

ONITA R. KING
Rates & Regulatory Affairs
Tel: 503.721.2452
Fax: 503.721.2516
Email: ork@nwnatural.com



July 29, 2016

NWN OPUC Advice No. 16-13 / UG 309
(UM 1766)

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE, Suite 100
Post Office Box 1088
Salem, Oregon 97308-1088

**Re: REQUEST FOR AMORTIZATION OF CERTAIN NON-GAS COST DEFERRED
ACCOUNTS RELATING TO:**

UM 1766: Oregon Regulatory Fee Increase

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), files herewith revisions to its Tariff, P.U.C. Or. 25¹ (“the Tariff”), stated to become effective with service on and after November 1, 2016, as follows:

Original Sheet 181-1,
Schedule 181,
“Special Adjustment to Rates – Regulatory Fee Increase”; and

Original Sheet 181-2,
Schedule 181,
“Special Adjustment to Rates - Regulatory Fee Increase (continued).”

The purpose of this filing is to request amortization of amounts deferred under Docket UM 1766 for inclusion in rates effective November 1, 2016. This is the first time that the Company has proposed adjusted rates for this purpose.

The effect of the application of the new temporary adjustments is to increase the Company’s annual revenues by \$178,043, or about 0.03%. In accordance with discussions with Commission Staff, the amounts are proposed to be recovered on an equal-percentage-of-revenue basis.

The monthly bill of the average residential customer served under Rate Schedule 2 using 51 therms will increase by two cents. The monthly increase for the average commercial Rate Schedule 3 customer using 236 therms per month is about \$0.06, and the monthly increase for the average industrial Schedule 32 firm sales customer using 21,331 therms is about \$4.05.

Because the rate adjustments are calculated on an equal-percentage-of-revenue basis, the proposed adjustments vary by rate schedule and as such are too numerous to list here. A worksheet showing all of the rate adjustments can be found in Exhibit A to this filing.

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

The number of customers affected by the proposed change is 579,129 residential customers, 60,111 commercial customers, and 935 industrial customers.

This filing is in compliance with ORS 757.259 (2003), which authorizes deferred utility expenses or revenues to be allowed (amortized) in rates to the extent authorized by the Commission in a proceeding to change rates. All of the deferrals included in this filing occurred with appropriate application by Commission authorization, as rate orders or under approved tariffs.

For the purpose of recovering deferred balances as outlined in ORS 757.259, the required earnings review covering the period(s) during which the deferrals in this filing occurred was performed with Staff's review of the 2016 Annual Results of Operations review.

In addition to the supporting materials submitted as part of this filing, the Company will separately submit work papers in electronic format, all of which are incorporated herein by reference.

The Company requests that the tariff sheets filed herewith be permitted to become effective with service on and after November 1, 2016.

In accordance with ORS 757.205, copies of this letter and the filing made herewith are available in the Company's main office in Oregon and on its website at www.nwnatural.com.

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

Please address correspondence on this matter to Andrew Speer at 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

Sincerely,

NW NATURAL

/s/ Onita R. King
Onita R. King

Attachments: Exhibit A – Supporting Materials

**SCHEDULE 181
SPECIAL RATE ADJUSTMENT - REGULATORY FEE INCREASE**

(N)

PURPOSE:

The purpose of this Schedule is to reflect the rate effects of the regulatory fee increase established by Commission Order 16-067, the cost recovery of which was approved by the Commission by Order issued in Docket UM 1766, OPUC Order No. 16-154 dated April 21, 2016.

APPLICABLE:

To the following Rate Schedules of this Tariff:

Rate Schedule 2	Rate Schedule 27	Rate Schedule 32
Rate Schedule 3	Rate Schedule 31	Rate Schedule 33

GENERAL TERMS:

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, any other schedules that by their terms or by the terms of this Schedule apply to service under this Schedule and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

APPLICATION TO RATE SCHEDULES: **Effective: November 1, 2016**

The Total Adjustment amount shown below is included in the Temporary Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Schedule	Block	Total Adjustment
2		\$0.00029
3 CSF		\$0.00025
3 ISF		\$0.00024
27		\$0.00026
31 CSF	Block 1	\$0.00024
	Block 2	\$0.00024
31 CTF	Block 1	\$0.00009
	Block 2	\$0.00009

(N)

(continue to Sheet 181-2)

Issued July 29, 2016
NWN OPUC Advice No. 16-13

Effective with service on
and after November 1, 2016

**SCHEDULE 181
SPECIAL RATE ADJUSTMENT - REGULATORY FEE INCREASE**

(continued)

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2016

The Total Adjustment amount shown below is included in the Temporary Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Schedule	Block	Total Adjustment
31 ISF	Block 1	\$0.00022
	Block 2	\$0.00022
31 ITF	Block 1	\$0.00007
	Block 2	\$0.00007
32 CSF	Block 1	\$0.00019
	Block 2	\$0.00019
	Block 3	\$0.00019
	Block 4	\$0.00019
	Block 5	\$0.00000
	Block 6	\$0.00000
32 ISF	Block 1	\$0.00019
	Block 2	\$0.00019
	Block 3	\$0.00019
	Block 4	\$0.00019
	Block 5	\$0.00000
	Block 6	\$0.00000
32 CTF/ITF	Block 1	\$0.00002
	Block 2	\$0.00002
	Block 3	\$0.00002
	Block 4	\$0.00002
	Block 5	\$0.00002
	Block 6	\$0.00002
32 CSI	Block 1	\$0.00016
	Block 2	\$0.00016
	Block 3	\$0.00016
	Block 4	\$0.00016
	Block 5	\$0.00016
	Block 6	\$0.00000
32 ISI	Block 1	\$0.00013
	Block 2	\$0.00013
	Block 3	\$0.00013
	Block 4	\$0.00013
	Block 5	\$0.00013
	Block 6	\$0.00000
32 CTI/ITI	Block 1	\$0.00001
	Block 2	\$0.00001
	Block 3	\$0.00001
	Block 4	\$0.00001
	Block 5	\$0.00001
	Block 6	\$0.00001
33 (all)		\$0.00000

(N)

(N)

Issued July 29, 2016
NWN OPUC Advice No. 16-13

Effective with service on
and after November 1, 2016

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Non-Gas Cost Deferral Amortizations
Regulatory Fee Increase Balances

NWN OPUC Advice No. 16-13 / UG 309

July 29, 2016

NW NATURAL

EXHIBIT A

Supporting Material

Non-Gas Cost Deferral Amortizations

Regulatory Fee Increase Balances

NWN OPUC ADVICE NO. 16-13/ UG 309

Description	Page
Calculation of Increments Allocated on Equal Percentage of Revenue	1
Effects of Average Bill by Rate Schedule	2
Basis for Revenue Related Costs	3
PGA Effects on Revenue	4
Summary of Deferred Accounts Included in the PGA	5
186236 Regulatory Fee Amortization	6

**NW Natural
 Rates & Regulatory Affairs
 2016-17 PGA - Oregon: August Filing**

Calculation of Increments Allocated on the EQUAL PERCENTAGE OF REVENUE

ALL VOLUMES IN THERMS

					Oregon PUC Fee		
					172,937	Temporary Increment	
					2.868%	add revenue sensitive factor	
					178,043	to all classes and schedules	
Schedule	Block	A	B	Proposed Amount: Revenue Sensitive Multiplier: Amount to Amortize:	Multiplier	Allocation to RS	Increment
		C	D		E		
2R		356,358,823	369,316,444		1.0	104,314	0.00029
3C Firm Sales		161,456,307	144,762,235		1.0	40,889	0.00025
3I Firm Sales		4,186,772	3,547,438		1.0	1,002	0.00024
27 Dry Out		776,455	722,876		1.0	204	0.00026
31C Firm Sales	Block 1	17,706,769	26,307,476		1.0	7,431	0.00024
	Block 2	12,889,553			1.0		0.00024
31C Firm Trans	Block 1	1,364,169	913,173		1.0	258	0.00009
	Block 2	1,632,747			1.0		0.00009
31I Firm Sales	Block 1	4,263,241	10,253,228		1.0	2,896	0.00022
	Block 2	9,188,740			1.0		0.00022
31I Firm Trans	Block 1	175,539	169,924		1.0	48	0.00007
	Block 2	517,230			1.0		0.00007
32C Firm Sales	Block 1	27,396,213	24,118,795		1.0	6,812	0.00019
	Block 2	8,169,994			1.0		0.00019
	Block 3	807,546			1.0		0.00019
	Block 4	11,819			1.0		0.00019
	Block 5	-			1.0		0.00000
	Block 6	-			1.0		0.00000
32I Firm Sales	Block 1	4,897,403	8,303,812		1.0	2,345	0.00019
	Block 2	5,116,186			1.0		0.00019
	Block 3	1,948,136			1.0		0.00019
	Block 4	580,946			1.0		0.00019
	Block 5	-			1.0		0.00000
	Block 6	-			1.0		0.00000
32 Firm Trans	Block 1	14,611,752	6,349,278		1.0	1,793	0.00002
	Block 2	17,230,536			1.0		0.00002
	Block 3	9,911,484			1.0		0.00002
	Block 4	17,461,606			1.0		0.00002
	Block 5	21,764,847			1.0		0.00002
	Block 6	2,455,153			1.0		0.00002
32C Interr Sales	Block 1	6,252,115	13,666,840		1.0	3,860	0.00016
	Block 2	8,553,424			1.0		0.00016
	Block 3	4,339,671			1.0		0.00016
	Block 4	5,183,222			1.0		0.00016
	Block 5	89,527			1.0		0.00016
	Block 6	-			1.0		0.00000
32I Interr Sales	Block 1	7,427,326	15,411,543		1.0	4,353	0.00013
	Block 2	8,841,797			1.0		0.00013
	Block 3	4,869,921			1.0		0.00013
	Block 4	9,961,831			1.0		0.00013
	Block 5	2,051,108			1.0		0.00013
	Block 6	-			1.0		0.00000
32 Interr Trans	Block 1	8,822,944	6,502,788		1.0	1,837	0.00001
	Block 2	16,011,309			1.0		0.00001
	Block 3	11,561,774			1.0		0.00001
	Block 4	29,665,818			1.0		0.00001
	Block 5	56,877,518			1.0		0.00001
	Block 6	83,025,918			1.0		0.00001
33		-	0		1.0	0	0.00000
TOTALS		966,415,190	630,345,850		630,345,850	178,042	
Sources for line 2 above:							
Inputs page					Line 51		
Tariff Schedules							
Rate Adjustment Schedule					Schd 181		

Note: Rate increment calculation is made by dividing the allocation to the rate schedule by the PGA volumes.

NW Natural
Rates & Regulatory Affairs
2016-17 PGA - Oregon: August Filing Effects
on Average Bill by Rate Schedule [1] ALL

Advice 16-13
 See note [6]

VOLUMES IN THERMS

1		Oregon PGA	Normal	Minimum	11/1/2015	11/1/2015	Proposed	Proposed	Proposed		
2		Normalized	Therms	Monthly	Billing	Current	Oregon PUC Fee	Oregon PUC Fee	Oregon PUC Fee		
3		Volumes page,	in	Monthly	Rates	Average Bill	Rates	Average Bill	Rates		
4		Column D	Block	use	Charge						
5											
6	Schedule	Block	A	B	C	D	E	F	S	T	U
7			356,358,823	N/A	51	\$8.00	\$0.93513	\$55.69	\$0.93542	\$55.71	0.0%
8	2R										
9	3C Firm Sales		161,456,307	N/A	236	\$15.00	\$0.87993	\$222.66	\$0.88018	\$222.72	0.0%
10	3I Firm Sales		4,186,772	N/A	1,008	\$15.00	\$0.83072	\$852.37	\$0.83096	\$852.61	0.0%
11	27 Dry Out		776,455	N/A	36	\$6.00	\$0.80313	\$34.91	\$0.80339	\$34.92	0.0%
12	31C Firm Sales	Block 1	17,706,769	2,000	3,132	\$325.00	\$0.61817	\$2,239.46	\$0.61841	\$2,240.22	0.0%
13		Block 2	12,889,553	all additional			\$0.59905		\$0.59929		
14	31C Firm Trans	Block 1	1,364,169	2,000	1,601	\$575.00	\$0.19118	\$881.08	\$0.19127	\$881.22	0.0%
15		Block 2	1,632,747	all additional			\$0.17480		\$0.17489		
16	31I Firm Sales	Block 1	4,263,241	2,000	5,389	\$325.00	\$0.53466	\$3,149.18	\$0.53488	\$3,150.36	0.0%
17		Block 2	9,188,740	all additional			\$0.51781		\$0.51803		
18	31I Firm Trans	Block 1	175,539	2,000	5,773	\$575.00	\$0.17031	\$1,496.44	\$0.17038	\$1,496.84	0.0%
19		Block 2	517,230	all additional			\$0.15394		\$0.15401		
20	32C Firm Sales	Block 1	27,396,213	10,000	8,022	\$675.00	\$0.46316	\$4,390.47	\$0.46335	\$4,391.99	0.0%
21		Block 2	8,169,994	20,000			\$0.44762		\$0.44781		
22		Block 3	807,546	20,000			\$0.42176		\$0.42195		
23		Block 4	11,819	100,000			\$0.39586		\$0.39605		
24		Block 5	0	600,000			\$0.38034		\$0.38034		
25		Block 6	0	all additional			\$0.36996		\$0.36996		
26	32I Firm Sales	Block 1	4,897,403	10,000	21,331	\$675.00	\$0.46083	\$10,333.30	\$0.46102	\$10,337.35	0.0%
27		Block 2	5,116,186	20,000			\$0.44568		\$0.44587		
28		Block 3	1,948,136	20,000			\$0.42039		\$0.42058		
29		Block 4	580,946	100,000			\$0.39514		\$0.39533		
30		Block 5	0	600,000			\$0.37996		\$0.37996		
31		Block 6	0	all additional			\$0.36991		\$0.36991		
32	32 Firm Trans	Block 1	14,611,752	10,000	41,387	\$925.00	\$0.10049	\$4,325.62	\$0.10051	\$4,326.45	0.0%
33		Block 2	17,230,536	20,000			\$0.08542		\$0.08544		
34		Block 3	9,911,484	20,000			\$0.06036		\$0.06038		
35		Block 4	17,461,606	100,000			\$0.03528		\$0.03530		
36		Block 5	21,764,847	600,000			\$0.02021		\$0.02023		
37		Block 6	2,455,153	all additional			\$0.01022		\$0.01024		
38	32C Interr Sales	Block 1	6,252,115	10,000	35,083	\$675.00	\$0.45065	\$15,961.70	\$0.45081	\$15,967.31	0.0%
39		Block 2	8,553,424	20,000			\$0.43505		\$0.43521		
40		Block 3	4,339,671	20,000			\$0.40905		\$0.40921		
41		Block 4	5,183,222	100,000			\$0.38306		\$0.38322		
42		Block 5	89,527	600,000			\$0.36743		\$0.36759		
43		Block 6	0	all additional			\$0.35709		\$0.35709		
44	32I Interr Sales	Block 1	7,427,326	10,000	41,859	\$675.00	\$0.45043	\$18,727.71	\$0.45056	\$18,733.15	0.0%
45		Block 2	8,841,797	20,000			\$0.43491		\$0.43504		
46		Block 3	4,869,921	20,000			\$0.40899		\$0.40912		
47		Block 4	9,961,831	100,000			\$0.38308		\$0.38321		
48		Block 5	2,051,108	600,000			\$0.36752		\$0.36765		
49		Block 6	0	all additional			\$0.35718		\$0.35718		
50	32 Interr Trans	Block 1	8,822,944	10,000	195,043	\$925.00	\$0.10132	\$9,353.93	\$0.10133	\$9,355.88	0.0%
51		Block 2	16,011,309	20,000			\$0.08615		\$0.08616		
52		Block 3	11,561,774	20,000			\$0.06087		\$0.06088		
53		Block 4	29,665,818	100,000			\$0.03556		\$0.03557		
54		Block 5	56,877,518	600,000			\$0.02041		\$0.02042		
55		Block 6	83,025,918	all additional			\$0.01029		\$0.01030		
56	33		0	N/A	0	\$38,000.00	\$0.00586	\$38,000.00	\$0.00586	\$38,000.00	0.0%
57	Totals		966,415,190								

[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.
 [2] Tariff Advice Notice 16-10: Non-Gas Cost Deferral Amortizations - Intervenor Funding
 [3] Tariff Advice Notice 16-15: Non-Gas Cost Deferral Amortizations - Industrial DSM
 [4] Tariff Advice Notice 16-14: Non-Gas Cost Deferral Amortizations - SRRM
 [5] Tariff Advice Notice 16-16: Non-Gas Cost Deferral Amortizations - Decoupling
 [6] Tariff Advice Notice 16-13: Non-Gas Cost Deferral Amortizations - Oregon PUC Fee
 [7] Tariff Advice Notice 16-17: PGA

NW Natural
Rates and Regulatory Affairs
2016-2017 PGA Filing - OREGON
Basis for Revenue Related Costs

	Twelve Months Ended 06/30/16	
1		
2		
3 Total Billed Gas Sales Revenues	606,080,614	
4 Total Oregon Revenues	611,607,847	
5		
6 Regulatory Commission Fees [1]	1,633,358	0.275% Statutory rate
7 City License and Franchise Fees	14,818,591	2.423% Line 7 ÷ Line 4
8 Net Uncollectible Expense [2]	<u>1,036,942</u>	<u>0.170%</u> Line 8 ÷ Line 4
9		
10 Total	<u><u>17,488,891</u></u>	<u><u>2.868%</u></u> Sum lines 8-9
11		
12		

13 **Note:**

- 14 [1] Dollar figure is set at statutory level of 0.275% times Total Oregon Revenues (line 4).
15 Because the fee changed occurred mid gas year, the difference between the previous fee of 0.25%
16 and the new fee of 0.275% is being captured as a temporary deferral.
17 [2] Represents the normalized net write-offs based on a three-year average.

NW Natural
 Rates & Regulatory Affairs
 2016-2017 PGA Filing - August Filing
 Summary of Deferred Accounts Included in the PGA

Account	A	B	C	D	E	F1	F2	G	H	I
	Balance 6/30/2016	Jul-Oct Estimated Activity	Jul-Oct Interest	Estimated Balance 10/31/2016	Interest Rate During Amortization	Estimated Interest During Amortization	Total Estimated Amount for (Refund) or Collection	Amounts Excluded from PGA Filing	Amounts Included in PGA Filing	Excl. Rev Sens
	B	C	D	E = sum B thru D	F1	F2	G = E + F2	H	I	
20										
21										
32	166,533	0	4,361	170,894	2.20%	2,043	172,937			172,937

Miscellaneous Amortizations
 186236 DEFER PUC FEE

