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VIA ELECTRONIC FILING

October 4, 2017

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 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 for Deferred Accounting of Refunds or Collections of Distribution Margin.

A Notice of this Application will be sent to 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
Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, ext. 3589
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Analyst

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1027

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba, NW NATURAL

For Reauthorization for Deferred
Accounting of Refunds or Collections of
Distribution Margin

APPLICATION

1 In accordance with ORS 757.259 and ORS 757.262, and OAR 860-030-0035,
2 Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”)
3 hereby files this application with the Public Utility Commission of Oregon (the
4 “Commission”) seeking reauthorization to record and defer with interest, on an ongoing
5 basis, the amount by which actual distribution margin per residential and commercial
6 customer is different from the margin to be collected from residential and commercial
7 customers based on “normal” consumption, as assumed in the Company’s most recent
8 general rate case, UG 221. This request is for the twelve-month period beginning
9 November 1, 2017, and ending October 31, 2018.

10 In support of this Application, NW Natural states:

11 **A. NW Natural.**

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

15

1 **B. Statutory Authority.**

2 This application is filed pursuant to ORS 757.259 and ORS 757.262, which
3 empowers the Commission to authorize the deferral of expenses or revenues of a public
4 utility for later inclusion in rates.

5 **C. Communications.**

6 Communications regarding this Application should be addressed to:

7 NW Natural
8 e-Filing for Regulatory Affairs
9 220 NW Second Avenue
10 Portland, Oregon 97209-3991
11 Telephone: (503) 226-4211, ext. 3589
12 Facsimile: (503) 721-2516
13 Email: eFiling@nwnatural.com;

14
15 Zachary D. Kravitz (OSB# 152870)
16 Associate Counsel
17 220 NW Second Avenue
18 Portland, Oregon 97209-3991
19 Phone: (503) 220-2379
20 Email: zdk@nwnatural.com;

21
22 and

23
24 Kyle Walker, CPA
25 Rates & Regulatory Affairs
26 220 NW Second Avenue
27 Portland, Oregon 97209-3991
28 Phone: (503) 226-4211 Ext. 5858
29 Email: Kyle.Walker@nwnatural.com
30

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

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

1 **E. Reasons for Application for Reauthorization of Deferred Accounting – OAR**
2 **860-027-0300(3)(b).**

3 In accordance with the statutory authority provided by ORS 757.259 and ORS
4 757.262, and the agreement reached by parties in UG 221 to allow the Company to
5 continue its decoupling mechanism with minor but no substantive changes, NW Natural
6 proposes to record and defer, with interest, the amount by which actual distribution
7 margin per residential and commercial customer is different from the margin to be
8 collected from residential and commercial customers based on “normal” consumption,
9 as assumed in the Company’s most recent general rate case filing, UG 221.

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

11 NW Natural proposes to record the amounts described in Section J (7) of this
12 Application in a sub-account of Account 186. In the absence of the Commission’s
13 approval of this Application, the Company would record under- or over-collected
14 distribution margin as utility operating revenue in FERC Account 400.

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

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

20 **H. Entries into deferred account during past 12 months - OAR 860-027-**
21 **0300(4)(a)**

22 Exhibit A, which is attached, demonstrates the distribution margin differential
23 deferred under this docket (UM 1027) since June 2016.

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

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

8 **J. Requirement per Commission Order No. 09-263**

9 Below is the information required per Commission Order No. 09-263, issued in
10 Docket UM-1286, Staff’s Investigation into Purchase Gas Adjustment Mechanisms:

- 11 **1. A completed Summary Sheet, the location in the PGA filing, and an**
12 **account map that highlights the transfer of dollars from one account to**
13 **another.**

14 Exhibit A includes the Summary Sheet which shows the amounts deferred for
15 residential and commercial customers and demonstrates the transfer of
16 dollars from one account to another. Exhibit A was included in our 2017-18
17 PGA filing as work papers and attached to the electronic filing as a file
18 entitled, “Proposed Temps Oregon 2017-2018 PGA August filing.xlsx”.

- 19 **2. The effective date of the deferral**

20 This application is for the 12-month period beginning November 1, 2017 and
21 ending October 31, 2018.

22

1 **3. Prior year Order Number approving the deferral**

2 Approval to defer 100% of the Company's distribution margin differential was
3 last granted on October 18, 2016, in Commission Order No. 16-383.

4 **4. The amount deferred last year.**

5 See Exhibit A.

6 **5. The amount amortized last year.**

7 See Exhibit A.

8 **6. The interest rate that will apply to the accounts.**

9 The interest rate for deferral accounts is 7.778%. Monies that have been
10 transferred for amortization accrue interest at the rate of 2.38%.

11 **7. An estimate of the upcoming PGA-period deferral and/or amortization.**

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

15 **K. Notice – OAR 800-027-0300(3)(e)(6).**

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

19 WHEREFORE, NW Natural respectfully requests that in accordance with ORS
20 757.259 and 757.262, as amended, the Commission authorize the Company to record
21 and defer, on an ongoing basis and commencing as of the date of this filing, the amount
22 by which actual distribution margin per residential and commercial customer is different

- 1 from the margin assumed in UG 221 to be collected from residential and commercial
- 2 customers based on “normal” consumption.

Dated this 4th day of October, 2017

Respectfully Submitted,

NW NATURAL

/s/ Kyle Walker, CPA
Kyle Walker, CPA
Rates/Regulatory Analyst

/s/ Zachary D. Kravitz
Zachary D. Kravitz (OSB# 152870)
Associate Counsel
220 NW Second Avenue
Portland, Oregon 97209-3991
Phone: (503) 220-2379
Email: zdk@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 (14)
 Last deferral reauthorization was approved in Order 16-383

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Debit	(Credit)	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Total										
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)												
Beginning Balance																			
Jun-16		274,877.07		5,667.99	7.78%	280,545.06	1,017,347.30												
Jul-16		266,185.41		7,458.69	7.78%	273,644.10	1,290,991.40												
Aug-16		726,531.74		10,725.10	7.78%	737,256.84	2,028,248.24												
Sep-16		(217,845.23)		12,443.63	7.78%	(205,401.60)	1,822,846.66												
Oct-16		100,232.27		12,143.04	7.78%	112,375.31	1,935,221.97												
Nov-16	1	2,013,369.74	(1,043,988.18)	12,301.68	7.778%	981,683.24	2,916,905.21												
Dec-16		(487,036.33)		17,328.00	7.778%	(469,708.33)	2,447,196.88												
Jan-17		(662,799.56)		13,713.89	7.778%	(649,085.67)	1,798,111.21												
Feb-17		48,374.47		11,811.53	7.778%	60,186.00	1,858,297.21												
Mar-17		(1,052,664.85)		8,633.35	7.778%	(1,044,031.50)	814,265.71												
Apr-17		165,977.16		5,815.70	7.778%	171,792.86	986,058.57												
May-17		523,445.96		8,087.70	7.778%	531,533.66	1,517,592.23												
Jun-17		(155,204.30)		9,333.54	7.778%	(145,870.76)	1,371,721.47												
Jul-17				8,891.04	7.778%	8,891.04	1,380,612.51												
Aug-17				8,948.67	7.778%	8,948.67	1,389,561.18												
Sep-17				9,006.67	7.778%	9,006.67	1,398,567.85												
Oct-17				9,065.05	7.778%	9,065.05	1,407,632.90												

Amount deferred during Nov 16 - Jun 17 with interest: 480,487.68

History truncated for ease of viewing

NOTES

1 - Transferred June balance plus July-October interest on June balance to account 186277 for amortization.

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 approved in Order 16-383

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Debit	(Credit)	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance										
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)												
Beginning Balance																			
122		Jun-16		729,015.26		59,168.95	7.78%	788,184.21	9,549,992.77										
123		Jul-16		738,056.53		64,308.32	7.78%	802,364.85	10,352,357.62										
124		Aug-16		788,657.73		69,674.35	7.78%	858,332.08	11,210,689.70										
125		Sep-16		332,640.46		73,760.95	7.78%	406,401.41	11,617,091.11										
126		Oct-16		577,845.47		77,190.66	7.78%	655,036.13	12,272,127.24										
127		Nov-16	1	1,567,862.95	(9,800,074.87)	21,104.20	7.778%	(8,211,107.72)	4,061,019.52										
128		Dec-16		1,595,038.98		31,491.43	7.778%	1,626,530.41	5,687,549.93										
129		Jan-17		1,249,718.00		40,914.93	7.778%	1,290,632.93	6,978,182.86										
130		Feb-17		1,169,291.71		49,019.73	7.778%	1,218,311.44	8,196,494.30										
131		Mar-17		579,898.42		55,006.30	7.778%	634,904.72	8,831,399.02										
132		Apr-17		1,083,089.32		60,752.30	7.778%	1,143,841.62	9,975,240.64										
133		May-17		894,188.90		67,554.10	7.778%	961,743.00	10,936,983.64										
134		Jun-17		851,856.16		73,650.61	7.778%	925,506.77	11,862,490.41										
135		Jul-17				76,888.71	7.778%	76,888.71	11,939,379.12										
136		Aug-17				77,387.08	7.778%	77,387.08	12,016,766.20										
137		Sep-17				77,888.67	7.778%	77,888.67	12,094,654.87										
138		Oct-17				78,393.52	7.778%	78,393.52	12,173,048.39										
139																			
140																			
141																			
142																			
143																			

History truncated for ease of viewing

Amount deferred during Nov 16 - Jun 17 with interest: 9,390,438.04

NOTES

1 - Transferred June balance plus July-October interest on June balance to account 186271 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Residential Decoupling
 Account Number: 186277
 Dockets UM 1027 and UG 312
 Amortization of 2015-16 deferrals approved in Order 16-401

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	42	43	44	45	46	47	48	49	50	51	52	53
Debit	(Credit)	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance																																											
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)																																													
Beginning Balance																																																				
Jun-16		(285,235.04)		3,372.51	1.93%	(281,862.53)	1,957,654.12																																													
Jul-16		(208,761.96)		2,980.68	1.93%	(205,781.28)	1,751,872.84																																													
Aug-16		(172,349.06)		2,679.00	1.93%	(169,670.06)	1,582,202.78																																													
Sep-16		(191,911.94)		2,390.38	1.93%	(189,521.56)	1,392,681.22																																													
Oct-16		(337,640.10)		1,968.38	1.93%	(335,671.72)	1,057,009.50																																													
Nov-16 old rates		(309,571.90)		1,451.08	1.93%	(308,120.82)	748,888.68																																													
Nov-16 new rates (1)		(59,403.08)	1,043,988.18	1,859.53	2.20%	986,444.63	1,735,333.31																																													
Dec-16		(307,850.23)		2,899.25	2.20%	(304,950.98)	1,430,382.33																																													
Jan-17		(488,656.92)		2,174.43	2.20%	(486,482.49)	943,899.84																																													
Feb-17		(372,893.25)		1,388.66	2.20%	(371,504.59)	572,395.25																																													
Mar-17		(281,931.55)		790.95	2.20%	(281,140.60)	291,254.65																																													
Apr-17		(204,812.31)		346.22	2.20%	(204,466.09)	86,788.56																																													
May-17		(144,513.12)		26.64	2.20%	(144,486.48)	(57,697.92)																																													
Jun-17		(76,506.51)		(175.91)	2.20%	(76,682.42)	(134,380.34)																																													
Jul-17 forecast		(42,488.05)		(285.31)	2.20%	(42,773.36)	(177,153.70)																																													
Aug-17 forecast		(42,463.69)		(363.71)	2.20%	(42,827.40)	(219,981.10)																																													
Sep-17 forecast		(45,606.47)		(445.10)	2.20%	(46,051.57)	(266,032.67)																																													
Oct-17 forecast		(129,276.05)		(606.23)	2.20%	(129,882.28)	(395,914.95)																																													

History truncated for ease of viewing **Amount amortized during Nov 16- Jun 17 with interest: (2,235,378.02)**

NOTES

1 - Transfer in authorized balance from account 186275.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Commercial Decoupling
 Account Number: 186271
 Dockets UM 1027 and UG 312
 Amortization of 2015-16 deferrals approved in Order 16-401

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Debit	(Credit)	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance				
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)						
Beginning Balance													
131		Jun-16		(511,681.10)		6,019.72	1.93%	(505,661.38)	3,493,009.54				
132		Jul-16		(420,336.57)		5,279.90	1.93%	(415,056.67)	3,077,952.87				
133		Aug-16		(370,913.19)		4,652.10	1.93%	(366,261.09)	2,711,691.78				
134		Sep-16		(392,916.84)		4,045.33	1.93%	(388,871.51)	2,322,820.27				
135		Oct-16		(530,085.59)		3,309.59	1.93%	(526,776.00)	1,796,044.27				
136		Nov-16 old rates		(455,202.13)		2,522.58	1.93%	(452,679.55)	1,343,364.72				
137		Nov-16 new rates (1)		(286,189.91)	9,800,074.87	17,704.46	2.20%	9,531,589.42	10,874,954.14				
138		Dec-16		(1,511,042.18)		18,552.29	2.20%	(1,492,489.89)	9,382,464.25				
139		Jan-17		(2,524,892.87)		14,886.70	2.20%	(2,510,006.17)	6,872,458.08				
140		Feb-17		(1,963,541.08)		10,799.59	2.20%	(1,952,741.49)	4,919,716.59				
141		Mar-17		(1,510,205.71)		7,635.13	2.20%	(1,502,570.58)	3,417,146.01				
142		Apr-17		(1,082,774.14)		5,272.22	2.20%	(1,077,501.92)	2,339,644.09				
143		May-17		(804,716.17)		3,551.69	2.20%	(801,164.48)	1,538,479.61				
144		Jun-17		(506,924.19)		2,355.87	2.20%	(504,568.32)	1,033,911.29				
145		Jul-17 forecast		(396,819.45)		1,531.75	2.20%	(395,287.70)	638,623.59				
146		Aug-17 forecast		(408,910.86)		795.97	2.20%	(408,114.89)	230,508.70				
147		Sep-17 forecast		(424,034.64)		33.90	2.20%	(424,000.74)	(193,492.04)				
148		Oct-17 forecast		(769,303.31)		(1,059.93)	2.20%	(770,363.24)	(963,855.28)				
149													
150													
151													
152													
153													

Amount amortized during Nov 16- Jun 17 with interest: (10,562,207.85)

History truncated for ease of viewing

NOTES

1 - Transferred in authorized balance from account 186270.



UM 1027

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

October 4, 2017

To All Parties Who Participated in UG 221:

Please be advised that on October 4, 2017 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). A copy of the Company's application is available for inspection at its main office or at the Public Utility of Oregon's ("Commission") eDocket website.

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 a Reauthorization of Deferral 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 Commission of Oregon as follows:

NW Natural
Attn: Kyle Walker, CPA
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 by November 4, 2017. The granting of this Reauthorization of Deferral 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
Docket UM 1027

I hereby certify that on October 4, 2017 I served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES 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.

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DATED October 4, 2017 Portland, OR.

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