

**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. 16-14 / UG 310  
(UM 1078)

**VIA ELECTRONIC FILING**

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

**Re: REQUEST FOR AMORTIZATION OF AMOUNTS COLLECTIBLE  
THROUGH SITE REMEDIATION RECOVERY MECHANISM (SRRM)  
(UM 1078 AND UM 1635)**

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), files herewith revisions and additions to its Tariff, P.U.C. Or. 25<sup>1</sup> (“the Tariff”), stated to become effective with service on and after November 1, 2016, as follows:

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

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

The purpose of this filing is to request amortization of amounts deferred under Docket UM 1078 for inclusion in rates effective November 1, 2016. The Company revises rates for this purpose annually; the last filing was effective November 1, 2015.

The net effect of the removal of the current temporary adjustments applied to rates effective November 1, 2015 and the application of the new temporary adjustments is to increase the Company’s annual revenues by \$1,685,190 or about 0.26%.

The monthly bill of the average residential customer served under Rate Schedule 2 using 51 therms per month will increase by 17 cents, or 0.3%. The monthly increase for the average commercial Rate Schedule 3 customer using 236 therms is about \$0.52, or 0.2%, and the monthly increase for the average commercial Rate Schedule 31 customer using 3,132 therms is about \$5.60, or 0.3%. The average Rate Schedule 32 firm sales industrial customer using 21,331 therms will see a monthly increase of about \$27.70, or 0.3%. The

---

<sup>1</sup> 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.

average bill effects for all other rate schedule and service types can be found in the separately provided workpapers.

The number of customers affected by the proposed change is 579,129 residential customers, and 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 and with OPUC Order No. 15-049 in Docket UM 1635. All of the deferrals included in this filing occurred with appropriate application by Commission authorization, as rate orders or under approved tariffs.

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

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

The Company requests that the tariff sheets filed herewith be permitted to become effective with service on and after November 1, 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](http://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](mailto:Andrew.Speer@nwnatural.com), with copies to:

eFiling  
NW Natural Rates & Regulatory Affairs  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2516  
Telephone: (503) 226-4211, x3589  
[eFiling@nwnatural.com](mailto:eFiling@nwnatural.com)

Sincerely,

NW NATURAL

*/s/ Onita R. King*

Onita R. King  
Rates & Regulatory Affairs

Attachments: Exhibit A – Supporting Materials

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

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

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

**APPLICATION TO RATE SCHEDULES:**

**Effective: November 1, 2016**

(T)

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

Rate Schedule/Class	Block	SRRM Adjustment		Schedule	Block	SRRM Adjustment
2		\$0.01903		31 CSF	Block 1	\$0.01018
03 CSF		\$0.01324			Block 2	\$0.00931
03 ISF		\$0.01134		31 CTF	Block 1	\$0.01117
27		\$0.01605			Block 2	\$0.01021
				31 ISF	Block 1	\$0.00739
					Block 2	\$0.00668
				31 ITF	Block 1	\$0.00859
					Block 2	\$0.00777
32 CSF	Block 1	\$0.00683		32 CSI	Block 1	\$0.00401
	Block 2	\$0.00580			Block 2	\$0.00341
	Block 3	\$0.00410			Block 3	\$0.00241
	Block 4	\$0.00239			Block 4	\$0.00141
	Block 5	\$0.00137			Block 5	\$0.00080
	Block 6	\$0.00068			Block 6	\$0.00040
32 ISF	Block 1	\$0.00499		32 ISI	Block 1	\$0.00396
	Block 2	\$0.00424			Block 2	\$0.00336
	Block 3	\$0.00299			Block 3	\$0.00237
	Block 4	\$0.00175			Block 4	\$0.00138
	Block 5	\$0.00100			Block 5	\$0.00079
	Block 6	\$0.00050			Block 6	\$0.00040
32 ITF/CTF	Block 1	\$0.00436		32 CTI / ITI	Block 1	\$0.00363
	Block 2	\$0.00370			Block 2	\$0.00309
	Block 3	\$0.00262			Block 3	\$0.00218
	Block 4	\$0.00153			Block 4	\$0.00127
	Block 5	\$0.00087			Block 5	\$0.00073
	Block 6	\$0.00044			Block 6	\$0.00036
				33 (all)		\$0.00024

(C)

(C)

Issued July 29, 2016  
NWN OPUC Advice No. 16-14

Effective with service on  
and after November 1, 2016

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Site Remediation Recovery Mechanism (SRRM)

NWN OPUC Advice No. 16-14 / UG 310

July 29, 2016

# NW NATURAL

## EXHIBIT A

### Supporting Material

#### Site Remediation Recovery Mechanism

NWN OPUC ADVICE NO. 16-14/ UG 310

<b>Description</b>	<b>Page</b>
Calculation of Incremental Allocated on the Equal Percentage of Margin Basis	1
Effects on 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
186183 Amortization of SRRM	6
186182 SRRM Post-Prudence	7
SRRM Post Prudence Activity and Balance	8

NW Natural  
 Rates & Regulatory Affairs  
 2016-17 PGA - Oregon: August Filing  
 Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS  
 ALL VOLUMES IN THERMS

Schedule	Block	A	B	C	D	E	F = E * A	G	H	I	Proposed Amount: Revenue Sensitive Multiplier: Amount to Amortize:	SRRM Deferral	
												J	K
		Oregon PGA Volumes page, Column F	Billing Rate from Rates page, Column A	WACOG & Demand from Rates page, Column B+C+D*	Temps from Temporary Increment page, Column A	MARGIN Rate E=B-C-D	Volumetric Margin F = E * A	Customer Charge G	Customers	Total Margin I	9,978,931 Temporary Increment 2,868% add revenue sensitive factor 10,273,577 to all classes and schedules	Multiplier Allocation to RS	Increment
2R		352,358,823	0.93513	0.45451	0.03592	0.44470	158,472,769	\$8.00	579,129	214,069,153	1.0	6,780,650	0.01903
3C Firm Sales		161,456,307	0.87993	0.45451	0.07100	0.35442	57,223,344	\$15.00	56,975	67,478,844	1.0	2,137,395	0.01324
3I Firm Sales		4,186,772	0.83072	0.45451	0.03309	0.34312	1,436,565	\$15.00	346	1,498,845	1.0	47,476	0.01134
27 Dry Out		776,455	0.80313	0.45451	0.01021	0.33841	262,760	\$6.00	1,815	393,440	1.0	12,462	0.01605
31C Firm Sales	Block 1	17,706,769	0.61817	0.33602	0.06829	0.21386	6,306,162	\$325.00	814	9,480,762	1.0	300,304	0.01018
	Block 2	12,889,553	0.59905	0.33602	0.06757	0.19546					1.0		0.00931
31C Firm Trans	Block 1	1,364,169	0.19118	0.00000	0.00996	0.18122	517,761	\$675.00	71	1,007,661	1.0	31,918	0.01117
	Block 2	1,632,747	0.17480	0.00000	0.00910	0.16570					1.0		0.01021
31I Firm Sales	Block 1	4,263,241	0.53466	0.33602	0.02976	0.16888	2,122,270	\$325.00	208	2,933,470	1.0	92,918	0.00739
	Block 2	9,188,740	0.51781	0.33602	0.02918	0.15261					1.0		0.00668
31I Firm Trans	Block 1	175,539	0.17031	0.00000	0.00628	0.16403	105,473	\$675.00	10	174,473	1.0	5,526	0.00659
	Block 2	517,230	0.15394	0.00000	0.00569	0.14825					1.0		0.00777
32C Firm Sales <sup>1</sup>	Block 1	27,396,213	0.46316	0.33602	0.02837	0.09877	3,439,993	\$675.00	378	7,509,552	1.0	237,865	0.00683
	Block 2	8,169,994	0.44762	0.33602	0.02766	0.08394					1.0		0.00580
	Block 3	807,546	0.42176	0.33602	0.02646	0.05928					1.0		0.00410
	Block 4	11,819	0.39586	0.33602	0.02526	0.04458					1.0		0.00239
	Block 5	0	0.38034	0.33602	0.02454	0.01978					1.0		0.00137
	Block 6	0	0.36996	0.33602	0.02406	0.00988					1.0		0.00068
32I Firm Sales <sup>1</sup>	Block 1	4,897,403	0.46083	0.33602	0.02728	0.09753	1,035,651	\$675.00	49	1,671,683	1.0	52,961	0.00499
	Block 2	5,116,186	0.44568	0.33602	0.02675	0.08291					1.0		0.00424
	Block 3	1,948,136	0.42039	0.33602	0.02586	0.05851					1.0		0.00299
	Block 4	580,946	0.39514	0.33602	0.02497	0.03415					1.0		0.00175
	Block 5	0	0.37996	0.33602	0.02444	0.01950					1.0		0.00100
	Block 6	0	0.36991	0.33602	0.02409	0.00980					1.0		0.00050
32 Firm Trans	Block 1	14,611,752	0.10049	0.00000	0.00351	0.09698	4,452,595	\$925.00	168	6,317,395	1.0	200,104	0.00436
	Block 2	17,230,536	0.08542	0.00000	0.00301	0.08241					1.0		0.00370
	Block 3	9,911,484	0.06036	0.00000	0.00216	0.05820					1.0		0.00262
	Block 4	17,461,606	0.03528	0.00000	0.00133	0.03395					1.0		0.00153
	Block 5	21,764,847	0.02021	0.00000	0.00082	0.01939					1.0		0.00087
	Block 6	2,455,153	0.01022	0.00000	0.00049	0.00973					1.0		0.00044
32C Interr Sales	Block 1	6,252,115	0.01408	0.33602	0.01408	0.10055	1,805,773	\$675.00	58	2,275,573	1.0	72,079	0.00401
	Block 2	8,553,424	0.43505	0.33602	0.01356	0.08547					1.0		0.00341
	Block 3	4,339,671	0.40905	0.33602	0.01270	0.06033					1.0		0.00241
	Block 4	5,183,222	0.38306	0.33602	0.01184	0.03520					1.0		0.00141
	Block 5	89,527	0.36743	0.33602	0.01131	0.02010					1.0		0.00080
	Block 6	0	0.35709	0.33602	0.01098	0.01009					1.0		0.00040
32I Interr Sales	Block 1	7,427,326	0.45043	0.33602	0.01408	0.10033	2,183,612	\$675.00	66	2,718,212	1.0	86,099	0.00396
	Block 2	8,841,797	0.43491	0.33602	0.01359	0.08530					1.0		0.00336
	Block 3	4,869,921	0.40899	0.33602	0.01276	0.06021					1.0		0.00237
	Block 4	9,961,831	0.38308	0.33602	0.01194	0.03512					1.0		0.00138
	Block 5	2,051,108	0.36752	0.33602	0.01144	0.02006					1.0		0.00079
	Block 6	0	0.35718	0.33602	0.01111	0.01005					1.0		0.00040
32 Interr Trans	Block 1	8,822,944	0.10132	0.00000	0.00316	0.09816	5,837,084	\$925.00	88	6,813,884	1.0	215,830	0.00363
	Block 2	16,011,309	0.08615	0.00000	0.00271	0.08344					1.0		0.00309
	Block 3	11,561,774	0.06087	0.00000	0.00196	0.05891					1.0		0.00218
	Block 4	29,665,818	0.03556	0.00000	0.00120	0.03436					1.0		0.00127
	Block 5	56,877,518	0.02041	0.00000	0.00076	0.01965					1.0		0.00073
	Block 6	85,025,918	0.01029	0.00000	0.00045	0.00984					1.0		0.00036
33		0	0.00586	0.00000	0.00020	0.00556	0	\$38,000.00	0	0	1.0	0	0.00024
TOTALS		966,415,190					245,201,812		324,342,947		324,342,947		10,273,577

Sources for line 2, above:  
 Inputs page  
 Tariff Schedules

Rate Adjustment Schedule

Sched 183

Line 49

Sched 183

Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.  
 \* Since Billing Rates for all schedules above 31 do not include demand, column c for these schedules is WACOG only  
<sup>1</sup>Rate schedule 32 firm service includes as total margin the storage and distribution capacity charges and are derived using MDDV therm usages at June 2016.



**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]	1,036,942	0.170% Line 8 ÷ Line 4
9			
10	Total	17,488,891	<b>2.868%</b> 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 - Oregon: August Filing  
PGA Effects on Revenue  
Tariff Advice 16-14: SRRM**

	<b>Including Revenue Sensitive Amount</b>
1 <b><u>SRRM Components:</u></b>	
2	
3 <u>Removal of Current Temporary Increments:</u>	
4	
5    SRRM	(\$8,588,387)
6	
7 <u>Addition of Proposed Temporary Increments:</u>	
8	
9    SRRM	\$10,273,577
10	
11 <b>Total</b>	<b>1,685,190</b>
12	
13	
14	
15    2015 Oregon Earnings Test Normalized Total Revenues	\$653,343,000
16	
17    Effect of this filing, as a percentage change (line 11 ÷ line	0.26%



Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Amortization of SRRM  
 Account Number: 186183  
 Dockets UM 1635 and UG 297  
 Amortization of SRRM approved in Order 15-329

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Debit (Credit)	Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance												
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)												
Beginning Balance								0.00												
	Nov-15	new rates (1)	(331,221.24)	8,353,752.31	1.93%	13,169.26	8,035,700.33	8,035,700.33												
	Dec-15		(1,249,743.48)		1.93%	11,919.08	(1,237,824.40)	6,797,875.93												
	Jan-16		(1,475,133.69)		1.93%	9,747.00	(1,465,386.69)	5,332,489.24												
	Feb-16		(986,250.27)		1.93%	7,783.31	(978,466.96)	4,354,022.28												
	Mar-16		(861,642.01)		1.93%	6,309.82	(855,332.19)	3,498,690.09												
	Apr-16		(629,655.19)		1.93%	5,120.71	(624,534.48)	2,874,155.61												
	May-16		(398,916.35)		1.93%	4,301.81	(394,614.54)	2,479,541.07												
	Jun-16		(329,633.68)	(3.20)	1.93%	3,722.84	(325,914.04)	2,153,627.03												
	Jul-16	forecast	(240,490.91)		1.93%	3,270.36	(237,220.55)	1,916,406.48												
	Aug-16	forecast	(240,809.62)		1.93%	2,888.57	(237,921.05)	1,678,485.43												
	Sep-16	forecast	(253,087.37)		1.93%	2,496.04	(250,591.33)	1,427,894.10												
	Oct-16	forecast	(568,523.66)		1.93%	1,839.34	(566,684.32)	861,209.78												

**NOTES**

1 - Transfer in authorized balances from Environmental Post Prudent account 186182.

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: SRRM Post-Prudence  
 Account Number: 186182  
 Other Info:

Debit (Credit)	Month/Year	Note	Transfer In From Pre-Prudence	Transfer Out To Amortization	Adjustments	Interest	Interest Rate	Activity	Balance
	Beginning Balance								
	Mar-15	<b>3</b>	49,185,061			106,977.51	2.61%	49,292,038.68	49,292,038.68
	Apr-15					107,210.18	2.61%	107,210.18	49,399,248.86
	May-15					107,443.37	2.61%	107,443.37	49,506,692.23
	Jun-15					107,677.06	2.61%	107,677.06	49,614,369.29
	Jul-15					107,911.25	2.61%	107,911.25	49,722,280.54
	Aug-15					108,145.96	2.61%	108,145.96	49,830,426.50
	Sep-15					108,381.18	2.61%	108,381.18	49,938,807.68
	Oct-15					108,616.91	2.61%	108,616.91	50,047,424.59
	Nov-15	<b>4</b>		(8,353,752)		90,683.74	2.61%	(8,263,068.57)	41,784,356.02
	Dec-15					90,880.97	2.61%	90,880.97	41,875,236.99
	Jan-16					94,568.24	2.71%	94,568.24	41,969,805.23
	Feb-16	<b>2</b>	(1,652,018)		3,776,931	99,580.57	2.71%	2,224,493.97	44,194,299.20
	Mar-16					99,805.46	2.71%	99,805.46	44,294,104.66
	Apr-16					100,030.85	2.71%	100,030.85	44,394,135.51
	May-16					100,256.76	2.71%	100,256.76	44,494,392.27
	Jun-16					100,483.17	2.71%	100,483.17	44,594,875.44
	Jul-16					100,710.09	2.71%	100,710.09	44,695,585.53
	Aug-16					100,937.53	2.71%	100,937.53	44,796,523.06
	Sep-16					101,165.48	2.71%	101,165.48	44,897,688.54
	Oct-16					101,393.95	2.71%	101,393.95	44,999,082.49

**Notes:**

- 1** - The \$1.8 million adjustment represents the difference between the \$8.4 million included in 2015-16 rates under Order 15-329 and \$10.2 million representing one-fifth of the the adjusted balance of \$51.2 million included in the final compliance filing in Docket UM 1635 filed 3/11/16.
- 2** - The \$3.8 million adjustment represents the pro-rated portion of the 2015 tariff rider (Jan-Oct 2015) prior to the placement of the tariff rider in base rates. The offset to this amount is \$3.8M included in the Tariff Rider account. Together with the \$1.2M collected in Nov-Dec 2015, the total \$5M was applied against 2015 costs when deemed prudent.
- 3** - The \$49.2 million transfer in represents the life-to-date 3/31/2014 costs deemed prudent in Order 15-049 after application of insurance offsets.
- 4** - Transferred \$8.4 million authorized amount to amortization per Order 15-329.

