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September 14, 2018

NWN OPUC Advice No. 18-12 / UG ____
(UM 1804)

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: Credits to Customers Related to Holding Company Formation

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, 2018, as follows:

Original Sheet 173-1,
Schedule 173,
“Credits to Customers Related to Holding Company Formation”; and

Original Sheet 173-2,
Schedule 173,
“Credits to Customers Related to Holding Company Formation (continued).”

The purpose of this compliance filing is to request approval of a new Adjustment Schedule for inclusion in the Company’s Tariff to reflect the credit to be applied to customer bills in accordance with Stipulated Condition 44 adopted by the Commission in Docket UM 1804, OPUC Order No. 17-526 dated December 28, 2017.

The effect of the application of the new temporary adjustments is to decrease the Company’s annual revenues by \$514,483, or about 0.08%. In accordance with the order, the amounts are proposed to be recovered on an equal-percentage-of-margin basis.

The monthly bill of the average residential customer served under Rate Schedule 2 using 53 therms will decrease by about five cents. The monthly decrease for the average commercial Rate Schedule 3 customer using 244 therms per month is about \$0.15, and the monthly decrease for the average industrial Schedule 32 firm sales customer using 20,036 therms is about \$4.31.

Because the rate adjustments are calculated on an equal-percentage-of-margin 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.

The number of customers affected by the proposed change is 597,459 residential customers, 61,205 commercial customers, and 956 industrial customers.

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.

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, 2018.

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 me 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/ Kyle Walker, CPA

Kyle Walker, CPA
Rates & Regulatory Affairs

Attachments: Exhibit A – Supporting Materials

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Original Sheet 173-1

SCHEDULE 173 CREDITS TO CUSTOMERS RELATED TO HOLDING COMPANY FORMATION

PURPOSE:

To identify adjustments to rates in the Rate Schedules listed below for the credits to customers related to the formation of a holding company. The rate adjustments under this Schedule are made in compliance with Stipulated Condition 44 in Docket UM 1804 adopted by the Commission in Order No. 17-526.

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

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2018

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	Schedule	Block	Total Adjustment	Schedule	Block	Total Adjustment
2		(\$0.00090)	32 ISF	Block	(\$0.00023)	32 ISI	Block 1	(\$0.00019)
3 CSF		(\$0.00063)		Block	(\$0.00020)		Block 2	(\$0.00016)
3 ISF		(\$0.00054)		Block	(\$0.00014)		Block 3	(\$0.00012)
27		(\$0.00071)		Block	(\$0.00008)		Block 4	(\$0.00007)
31 CSF	Block 1	(\$0.00049)		Block	(\$0.00005)		Block 5	(\$0.00004)
	Block 2	(\$0.00045)		Block	(\$0.00002)		Block 6	(\$0.00002)
31 CTF	Block 1	(\$0.00051)	32 CTF/ITF	Block	(\$0.00021)	32 CTI/ITI	Block 1	(\$0.00017)
	Block 2	(\$0.00046)		Block	(\$0.00018)		Block 2	(\$0.00015)
31 ISF	Block 1	(\$0.00035)		Block	(\$0.00012)		Block 3	(\$0.00010)
	Block 2	(\$0.00032)		Block	(\$0.00007)		Block 4	(\$0.00006)
31 ITF	Block 1	(\$0.00037)		Block	(\$0.00004)		Block 5	(\$0.00003)
	Block 2	(\$0.00034)		Block	(\$0.00002)		Block 6	(\$0.00002)
32 CSF	Block 1	(\$0.00033)	32 CSI	Block	(\$0.00020)	33 (all)		(\$0.00001)
	Block 2	(\$0.00028)		Block	(\$0.00017)			
	Block 3	(\$0.00020)		Block	(\$0.00012)			
	Block 4	(\$0.00012)		Block	(\$0.00007)			
	Block 5	(\$0.00007)		Block	(\$0.00004)			
	Block 6	(\$0.00003)		Block	(\$0.00002)			

(continue to Sheet 173-2)

Issued September 14, 2018
NWN OPUC Advice No. 18-12

Effective with service on
and after November 1, 2018

SCHEDULE 173
CREDITS TO CUSTOMERS RELATED TO HOLDING COMPANY FORMATION
(continued)

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 the Schedule apply to service under this Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

Issued September 14, 2018
NWN OPUC Advice No. 18-12

Effective with service on
and after November 1, 2018

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Credits to Customers Related to Holding Company Formation

NWN OPUC Advice No. 18-12 / UG ____

September 14, 2018

NW NATURAL

EXHIBIT A

Supporting Material

Credits to Customers Related to Holding Company Formation

NWN OPUC ADVICE NO. 18-12 / UG ____

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
Effects on Revenue	4

NW Natural
Rates & Regulatory Affairs
2018-19 PGA - Oregon: September Filing
Effects on Average Bill by Rate Schedule [1]

Advice 18-12

ALL VOLUMES IN THERMS

See note [10]

		Oregon PGA Normalized Volumes page, Column D	Therms in Block	Normal Therms Monthly Average use	Minimum Monthly Charge	11/1/2017 Billing Rates	11/1/2017 Current Average Bill	Proposed 11/1/2018 HoldCo Credit Rates	Proposed 11/1/2018 HoldCo Credit Average Bill	Proposed 11/1/2018 HoldCo Credit % Bill Change
		A	B	C	D	E	F = D + (C * E)	AB	AC = D + (C * AB)	AD = (AC - F) / F
Schedule	Block									
2R		382,340,529	N/A	53	\$8.00	\$0.83850	\$52.44	\$0.83760	\$52.39	-0.1%
3C Firm Sales		169,517,330	N/A	244	\$15.00	\$0.79685	\$209.43	\$0.79622	\$209.28	-0.1%
3I Firm Sales		4,684,198	N/A	1,100	\$15.00	\$0.77033	\$862.36	\$0.76979	\$861.77	-0.1%
27 Dry Out		1,072,229	N/A	46	\$6.00	\$0.73387	\$39.76	\$0.73316	\$39.73	-0.1%
31C Firm Sales	Block 1	13,712,695	2,000	2,982	\$325.00	\$0.54893	\$1,943.28	\$0.54844	\$1,941.86	-0.1%
	Block 2	11,300,457	all additional			\$0.52996		\$0.52951		
31C Firm Trans	Block 1	1,495,770	2,000	1,731	\$575.00	\$0.18791	\$900.27	\$0.18740	\$899.39	-0.1%
	Block 2	1,912,244	all additional			\$0.17183		\$0.17137		
31I Firm Sales	Block 1	4,480,787	2,000	5,371	\$325.00	\$0.47445	\$2,816.91	\$0.47410	\$2,815.13	-0.1%
	Block 2	9,117,388	all additional			\$0.45773		\$0.45741		
31I Firm Trans	Block 1	112,620	2,000	7,497	\$575.00	\$0.16963	\$1,757.12	\$0.16926	\$1,754.51	-0.1%
	Block 2	337,199	all additional			\$0.15333		\$0.15299		
32C Firm Sales	Block 1	30,908,235	10,000	7,196	\$675.00	\$0.40410	\$3,582.90	\$0.40377	\$3,580.53	-0.1%
	Block 2	8,789,140	20,000			\$0.38859		\$0.38831		
	Block 3	949,347	20,000			\$0.36280		\$0.36260		
	Block 4	25,135	100,000			\$0.33696		\$0.33684		
	Block 5	0	600,000			\$0.32119		\$0.32112		
	Block 6	0	all additional			\$0.31083		\$0.31080		
32I Firm Sales	Block 1	5,602,336	10,000	20,036	\$675.00	\$0.40145	\$8,567.11	\$0.40122	\$8,562.80	-0.1%
	Block 2	6,047,501	20,000			\$0.38637		\$0.38617		
	Block 3	1,988,054	20,000			\$0.36119		\$0.36105		
	Block 4	787,826	100,000			\$0.33605		\$0.33597		
	Block 5	0	600,000			\$0.32066		\$0.32061		
	Block 6	0	all additional			\$0.31065		\$0.31063		
32 Firm Trans	Block 1	16,505,188	10,000	42,064	\$925.00	\$0.09971	\$4,338.61	\$0.09950	\$4,331.46	-0.2%
	Block 2	18,272,096	20,000			\$0.08473		\$0.08455		
	Block 3	10,705,944	20,000			\$0.05984		\$0.05972		
	Block 4	20,210,199	100,000			\$0.03492		\$0.03485		
	Block 5	20,401,757	600,000			\$0.01995		\$0.01991		
	Block 6	3,247,753	all additional			\$0.01002		\$0.01000		
32C Interr Sales	Block 1	5,440,472	10,000	32,387	\$675.00	\$0.41842	\$13,818.48	\$0.41822	\$13,812.79	0.0%
	Block 2	7,486,554	20,000			\$0.40295		\$0.40278		
	Block 3	3,972,506	20,000			\$0.37716		\$0.37704		
	Block 4	4,854,576	100,000			\$0.35139		\$0.35132		
	Block 5	65,604	600,000			\$0.33590		\$0.33586		
	Block 6	0	all additional			\$0.32544		\$0.32542		
32I Interr Sales	Block 1	6,350,897	10,000	37,687	\$675.00	\$0.41821	\$15,811.36	\$0.41802	\$15,805.34	0.0%
	Block 2	7,728,275	20,000			\$0.40279		\$0.40263		
	Block 3	3,911,705	20,000			\$0.37706		\$0.37694		
	Block 4	8,709,010	100,000			\$0.35132		\$0.35125		
	Block 5	2,630,559	600,000			\$0.33588		\$0.33584		
	Block 6	0	all additional			\$0.32544		\$0.32542		
32 Interr Trans	Block 1	8,589,936	10,000	206,472	\$925.00	\$0.10042	\$9,491.89	\$0.10025	\$9,477.49	-0.2%
	Block 2	16,089,250	20,000			\$0.08536		\$0.08521		
	Block 3	11,585,346	20,000			\$0.06027		\$0.06017		
	Block 4	29,563,048	100,000			\$0.03515		\$0.03509		
	Block 5	53,552,522	600,000			\$0.02010		\$0.02007		
	Block 6	86,265,853	all additional			\$0.01007		\$0.01005		
33		0	N/A	0	\$38,000	\$0.00575	\$38,000.00	\$0.00574	\$38,000.00	0.0%

Totals 1,001,320,067

[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 18-04: Non-Gas Cost Deferral Amortizations - Intervenor Funding
 [3] Tariff Advice Notice 18-05: Non-Gas Cost Deferral Amortizations - Residual Account
 [4] Tariff Advice Notice 18-06: Non-Gas Cost Deferral Amortizations - Oregon PUC Fee
 [5] Tariff Advice Notice 18-07: Non-Gas Cost Deferral Amortizations - SRRM
 [6] Tariff Advice Notice 18-08: Non-Gas Cost Deferral Amortizations - Industrial DSM
 [7] Tariff Advice Notice 18-09: Non-Gas Cost Deferral Amortizations - Decoupling
 [8] Tariff Advice Notice 18-10: Non-Gas Cost Deferral Amortizations - WARM
 [9] Tariff Advice Notice 18-11: PGA
 [10] Tariff Advice Notice 18-12: Non-Gas Cost Amortization per Order No. 17-526 - Holding Company Formation Credit

NW Natural
Rates and Regulatory Affairs
2018-2019 PGA Filing - OREGON
Basis for Revenue Related Costs

	Twelve Months <u>Ended 06/30/18</u>	
1		
2		
3 Total Billed Gas Sales Revenues	\$ 618,450,726	
4 Total Oregon Revenues	\$ 621,865,430	
5		
6 Regulatory Commission Fees [1]	n/a	0.300% Statutory rate
7 City License and Franchise Fees	\$ 14,963,448	2.406% Line 7 ÷ Line 4
8 Net Uncollectible Expense [2]	<u>\$ 678,352</u>	<u>0.109%</u> Line 8 ÷ Line 4
9		
10 Total		<u><u>2.815%</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 since our last general rate case, the difference between the previous fee of 0.275%
 16 and the new fee of 0.3%, as it affects our base rates, 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
2018-2019 PGA Filing - Oregon: September Filing
PGA Effects on Revenue
Tariff Advice 18-12: Holding Company Credit

	Not Including Revenue Sensitive Amount
1	
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Temporary Increments

Removal of Current Temporary Increments

Amortization of Holding Company Credit

\$0

Addition of Proposed Temporary Increments

Amortization of Holding Company Credit

(514,483)

TOTAL OF ALL COMPONENTS OF RATE CHANGES

(\$514,483)

2017 Oregon Earnings Test Normalized Total Revenues

\$668,336,000

Effect of this filing, as a percentage change (line 12 ÷ line 16)

-0.08%