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August 18, 2016

NWN OPUC Advice No. 16-14A / UG 310  
SUPPLEMENT A  
(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: SUPPLEMENTAL FILING:  
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 supplemental filing is to update amounts proposed in the Company’s initial request for amortization of amounts deferred under Docket UM 1078 dated July 29, 2016, to correct for a change in the load forecast used in the derivation of the adjustment amounts. These amounts are proposed 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 The Company’s initial July 29, 2016, filing is hereby withdrawn in its entirety.

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%.

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<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.

The monthly bill of the average residential customer served under Rate Schedule 2 using 50 therms per month will increase by 18 cents, or 0.3%. The monthly increase for the average commercial Rate Schedule 3 customer using 233 therms is about \$0.55, or 0.2%, and the monthly increase for the average commercial Rate Schedule 31 customer using 3,092 therms is about \$6.03, or 0.3%. The average Rate Schedule 32 firm sales industrial customer using 21,274 therms will see a monthly increase of about \$28.79, or 0.3%. The average bill effects for all other rate schedule and service types can be found in the separately provided workpapers.

The number of customers affected by the proposed 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 was made following the Company's initial filing dated July 29, 2016, by newspaper notice published in the Eugene Register-Guard on August 9<sup>th</sup>, and the Oregonian, the Salem Statesman-Journal, and the Coos Bay World on August 10<sup>th</sup>, in accordance with OAR 860-022-0017. Because the change associated with this supplemental filing is not material, the Company does not plan to re-notice customers with this filing.

Please address correspondence on this matter to Andrew Speer at  
Andrew.Speer@nwnatural.com, with copies to:

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NW Natural Rates & Regulatory Affairs  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2516  
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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		\$0.01934		31 CSF	Block 1	\$0.01035
03 CSF		\$0.01342			Block 2	\$0.00946
03 ISF		\$0.01147		31 CTF	Block 1	\$0.01130
27		\$0.01623			Block 2	\$0.01033
				31 ISF	Block 1	\$0.00748
					Block 2	\$0.00676
				31 ITF	Block 1	\$0.00869
					Block 2	\$0.00786
32 CSF	Block 1	\$0.00696		32 CSI	Block 1	\$0.00406
	Block 2	\$0.00591			Block 2	\$0.00345
	Block 3	\$0.00418			Block 3	\$0.00244
	Block 4	\$0.00244			Block 4	\$0.00142
	Block 5	\$0.00139			Block 5	\$0.00081
	Block 6	\$0.00070			Block 6	\$0.00041
32 ISF	Block 1	\$0.00505		32 ISI	Block 1	\$0.00400
	Block 2	\$0.00429			Block 2	\$0.00340
	Block 3	\$0.00303			Block 3	\$0.00240
	Block 4	\$0.00177			Block 4	\$0.00140
	Block 5	\$0.00101			Block 5	\$0.00080
	Block 6	\$0.00051			Block 6	\$0.00040
32 ITF/CTF	Block 1	\$0.00441		32 CTI / ITI	Block 1	\$0.00367
	Block 2	\$0.00375			Block 2	\$0.00312
	Block 3	\$0.00265			Block 3	\$0.00220
	Block 4	\$0.00154			Block 4	\$0.00129
	Block 5	\$0.00088			Block 5	\$0.00073
	Block 6	\$0.00044			Block 6	\$0.00037
				33 (all)		\$0.00024

(C)

(C)

Issued August 18, 2016  
 NWN OPUC Advice No. 16-14A

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  
UM 1078

Site Remediation Recovery Mechanism (SRRM)

NWN OPUC Advice No. 16-14A / UG 310

August 18, 2016

# NW NATURAL

## EXHIBIT A

### Supporting Material

#### Non-Gas Cost Deferral Amortizations – UM 1078

#### Site Remediation Recovery Mechanism

#### NWN OPUC ADVICE NO. 16-14A / UG 310

<b>Description</b>	<b>Page</b>
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**NW Natural**  
**Rates & Regulatory Affairs**  
**2016-17 PGA - Oregon: August Supplemental Filing**  
**Effects on Average Bill by Rate Schedule [1]**

Advice 16-14  
 See note [4]

ALL VOLUMES IN THERMS

1	Oregon PGA		Normal	Minimum	11/1/2015	11/1/2015	Proposed	Proposed	Proposed		
2	Normalized		Therms	Monthly	Billing	Current	11/1/2016	11/1/2016	11/1/2016		
3	Volumes page,	Therms in	Monthly	Monthly	Rates	Average Bill	SRRM Deferral	SRRM Deferral	SRRM Deferral		
4	Column D	Block	Average use	Charge			Rates	Average Bill	% Bill Change		
5						F=D+(C * E)		N = D+(C * M)	O = (N - F)/F		
6	Schedule	Block	A	B	C	D	E	M	N	O	
7	2R		350,075,126	N/A	50	\$8.00	\$0.93513	\$54.76	\$0.93875	\$54.94	0.3%
8	3C Firm Sales		159,370,240	N/A	233	\$15.00	\$0.87993	\$220.02	\$0.88228	\$220.57	0.2%
9	3I Firm Sales		4,175,625	N/A	1,006	\$15.00	\$0.83072	\$850.70	\$0.83276	\$852.76	0.2%
10	27 Dry Out		776,455	N/A	36	\$6.00	\$0.80313	\$34.91	\$0.80627	\$35.03	0.3%
11	31C Firm Sales	Block 1	17,477,992	2,000	3,092	\$325.00	\$0.61817	\$2,215.50	\$0.62018	\$2,221.53	0.3%
12		Block 2	12,723,016	all additional			\$0.59905		\$0.60089		
13	31C Firm Trans	Block 1	1,364,169	2,000	1,601	\$575.00	\$0.19118	\$881.08	\$0.19244	\$883.10	0.2%
14		Block 2	1,632,747	all additional			\$0.17480		\$0.17596		
15	31I Firm Sales	Block 1	4,251,890	2,000	5,375	\$325.00	\$0.53466	\$3,141.93	\$0.53606	\$3,149.02	0.2%
16		Block 2	9,164,274	all additional			\$0.51781		\$0.51908		
17	31I Firm Trans	Block 1	175,539	2,000	5,773	\$575.00	\$0.17031	\$1,496.44	\$0.17282	\$1,510.06	0.9%
18		Block 2	517,230	all additional			\$0.15394		\$0.15622		
19	32C Firm Sales	Block 1	27,042,245	10,000	7,918	\$675.00	\$0.46316	\$4,342.30	\$0.46529	\$4,359.17	0.4%
20		Block 2	8,064,435	20,000			\$0.44762		\$0.44942		
21		Block 3	797,112	20,000			\$0.42176		\$0.42304		
22		Block 4	11,666	100,000			\$0.39586		\$0.39661		
23		Block 5	0	600,000			\$0.38034		\$0.38076		
24		Block 6	0	all additional			\$0.36996		\$0.37018		
25	32I Firm Sales	Block 1	4,884,363	10,000	21,274	\$675.00	\$0.46083	\$10,307.90	\$0.46230	\$10,336.69	0.3%
26		Block 2	5,102,563	20,000			\$0.44568		\$0.44693		
27		Block 3	1,942,948	20,000			\$0.42039		\$0.42127		
28		Block 4	579,399	100,000			\$0.39514		\$0.39566		
29		Block 5	0	600,000			\$0.37996		\$0.38025		
30		Block 6	0	all additional			\$0.36991		\$0.37006		
31	32 Firm Trans	Block 1	14,611,752	10,000	41,387	\$925.00	\$0.10049	\$4,325.62	\$0.10151	\$4,360.28	0.8%
32		Block 2	17,230,536	20,000			\$0.08542		\$0.08629		
33		Block 3	9,911,484	20,000			\$0.06036		\$0.06098		
34		Block 4	17,461,606	100,000			\$0.03528		\$0.03563		
35		Block 5	21,764,847	600,000			\$0.02021		\$0.02041		
36		Block 6	2,455,153	all additional			\$0.01022		\$0.01032		
37	32C Interr Sales	Block 1	6,252,115	10,000	35,083	\$675.00	\$0.45065	\$15,961.70	\$0.45123	\$15,979.28	0.1%
38		Block 2	8,553,424	20,000			\$0.43505		\$0.43555		
39		Block 3	4,339,671	20,000			\$0.40905		\$0.40940		
40		Block 4	5,183,222	100,000			\$0.38306		\$0.38326		
41		Block 5	89,527	600,000			\$0.36743		\$0.36755		
42		Block 6	0	all additional			\$0.35709		\$0.35715		
43	32I Interr Sales	Block 1	7,427,326	10,000	41,859	\$675.00	\$0.45043	\$18,727.71	\$0.45110	\$18,750.56	0.1%
44		Block 2	8,841,797	20,000			\$0.43491		\$0.43548		
45		Block 3	4,869,921	20,000			\$0.40899		\$0.40939		
46		Block 4	9,961,830	100,000			\$0.38308		\$0.38331		
47		Block 5	2,051,108	600,000			\$0.36752		\$0.36765		
48		Block 6	0	all additional			\$0.35718		\$0.35725		
49	32 Interr Trans	Block 1	8,822,944	10,000	195,043	\$925.00	\$0.10132	\$9,353.93	\$0.10196	\$9,407.13	0.6%
50		Block 2	16,011,309	20,000			\$0.08615		\$0.08669		
51		Block 3	11,561,774	20,000			\$0.06087		\$0.06125		
52		Block 4	29,665,818	100,000			\$0.03556		\$0.03579		
53		Block 5	56,877,518	600,000			\$0.02041		\$0.02053		
54		Block 6	83,025,918	all additional			\$0.01029		\$0.01036		
55	33		0	N/A	0	\$38,000.00	\$0.00586	\$38,000.00	\$0.00590	\$38,000.00	0.0%
56											
57	<b>Totals</b>		957,099,637								
58											

59 [1] For convenience of presentation, the cent per therm demand charge is used, rather than the available MDC  
 60 [2] Tariff Advice Notice 16-10: Non-Gas Cost Deferral Amortizations - Intervenor Funding  
 61 [3] Tariff Advice Notice 16-15: Non-Gas Cost Deferral Amortizations - Industrial DSM  
 62 [4] Tariff Advice Notice 16-14: Non-Gas Cost Deferral Amortizations - SRRM  
 63 [5] Tariff Advice Notice 16-16: Non-Gas Cost Deferral Amortizations - Decoupling  
 64 [6] Tariff Advice Notice 116-13: Non-Gas Cost Deferral Amortizations - Oregon PUC Fee  
 65 [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
7	City License and Franchise Fees	14,818,591
8	Net Uncollectible Expense [2]	1,036,942
9		
10	Total	<u>17,488,891</u>
11		
12		
13		
14		<u>0.275%</u> Statutory rate
15		<u>2.423%</u> Line 7 ÷ Line 4
16		<u>0.170%</u> Line 8 ÷ Line 4
17		
		<u><b>2.868%</b></u> Sum lines 8-9

**Note:**  
 [1] Dollar figure is set at statutory level of 0.275% times Total Oregon Revenues (line 4).  
 Because the fee changed occurred mid gas year, the difference between the previous fee of 0.25% and the new fee of 0.275% is being captured as a temporary deferral.  
 [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%

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

Account A	Balance 6/30/2016 B	Jul-Oct Estimated Activity C	Jul-Oct Interest D	Estimated Balance 10/31/2016 E	Interest Rate During Amortization F1	Estimated Interest During Amortization F2	Total Estimated Amount for (Refund) or Collection G	Amounts Excluded from PGA Filing H	Amounts Included in PGA Filing I	Excl. Rev Sens
					<b>2.20%</b>					
<b>Miscellaneous Amortizations</b>										
21 186183 SRRM AMORTIZATION	2,153,627	(1,302,912)	10,494	861,210						
22 186182 SRRM POST PRUDENCE (one-fifth of balance and int)	8,918,975	0	80,841	8,999,816						
23 Subtotal	11,072,602	(1,302,912)	91,336	9,861,026	2.20%	117,905	9,978,931		<b>9,978,931</b>	

20

21

22

23

24

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.

**Northwest Natural  
Advice No. 16-14  
Exhibit A, p. 1  
SRRM Post Prudence Activity and Balance**

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41				
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>1</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>2</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	<b>2.71%</b>	94,568.24	41,969,805.23																																			
	Feb-16	<b>3</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																																			
	<b>October 2016 balance</b>										<b>44,999,082.49</b>																																	
	<b>1/5th of balance</b>										<b>x 20%</b>																																	
	<b>Total amount to collect in 2016-17 PGA year</b>										<b>8,999,816.50</b>																																	

- Notes:**
- 1 - 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.
  - 2 - Transferred \$8.4 million authorized amount to amortization per Order 15-329.
  - 3 - 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.  
 The \$1.7 million credit transferred in represents Q2-Q4 2015 costs totalling \$8.2 million deemed prudent in January 2016 (Order 16-069) offset by \$9.8 million of insurance proceeds and interest applied to the entire 2014 calendar year costs. In total, 2014 costs transferred to post prudence net to \$5.7 million. Refer to p. 2 for further detail.