

MARK R. THOMPSON
Tariffs and Regulatory Compliance
Tel: 503.721-2476
Fax: 503.721.2516
email: mrt@nwnatural.com



September 15, 2014

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Attn: Filing Center

Re: OPUC Docket UM 1027: Application for Reauthorization for Deferred Accounting of Refunds or Collections of Distribution Margin for Twelve Months

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), hereby files the above-referenced Application for Reauthorization of Deferred Accounting of Refunds or Collections of Distribution Margin.

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

A Certificate of Service is attached as Exhibit C.

If you have any questions, please call Jennifer Gross at (503) 226-4211, ext. 3590.

Sincerely,

/s/ Mark R. Thompson

Mark Thompson
Manager, Rates and Regulatory Affairs

attachments

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1027

NW Natural Application for Reauthorization
For Deferred Accounting of Refunds or
Collections of Distribution Margin

1 In accordance with ORS 757.259 and ORS 757.262, and OAR 860-030-0035,
2 NW Natural (or the “Company”) files this application with the Public Utility Commission of
3 Oregon (the “Commission”) for an order authorizing the Company to record and defer
4 with interest, on an ongoing basis, the amount by which actual distribution margin per
5 residential and commercial customer is different from the margin to be collected from
6 residential and commercial customers based on “normal” consumption, as assumed in
7 the Company’s most recent general rate case, UG 221. This request is for the twelve-
8 month period beginning November 1, 2014 and ending October 31, 2015.

9 In support of this Application, NW Natural states:

10 **1. NW Natural**

11 NW Natural is a public utility in the state of Oregon and is subject to the
12 jurisdiction of the Commission with regard to rates, service, and accounting practices.
13 NW Natural also provides retail natural gas service in the states of Oregon and
14 Washington.

15 **2. Statutory Authority**

16 This Application is filed pursuant to ORS 757.259 and ORS 757.262, which
17 empower the Commission to authorize the deferral of expenses or revenues of a public
18 utility for later incorporation in rates.

19 //

1 **3. Communications**

2 Communications regarding this Application should be addressed to:

3
4 NW Natural
5 e-filing for Regulatory Affairs
6 220 NW Second Avenue
7 Portland, Oregon 97209-3991
8 Telephone: (503) 226-4211, ext. 3589
9 Facsimile: (503) 721-2516
10 E-mail: eFiling@nwnatural.com

11 and

12
13
14 Jennifer Gross
15 Tariffs & Regulatory Compliance Consultant
16 NW Natural
17 220 NW Second Avenue
18 Portland, OR 97209-3991
19 Telephone: (503) 226- 4211, ext. 3590
20 Facsimile (503) 721-2516
21 E-mail: jennifer.gross@nwnatural.com
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23 **4. Description of Request - OAR 860-027-0300(3)(a)**

24 Parties to the Company's last general rate case, UG 221, signed a stipulation
25 agreeing to the continuation of the Company's decoupling mechanism. This Stipulation
26 was adopted by Commission Order No. 12-408, issued October 26, 2012.

27 **5. Reason for Application for Reauthorization of Deferred Accounting - OAR**
28 **860-027-0300(3)(b)**

29 In accordance with the statutory authority provided by ORS 767.259 and ORS
30 757.262, and the agreement reached by parties in UG 221 to allow the Company to
31 continue its decoupling mechanism with minor but no substantive changes, NW Natural
32 proposes to record and defer, with interest, the amount by which actual distribution
33 margin per residential and commercial customer is different from the margin to be
34 collected from residential and commercial customers based on "normal" consumption, as
35 assumed in the Company's most recent general rate case filing, UG 221.

1 **6. Accounting - OAR 860-027-0300(3)(c)**

2 NW Natural proposes to record the amounts described in paragraph (7) below of
3 this Application in a sub-account of Account 186. In the absence of the Commission's
4 approval of this Application, the Company would record under- or over-collected
5 distribution margin as utility operating revenue in FERC Account 400.

6 **7. Estimated Amounts Subject to Deferral – OAR 860-027-0300(3)(d)**

7 NW Natural cannot estimate what amounts will be recorded in the distribution
8 margin normalization “use balancing account” for the upcoming twelve-month period
9 because the amount is dependent on volume variance resulting from the actual price
10 and conservation responses.

11 **8. Entries in Deferred Account To-Date– OAR 860-027-0300(4)(a)**

12 Exhibit A, which is attached, demonstrates the distribution margin differential
13 deferred under this docket (UM 1027) since November 2012.

14 **9. Reason for Continuation of Deferral Account – OAR 860-027-0300(4)(b)**

15 NW Natural seeks continuation of this deferral account in accordance with the
16 agreement reached by parties in UG 221 to continue to allow the Company to recover
17 one hundred percent (100%) of the difference between the actual distribution margin per
18 residential and commercial customer and the margin to be collected from residential and
19 commercial customers based on “normal” consumption, as assumed in the Company's
20 most recent general rate case, UG 221.

21 **10. Requirements per Commission Order No. 09-263**

22 Below is the information required per Commission Order No. 09-263, issued in
23 Docket UM 1286, Staff's Investigation into Purchased Gas Adjustment Mechanisms:

- 24 **a. A completed Summary Sheet, the location in the PGA filing, and an**
25 **account map that highlights the transfer of dollars from one account to**
26 **another**

1 Exhibit A includes the Summary Sheet which shows the amounts
2 deferred for residential and commercial customers and demonstrates the
3 transfer of dollars from one account to another. Exhibit A was included in our
4 2014-15 PGA filing as work papers and attached to the electronic filing as a
5 file entitled, "Proposed Temps Oregon 2014-2015 PGA August filing.xlsx."
6 plus additions for July 2014 deferral and amortization activity.

7 **b. The effective date of the deferral**

8 This application is for the twelve-month period beginning November 1,
9 2014, and ending October 31, 2015.

10 **c. Prior year Order Number approving the deferral**

11 Permission to defer 100% of the Company's distribution margin
12 differential was last granted on December 19, 2013, in Commission Order
13 No. 13-485.

14 **d. The amount deferred last year**

15 See Exhibit A.

16 **e. The amount amortized last year**

17 See Exhibit A.

18 **f. The interest rate that will apply to the accounts**

19 The interest rate for deferral accounts is 7.78%. Monies that have
20 been transferred for amortization accrue interest at the rate of 1.77%.

21 **g. An estimate of the upcoming PGA-period deferral and / or amortization**

22 NW Natural is unable to estimate the amount to be deferred during
23 the next PGA cycle. The Company's intent is to amortize for collection all
24 that is deferred.

25 WHEREFORE, NW Natural respectfully requests that in accordance with ORS
26 757.259, as amended, the Commission authorize the Company to record and defer, on

1 an ongoing basis and commencing as of the date of this filing, the amount by which
2 actual distribution margin per residential and commercial customer is different from the
3 margin assumed in UG 221 to be collected from residential and commercial customers
4 based on “normal” consumption.

5 DATED this 15th day of September 2014.

6 Respectfully submitted,

7 NW NATURAL

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/s/ Mark R. Thompson

Mark R. Thompson

Manager, Rates and Regulatory Affairs

NW Natural

220 NW Second Avenue

Portland, Oregon 97209

Phone: (503) 721-2476

Facsimile: (503) 721-2516

E-mail: mrt@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Oregon Residential Decoupling
 Account Number: 186275
 Authorized in dockets UG 143 and UM 1027
 Last deferral reauthorization was Order 13-485 in UM 1027

1 Debit (Credit)

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4	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Total Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
6								
7	Beginning Balance							
82	Nov-12	1	1,472,772.44	(15,672,015.21)	4,774.24	7.78%	(14,194,468.53)	1,477,546.68
83	Dec-12		(435,221.02)		8,168.59	7.78%	(427,052.43)	1,050,494.25
84	Jan-13		97,525.27		7,126.85	7.78%	104,652.12	1,155,146.37
85	Feb-13		(567,542.27)		5,649.42	7.78%	(561,892.85)	593,253.52
86	Mar-13		2,615,450.25		12,324.68	7.78%	2,627,774.93	3,221,028.45
87	Apr-13		(953,716.83)		17,791.37	7.78%	(935,925.46)	2,285,102.99
88	May-13		(303,931.67)		13,829.84	7.78%	(290,101.83)	1,995,001.16
89	Jun-13		434,761.25		14,343.61	7.78%	449,104.86	2,444,106.02
90	Jul-13		427,732.23		17,232.52	7.78%	444,964.75	2,889,070.77
91	Aug-13		635,016.68		20,789.32	7.78%	655,806.00	3,544,876.77
92	Sep-13		(562,377.23)		21,159.58	7.78%	(541,217.65)	3,003,659.12
93	Oct-13		(1,831,355.18)		13,537.08	7.78%	(1,817,818.10)	1,185,841.02
94	Nov-13	2	472,967.44	(1,757,813.08)	(2,175.08)	7.78%	(1,287,020.72)	(101,179.70)
95	Dec-13		2,106,762.48		6,173.44	7.78%	2,112,935.92	2,011,756.22
96	Jan-14		(1,327,521.49)		8,739.50	7.78%	(1,318,781.99)	692,974.23
97	Feb-14		(871,792.02)		1,666.72	7.78%	(870,125.30)	(177,151.07)
98	Mar-14		1,063,171.19		2,297.92	7.78%	1,065,469.11	888,318.04
99	Apr-14		(394,135.16)		4,481.61	7.78%	(389,653.55)	498,664.49
100	May-14		2,126,358.96		10,125.96	7.78%	2,136,484.92	2,635,149.41
101	Jun-14		(189,099.28)		16,471.56	7.78%	(172,627.72)	2,462,521.69
102	Jul-14		377,303.88		17,188.44	7.78%	394,492.32	2,857,014.01

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Amount Deferred during Nov 13 - Jul 14 with interest: 2,857,014.01 (3)

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108 **History truncated for ease of viewing**

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110 **NOTES**

111 **1** - October balance transferred to account 186277 for amortization.

112 **2** - Transfer represents the October balance prior to the error correction (see note 3 below) that was placed into rates. The 2012-13 monthly deferrals above are the corrected amounts.

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 114 **3** - The amount deferred includes a correction to the 2012-13 deferrals in the amount of \$571,972. This error was corrected subsequent
 115 to the 2012-13 deferrals being included in rates on 11/1/2013. The correction is included as a deficit in the deferred account created
 116 by the November transfer amount being greater than the October 2013 balance. The Company has proposed in UG 273 to include the
 117 correction plus interest accrued in the current PGA year in rates effective November 1, 2014.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Residential Decoupling
 Account Number: 186277
 Dockets UM 1027 and UG 260
 Amortization of 2012-13 deferral balance approved in Order 13-402 in UG 260

1 Debit (Credit)

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4	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
6								
7	Beginning Balance							
87	Nov-12	old rates	(652,316.06)		473.09	2.01%	(651,842.97)	(43,240.62)
88		new rates (1)	(484,955.35)	15,672,015.21	18,901.18	1.47%	15,205,961.04	15,162,720.42
89	Dec-12		(1,896,242.05)		17,412.88	1.47%	(1,878,829.17)	13,283,891.25
90	Jan-13		(2,837,903.69)		14,534.55	1.47%	(2,823,369.14)	10,460,522.11
91	Feb-13		(2,266,423.17)		11,425.96	1.47%	(2,254,997.21)	8,205,524.90
92	Mar-13		(1,735,813.13)		8,988.58	1.47%	(1,726,824.55)	6,478,700.35
93	Apr-13		(1,223,456.26)		7,187.04	1.47%	(1,216,269.22)	5,262,431.13
94	May-13		(754,632.93)		5,984.27	1.47%	(748,648.66)	4,513,782.47
95	Jun-13		(579,633.81)		5,174.36	1.47%	(574,459.45)	3,939,323.02
96	Jul-13		(357,001.27)		4,607.01	1.47%	(352,394.26)	3,586,928.76
97	Aug-13		(305,019.54)		4,207.16	1.47%	(300,812.38)	3,286,116.38
98	Sep-13		(313,805.10)		3,833.29	1.47%	(309,971.81)	2,976,144.57
99	Oct-13		(711,396.09)		3,210.05	1.47%	(708,186.04)	2,267,958.53
100	Nov-13	old rates	(660,413.60)		2,373.75	1.47%	(658,039.85)	1,609,918.68
101		new rates (1)	(212,133.76)	1,757,813.08	1,899.51	1.38%	1,547,578.83	3,157,497.51
102	Dec-13		(1,034,424.39)		3,036.33	1.38%	(1,031,388.06)	2,126,109.45
103	Jan-14		(1,087,166.67)		1,819.91	1.38%	(1,085,346.76)	1,040,762.69
104	Feb-14		(996,490.90)		623.89	1.38%	(995,867.01)	44,895.68
105	Mar-14		(696,244.43)		(348.71)	1.38%	(696,593.14)	(651,697.46)
106	Apr-14		(482,283.82)		(1,026.77)	1.38%	(483,310.59)	(1,135,008.05)
107	May-14		(317,149.24)		(1,487.62)	1.38%	(318,636.86)	(1,453,644.91)
108	Jun-14		(187,389.15)		(1,779.44)	1.38%	(189,168.59)	(1,642,813.50)
109	Jul-14		(148,035.94)		(1,974.36)	1.38%	(150,010.30)	(1,792,823.80)

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112 **Amount Amortized during Nov 13 - Jul 14 with interest: (5,160,555.56)**

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115 History truncated for ease of viewing

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117 **NOTES**

118 1 - Transfer in is from deferral account 186275.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Oregon Commercial Decoupling
 Account Number: 186270
 Authorized in dockets UG 143 and UM 1027
 Last deferral reauthorization was Order 13-485 in UM 1027

1 Debit (Credit)

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4	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
6								
7	Beginning Balance							
82	Nov-12	1	986,053.63	(2,013,237.74)	3,196.46	7.78%	(1,023,987.65)	989,250.09
83	Dec-12		605,899.36		8,377.76	7.78%	614,277.12	1,603,527.21
84	Jan-13		730,172.86		12,763.18	7.78%	742,936.04	2,346,463.25
85	Feb-13		(68,525.56)		14,990.77	7.78%	(53,534.79)	2,292,928.46
86	Mar-13		662,962.82		17,014.92	7.78%	679,977.74	2,972,906.20
87	Apr-13		386,448.12		20,527.08	7.78%	406,975.20	3,379,881.40
88	May-13		(291,501.59)		20,967.95	7.78%	(270,533.64)	3,109,347.76
89	Jun-13		434,357.52		21,566.98	7.78%	455,924.50	3,565,272.26
90	Jul-13		739,812.18		25,513.07	7.78%	765,325.25	4,330,597.51
91	Aug-13		642,115.17		30,158.23	7.78%	672,273.40	5,002,870.91
92	Sep-13		(86,000.09)		32,156.50	7.78%	(53,843.59)	4,949,027.32
93	Oct-13		(116,769.19)		31,707.67	7.78%	(85,061.52)	4,863,965.80
94	Nov-13	2	929,994.12	(5,104,285.62)	1,456.66	7.78%	(4,172,834.84)	691,130.96
95	Dec-13		1,876,823.42		10,564.87	7.78%	1,887,388.29	2,578,519.25
96	Jan-14		(52,092.29)		16,548.53	7.78%	(35,543.76)	2,542,975.49
97	Feb-14		576,651.28		18,356.27	7.78%	595,007.55	3,137,983.04
98	Mar-14		888,355.07		23,224.34	7.78%	911,579.41	4,049,562.45
99	Apr-14		225,491.41		26,985.63	7.78%	252,477.04	4,302,039.49
100	May-14		1,308,907.12		32,134.60	7.78%	1,341,041.72	5,643,081.21
101	Jun-14		173,522.48		37,148.48	7.78%	210,670.96	5,853,752.17
102	Jul-14		779,742.20		40,479.49	7.78%	820,221.69	6,673,973.86

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Amount Amortized during Nov 13 - Jul 14 with interest: 6,673,973.86 (2)

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108 **History truncated for ease of viewing**

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110 **NOTES**

111 **1** - October balance transferred to account 186271 for amortization.

112 **2** - Transfer represents the October balance prior to the error correction (see note 3 below) that was placed into rates. The 2012-13 monthly deferrals above are the corrected amounts.

114 **3** - The amount deferred includes a correction to the 2012-13 deferrals in the amount of \$240,320. This error was corrected subsequent to the 2012-13 deferrals being included in rates on 11/1/2013. The correction is included as a deficit in the deferred account created by the November transfer amount being greater than the October 2013 balance. The Company has proposed in UG 273 to include the correction plus interest accrued in the current PGA year in rates effective November 1, 2014.

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Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Commercial Decoupling
 Account Number: 186271
 Dockets UM 1027 and UG 260
 Amortization of 2012-13 deferral balance approved in Order 13-402 in UG 260

1	Debit	(Credit)						
4	Month/Year	Note	Amortization	Transfers	Interest	Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
7	Beginning Balance							
87	Nov-12	old rates	(95,087.92)		64.40	2.01%	(95,023.52)	(9,030.97)
88		new rates (1)	(62,185.93)	2,013,238	2,428.13	1.47%	1,953,479.94	1,944,448.97
89	Dec-12		(247,487.51)		2,230.36	1.47%	(245,257.15)	1,699,191.82
90	Jan-13		(365,573.99)		1,857.60	1.47%	(363,716.39)	1,335,475.43
91	Feb-13		(304,076.51)		1,449.71	1.47%	(302,626.80)	1,032,848.63
92	Mar-13		(238,069.18)		1,119.42	1.47%	(236,949.76)	795,898.87
93	Apr-13		(174,936.88)		867.83	1.47%	(174,069.05)	621,829.82
94	May-13		(121,994.27)		687.02	1.47%	(121,307.25)	500,522.57
95	Jun-13		(98,934.09)		552.54	1.47%	(98,381.55)	402,141.02
96	Jul-13		(70,723.49)		449.30	1.47%	(70,274.19)	331,866.83
97	Aug-13		(62,961.38)		367.97	1.47%	(62,593.41)	269,273.42
98	Sep-13		(63,648.35)		290.88	1.47%	(63,357.47)	205,915.95
99	Oct-13		(103,408.75)		188.91	1.47%	(103,219.84)	102,696.11
100	Nov-13	old rates	(91,650.26)		69.67	1.47%	(91,580.59)	11,115.52
101		new rates (1)	(160,132.39)	5,104,286	5,777.85	1.38%	4,949,931.08	4,961,046.60
102	Dec-13		(799,120.46)		5,245.71	1.38%	(793,874.75)	4,167,171.85
103	Jan-14		(925,665.74)		4,259.99	1.38%	(921,405.75)	3,245,766.10
104	Feb-14		(814,085.13)		3,264.53	1.38%	(810,820.60)	2,434,945.50
105	Mar-14		(588,320.20)		2,461.90	1.38%	(585,858.30)	1,849,087.20
106	Apr-14		(424,617.30)		1,882.30	1.38%	(422,735.00)	1,426,352.20
107	May-14		(297,427.23)		1,469.28	1.38%	(295,957.95)	1,130,394.25
108	Jun-14		(209,789.64)		1,179.32	1.38%	(208,610.32)	921,783.93
109	Jul-14		(179,573.11)		956.80	1.38%	(178,616.31)	743,167.62

Amount Amortized during Nov 13 - Jul 14 with interest: (4,372,233.52)

History truncated for ease of viewing

NOTES

1 - Transfer in is from the October balance of deferral account 186275



September 15, 2014

**NOTICE OF APPLICATION FOR REAUTHORIZATION 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 reauthorization to continue deferrals relative to the Company’s decoupling mechanism, pursuant to the provisions of ORS 757.259(2)(e). Copies of the Company’s application are available for inspection at its main office.

This is not a rate case. The purpose of this Notice is to inform parties of record 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: Jennifer Gross
220 NW Second Ave
Portland, Oregon 97209-3991
Telephone: (503) 226-4211 x3590**

**Public Utility Commission
of Oregon
Attn: Filing Center
3930 Fairview Industrial Drive SE
P O Box 1088
Salem, Oregon 97308-1088
Telephone: (503) 373-0886**

Any person may submit to the Commission written comments on this matter no sooner than 25 days from the date of this Application. 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

I hereby certify that I have this day served the foregoing NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING ORDER FOR THE COMPANY'S DECOUPLING MECHANISM by electronic mail to all parties of record in the UG 221 proceeding, which is the Company's most recent general rate case.

G. CATRIONA MCCRACKEN **W**
CITIZENS' UTILITY BOARD OF OREGON
catriona@oregoncub.org

ROBERT JENKS **W**
CITIZENS' UTILITY BOARD OF OREGON
bob@oregoncub.org

OPUC DOCKETS **W**
CITIZENS' UTILITY BOARD OF OREGON
dockets@oregoncub.org

CHAD M. STOKES **W**
CABLE HUSTON BENEDICT
HAAGENSEN & LLOYD LLP
cstokes@cablehuston.com

TOMMY BROOKS **W**
CABLE HUSTON BENEDICT
HAAGENSEN & LLOYD LLP
tbrooks@cablehuston.com

ED FINKLEA **W**
NORTHWEST INDUSTRIAL GAS USERS
efinklea@nwigu.org

JASON W. JONES **W**
PUC STAFF-DEPARTMENT OF
JUSTICE
jason.w.jones@state.or.us

KEITH KUENY **W**
COMMUNITY ACTION PARTNERSHIP
OF OREGON
keith@caporegon.org

WENDY GERLITZ **W**
NW ENERGY COALITION
wendy@nwenergy.org

JUDY JOHNSON **W**
PUBLIC UTILITY COMMISSION
judy.johnson@state.or.us

TERESA HAGINS **W**
NORTHWEST PIPELINE GP
teresa.l.hagins@williams.com

STEWART MERRICK **W**
NORTHWEST PIPELINE GP
stewart.merrick@williams.com

RANDY DAHLGREN **W**
PORTLAND GENERAL ELECTRIC
pge.opuc.filings@pgn.com

DOUGLAS C TINGEY **W**
PORTLAND GENERAL ELECTRIC
doug.tingey@pgn.com

LISA F RACKNER **W**
MCDOWELL RACKNER & GIBSON PC
dockets@mcd-law.com

DATED at Portland, Oregon, this 15th day of September 2014.

/s/ Kelley C. Miller
Kelley C. Miller
Rates & Regulatory Affairs
NW NATURAL
220 NW Second Avenue
Portland, Oregon 97209-3991
1.503.226.4211, extension 3589
kelley.miller@nwnatural.com