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September 16, 2016

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE, Suite 100
Post Office Box 1088
Salem, Oregon 97301-1088

Re: OPUC Docket UM ____;
Application for Authorization to Defer Certain Expenses or Revenues

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith the above-referenced Application for Authorization to Defer Certain Expenses or Revenues. The Application is filed in order to defer amounts relative to the Company's Schedule 195 Weather Adjusted Rate Mechanism ("WARM") pursuant to Commission Order No. 16-223 ("the Order") issued in Docket UM 1750, for later recovery in rates coincident with the annual Purchased Gas Adjustment ("PGA") process.

A notice of this Application has been served on all parties who participated in the Company's last general rate case, UG 221, and is attached hereto as Exhibit B.

A Certificate of Service is attached as Exhibit C.

Please address correspondence on this matter to me with copies to the following:

eFiling
NW Natural Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, ext. 3589
eFiling@nwnatural.com

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson
Manager, Regulatory Affairs

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UM _____**

4 In the Matter of
5 NORTHWEST NATURAL GAS COMPANY,
6 dba NW Natural,
7 For Authorization to Defer Certain Expenses
8 or Revenues Pursuant to ORS 757.259

9
10 Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”)
11 hereby files with the Public Utility Commission of Oregon (the “Commission”) this application
12 (“Application”) seeking authorization to use deferred accounting pursuant to ORS 757.259 and
13 OAR 860-27-300, for the 12-month period beginning November 1, 2016 through October 31,
14 2017, for amounts associated with NW Natural’s Schedule 195 Weather Adjusted Rate
15 Mechanism (WARM), (“Schedule 195”).

16 Pursuant to Commission Order No. 16-223 (“the Order”) issued in Docket UM 1750¹, the
17 Company made changes to Schedule 195 that will impact residential and commercial customer
18 bills commencing with the Schedule 195 WARM period that starts December 1, 2016 as follows:

19 Residential Bills. The maximum WARM adjustment increase that will be applied to a
20 monthly bill during the WARM Period will be twelve dollars (\$12.00), or twenty-five percent
21 (25%) of the usage portion of that bill, whichever is less. The maximum WARM adjustment
22 credit applied to a monthly bill during the WARM Period will be twelve dollars (\$12.00), or
23 twenty-five percent (25%) of the usage portion of that bill, whichever is less.

24 ///

¹ *In the Matter of the Public Utility Commission of Oregon Investigation into Northwest Natural Gas Co.’s WARM Program, Docket UM 1750, Order No. 16-223 (June 20, 2016).*

1 Commercial Bills. The maximum WARM adjustment increase that will be applied to a
2 monthly bill during the WARM Period will be thirty-five dollars (\$35.00), or twenty-five percent
3 (25%) of the usage portion of that bill, whichever is less. The maximum WARM adjustment
4 credit applied to a monthly bill during the WARM Period will be thirty-five dollars (\$35.00), or
5 twenty-five percent (25%) of the usage portion of that bill, whichever is less.

6 The Order established that any amounts not applied to a customer's bill during the
7 WARM Period due to the cap and floor described above will be deferred in a residential or
8 commercial deferral account and then amortized on an equal cent per therm basis through the
9 annual Purchased Gas Adjustment (PGA) process to rate schedules 2 and 3 customers,
10 respectively, over the 12 month period November 1 through October 31 of each year.

11 In accordance with the Order, the Company will accrue interest on the deferred amounts
12 at the Modified Blended Treasury Rate, plus 100 basis points; the Company will accrue interest
13 during the amortization period at the Modified Blended Treasury Rate. The order also
14 acknowledged that the deferred amounts will not be subjected to an earnings test, given the fact
15 that the WARM mechanism is an automatic adjustment clause.

16 In support of this Application, NW Natural states:

17 **A. NW Natural.**

18 NW Natural is a public utility in the State of Oregon and is subject to the jurisdiction of
19 the Commission regarding rates, service, and accounting practices. NW Natural also provides
20 retail natural gas service in the States of Oregon and Washington.

21 **B. Statutory Authority.**

22 This application is filed pursuant to ORS 757.259, which empowers the Commission to
23 authorize the deferral of expenses or revenues of a public utility for later inclusion in rates.

24 **C. Communications.**

25 Communications regarding this Application should be addressed to:
26

1 e-Filing
2 NW Natural Rates & Regulatory Affairs
3 220 NW Second Avenue
4 Portland, Oregon 97209-3991
5 Telephone: (503) 226-4211, ext. 3589
6 Facsimile: (503) 721-2516
7 Email: eFiling@nwnatural.com

8
9 and

10
11 Mark R. Thompson
12 Rates & Regulatory Affairs
13 220 NW Second Avenue
14 Portland, Oregon 97209-3991
15 Phone: (503) 721-2476
16 Email: mark.thompson@nwnatural.com

17
18 **D. Description of the Expenses or Revenues for which Deferred Accounting is**
19 **Requested – OAR 860-027-0300(3)(a).**
20

21 NW Natural will defer any amounts not applied to customer bills during the WARM
22 Period due to the monthly cap and floor in accordance with the Order 16-223. The deferred
23 amounts may result in a charge or credit to customers depending on the variability in the
24 weather during the WARM period.

25 **E. Reasons for Application for Deferred Accounting – OAR 860-027-0300(3)(b).**

26 This application is made pursuant to Commission Order 16-223 entered June 20, 2016
27 in Docket UM 1750.

28 **F. Accounting – OAR 860-027-0300(3)(c).**

29 Beginning on November 1, 2016, and ending twelve months from this date, NW Natural
30 proposes to account for the WARM deferral amounts by recording the deferral in Account 186
31 in two separate accounts (residential and commercial). In the absence of approval of deferred
32 accounting, NW Natural would be precluded from recognizing the amounts as deferred, which
33 would affect the Company's income statement either positively or negatively, and would be

1 directly in contravention of Order 16-223. NW Natural would record the amounts in several
2 accounts affecting the Company's income statement and balance sheet.

3 **G. Estimated Accounts Subject to Deferral – OAR 860-027-0300(2)(d).**

4 NW Natural cannot estimate what amounts will be recorded in the WARM deferral
5 account for the upcoming twelve-month period because the amount is dependent on the affect
6 that weather may have on customer use.

7 **H. Requirement per Commission Order No. 09-263**

8 Pursuant to Commission Order No. 09-263, issued in Docket UM-1286, NW Natural is
9 required to provide a completed Summary Sheet, the location in the PGA filing of the backup
10 workpapers, and an account map that highlights the transfer of dollars from one account to
11 another. The Summary Sheet will be included in the 2017 PGA filing workpapers and in the
12 electronic file entitled "Proposed Temps Oregon 2017-18 PGA filing.xls."

13
14 **I. Notice – OAR 800-027-0300(6).**

15 A notice of this Application has been served on the all parties who participated in the
16 Company's most recent general rate case, UG 221, and is attached to this Application.

17 NW Natural respectfully requests that the Commission issue an order authorizing the
18 Company to defer the WARM adjustments that exceed the monthly cap and floor for all
19 customers enrolled in WARM to ensure that the Company will be authorized to recover from, or
20 credit back to customers those adjustments associated with its WARM Program, beginning on
21 the date of this Application.

22 Date this 16th day of September 2016.

23 Respectfully Submitted,

24 NW NATURAL

25 /s/ Mark R. Thompson
26 Mark R. Thompson
27 Manager, Rates & Regulatory Affairs

4 - APPLICATION FOR AUTHORIZATION TO DEFER AMOUNTS UNDER SCHEDULE 195



September 16, 2016

UM _____

**NOTICE OF APPLICATION FOR AUTHORIZATION TO
DEFER CERTAIN EXPENSES OR REVENUES**

To All Parties Who Participated in UG 221:

Please be advised that today Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), applied for authorization to defer amounts relative to the Company’s Schedule 195 Weather Adjusted Rate Mechanism (“WARM”) pursuant to the provisions of ORS 757.259(2)(e). A copy of the Company’s Application is available for inspection at its main office.

This is not a rate case.

The purpose of this Notice is to inform parties that participated in the Company’s most recent general rate case, UG 221, that the Application was filed.

Parties who desire more information or who wish to obtain a copy of the filing, or notice of the time and place of any hearing, if scheduled, should contact the Company or the Public Utility Commission of Oregon as follows:

**NW Natural
Attn: Kyle Walker
220 NW Second Ave
Portland, Oregon 97209-3991
Telephone: (503) 226-4211 Ext 5858**

**Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
PO Box 1088
Salem, Oregon 97301-1088
Telephone: (503) 373-0886**

Any person may submit to the Commission written comments on this matter no sooner than October 11, 2016. The granting of this Application will not authorize a change in rates, but will permit the Company to defer amounts in rates to a subsequent proceeding.

* * * * *

CERTIFICATE OF SERVICE
UM _____

I hereby certify that I have this day served the foregoing NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING FOR THE COMPANY'S SCHEDULE 195 WEATHER ADJUSTED RATE MECHANISM ("WARM"), upon all parties of record in the UG 221 proceeding, which is the Company's most recent general rate case, by electronic mail.

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DATED at Portland, Oregon, this 16th day of September 2016.

/s/ Erica Lee
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