,979	(5,559)	
9	Uncollectible Accrual for Gas Sales		175	1,115	
10	Other Operating & Maintenance Expenses		116,051	(3,465)	
11	<b>Total Operating &amp; Maintenance Exp.</b>		455,205	(7,909)	
12	Federal Income Tax		26,743	606	
13	State Excise		6,252	140	
14	Property Taxes		18,364	169	
15	Other Taxes		22,675	69	
16	Depreciation & Amortization		62,329	0	
17	<b>Total Operating Revenue Deductions</b>		591,569	(6,925)	
18	<b>Net Operating Revenues</b>		\$80,626	\$1,083	
<b>Average Rate Base</b>					
19	Utility Plant in Service		\$2,349,248	(\$1,306)	\$2,347,942
20	Accumulated Depreciation		(1,005,403)	0	(1,005,403)
21	<b>Net Utility Plant</b>		1,343,845	(1,306)	1,342,539
22	Aid in Advance of Construction		(3,214)	0	(3,214)
23	Customer Deposits		(5,027)	0	(5,027)
24	Materials & Supplies		68,440	0	68,440
25	Leasehold Improvements		1,120	0	1,120
26	Accumulated Deferred Income Taxes		(336,756)	0	(336,756)
27	<b>Total Rate Base</b>		\$1,068,408	(\$1,306)	\$1,067,102
28	<b>Rate of Return</b>		<u>7.55%</u>		
29	<b>Return on Common Equity</b>		<u>9.27%</u>		
30	<b>SHARING THRESHOLD</b>		<u>9.50%</u>		<u>9.50%</u>
31	Over Threshold - ROE				
32	Over Threshold - After Tax Operating Rev				
33	Over Threshold - Before Tax Operating Rev				
34	2013 Deferred Environmental Spend				
35	Base Rate Adjustment				
36	Insurance Applied				
37	Deferred Environmental Spend Subject to Earnings Test				
38	Overearnings Applied to Environmental Spend (Lesser of Lines 37 and 33)				