

Rates and Regulatory Affairs  
Facsimile: 503.721.2532



August 15, 2008

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
550 Capitol Street, N.E., Suite 215  
Post Office Box 2148  
Salem, Oregon 97308-2148

ATTN: Filing Center

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

Northwest Natural Gas Company, dba NW Natural (NW Natural or the "Company"), files herewith the above-referenced Application. The application is filed in order to reauthorize deferrals relative to the Company's refunds or collections of distribution margin.

A notice concerning this application will be sent to all parties who participated in the Company's most recent general rate case, UG 152. A copy of the notice is attached to the enclosed application as Exhibit A.

Please call me at 1-503-721-2476 if you have any questions or require any further information.

Sincerely,

/s/ Inara K. Scott

Inara K. Scott, Manager  
Regulatory Affairs

enclosures

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1027

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

In accordance with ORS 757.259 and ORS 757.262, and OAR 860-030-0035, NW Natural (or the “Company”) files this application with the Public Utility Commission of Oregon (the “Commission”) for an order authorizing the Company to record and defer with interest, on an ongoing basis, the amount by which actual distribution margin per residential and commercial customer is different from the margin to be collected from residential and commercial customers based on “normal” consumption, as assumed in the Company’s most recent general rate case. The Company respectfully requests that the deferral commence as of the date of this filing for later amortization in rates.

In support of this Application, NW Natural states:

**1. NW Natural**

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

## **2. Statutory Authority**

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

## **3. Communications**

Communications regarding this Application should be addressed to:

Inara K. Scott, Manager  
Regulatory Affairs  
NW Natural  
220 NW Second Avenues  
Portland, OR 97209-3991  
Telephone: (503) 721-2476  
Facsimile (503) 721-2532  
E-mail: [inara.scott@nwnatural.com](mailto:inara.scott@nwnatural.com)

and

Onita R. King, Manager  
Tariffs & Regulatory Compliance  
NW Natural  
220 NW Second Avenues  
Portland, OR 97209-3991  
Telephone: (503) 721-2452  
Facsimile (503) 721-2532  
E-mail: [ork@nwnatural.com](mailto:ork@nwnatural.com)

## **4. Basis for Application**

On September 12, 2002, the Commission issued Order No. 02-634, which among other effects, approved the partial decoupling mechanism described in the Settlement Agreement in Docket UG 143. On August 25, 2005, the Commission modified the Company's decoupling mechanism by issuing Order No. 05-934, which approved the deferral and amortization of 100% of the distribution margin differential as agreed to by parties in Docket UG 163. The

Commission's policies, expressed in Order No. 92-1673 and in statute at ORS 757.262, support recovery of utility revenues and earnings that are affected by the conservation activity of its customers.

#### **5. NW Natural Proposal**

In accordance with the statutory authority provided by ORS 767.259 and ORS 757.262, and the Commission's approval of the Settlement Agreement in Docket UG 163, NW Natural proposes to record and defer, with interest, the amount by which actual distribution margin per residential and commercial customer is different from the margin to be collected from residential and commercial customers based on "normal" consumption, as assumed in the Company's most recent general rate case filing in Docket UG 152 and further adjusted for price elasticity effects since the rate case.

#### **6. Amounts Subject to Deferral**

NW Natural cannot estimate what amounts will be recorded in the distribution margin normalization "use balancing account" for the upcoming 12-month period because the amount is dependent on volume variance resulting from the actual price elasticity and conservation responses.

#### **7. Accounting**

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

WHEREFORE, NW Natural respectfully requests that in accordance with ORS 757.259, as amended, the Commission authorize the Company to record and defer, on an ongoing basis and commencing as of the date of this filing, the amount by which actual distribution margin per residential and commercial customer is different from the margin assumed in UG 152 to be collected from residential and commercial customers based on “normal” consumption.

DATED this 15<sup>th</sup> day of August, 2008.

Respectfully submitted,

NW NATURAL

/s/ Inara K. Scott

Inara K. Scott, Manager  
Regulatory Affairs  
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cc: Bonnie Tatom, OPUC



August 15, 2008

**NOTICE OF APPLICATION FOR REAUTHORIZATION OF  
DEFERRED ACCOUNTING OF  
REFUNDS OR COLLECTIONS OF DISTRIBUTION MARGIN**

**To All Parties Who Participated in UG 152:**

Please be advised that today Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), applied for reauthorization of deferred accounting of refunds or collections of distribution margin. Copies of the Company's application are available for inspection at its main office.

The purpose of this Notice is to inform parties and other interested persons that participated in the Company's most recent general rate case that the Application was filed. **This is not a rate case.**

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: Onita R. King  
220 N.W. Second Ave.  
Portland, Oregon 97209-3991  
Telephone: (503) 721-2452**

**Public Utility Commission of Oregon  
Attn: Bonnie Tatom  
550 Capitol St., N.E., Ste. 215  
P. O. Box 2148  
Salem, Oregon 97308-2148  
Telephone: (503) 378-6600**

Any person may submit written comments on this application to the Commission within 25 days of 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 REAUTHORIZATION TO DEFER ACCOUNTING OF REFUNDS OR COLLECTIONS OF DISTRIBUTION MARGIN upon all parties or attorneys of parties of record in the UG 152 proceeding, which is the Company's most recent general rate case, by first class mail:

**UG 152 Service List**

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DATED this 15th day of August, 2008.

Respectfully submitted,

NW NATURAL

/s/ Jennifer Gross

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