

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



**VIA ELECTRONIC FILING**

September 15, 2016

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 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 me at (503) 721-2476.

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, 2016, and ending October 31, 2017.

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  
12

13 **4. Description of Request - OAR 860-027-0300(3)(a)**

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

17 **5. Reason for Application for Reauthorization of Deferred Accounting - OAR**  
18 **860-027-0300(3)(b)**

19 In accordance with the statutory authority provided by ORS 757.259 and ORS  
20 757.262, and the agreement reached by parties in UG 221 to allow the Company to  
21 continue its decoupling mechanism with minor but no substantive changes, NW Natural  
22 proposes to record and defer, with interest, the amount by which actual distribution  
23 margin per residential and commercial customer is different from the margin to be  
24 collected from residential and commercial customers based on "normal" consumption, as  
25 assumed in the Company's most recent general rate case filing, UG 221.

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

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

31 //

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

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

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

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

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

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

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

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

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

22 Exhibit A includes the Summary Sheet which shows the amounts  
23 deferred for residential and commercial customers and demonstrates the  
24 transfer of dollars from one account to another. Exhibit A was included in our  
25 2016-17 PGA filing as work papers and attached to the electronic filing as a

1 file entitled, "Proposed Temps Oregon 2016-2017 PGA August supplemental  
2 filing.xlsx." plus additions for July 2016 deferral and amortization activity.

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

4 This application is for the twelve-month period beginning November 1,  
5 2016, and ending October 31, 2017.

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

7 Permission to defer 100% of the Company's distribution margin  
8 differential was last granted on October 28, 2014, in Commission Order No.  
9 14-364.

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

11 See Exhibit A.

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

13 See Exhibit A.

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

15 The interest rate for deferral accounts is 7.78%. Monies that have  
16 been transferred for amortization accrue interest at the rate of 2.20%.

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

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

21 WHEREFORE, NW Natural respectfully requests that in accordance with ORS  
22 757.259 and 757.262, as amended, the Commission authorize the Company to record  
23 and defer, on an ongoing basis and commencing as of the date of this filing, the amount  
24 by which actual distribution margin per residential and commercial customer is different  
25 from the margin assumed in UG 221 to be collected from residential and commercial  
26 customers based on "normal" consumption.

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DATED this 15th day of September 2016.

Respectfully submitted,

NW NATURAL

/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: Mark.Thompson@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 Order 15-336 in UM 1027

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	
Debit	(Credit)	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Total																		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)																		
	Beginning Balance																										
110		Jun-15		815,574.02		48,713.45	7.78%	864,287.47	7,970,142.84																		
111		Jul-15		626,974.19		53,705.53	7.78%	680,679.72	8,650,822.56																		
112		Aug-15		805,857.94		58,698.49	7.78%	864,556.43	9,515,378.99																		
113		Sep-15		(283,456.07)		60,772.50	7.78%	(222,683.57)	9,292,695.42																		
114		Oct-15		3,596,193.86		71,905.30	7.78%	3,668,099.16	12,960,794.58																		
115		Nov-15	1	(389,933.10)	(8,178,853.99)	29,738.88	7.78%	(8,539,048.21)	4,421,746.37																		
116		Dec-15		(1,291,508.41)		24,481.02	7.78%	(1,267,027.39)	3,154,718.98																		
117		Jan-16		(865,954.08)		17,645.96	7.78%	(848,308.12)	2,306,410.86																		
118		Feb-16		(2,293,646.53)		7,517.99	7.78%	(2,286,128.54)	20,282.32																		
119		Mar-16		(774,987.67)		(2,380.75)	7.78%	(777,368.42)	(757,086.10)																		
120		Apr-16		(215,340.91)		(5,606.50)	7.78%	(220,947.41)	(978,033.51)																		
121		May-16		1,715,615.21		(779.46)	7.78%	1,714,835.75	736,802.24																		
122		Jun-16		274,877.07		5,667.99	7.78%	280,545.06	1,017,347.30																		
123		Jul-16				6,595.80	7.78%	6,595.80	1,023,943.10																		
124		Aug-16				6,638.56	7.78%	6,638.56	1,030,581.66																		
125		Sep-16				6,681.60	7.78%	6,681.60	1,037,263.26																		
126		Oct-16				6,724.92	7.78%	6,724.92	1,043,988.18																		
127																											
128																											
129																											
130																											
131																											

**Amount deferred during Nov 15 - Jun 16 with interest: (3,764,593.29)**

**History truncated for ease of viewing**

**NOTES**

1 - Transfer 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 UIM 1027  
 Last deferral reauthorization was Order 15-336 in UIM 1027

	1	2	3	4	5	6	7	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127
Debit (Credit)	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance																	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)																	
Beginning Balance																									
	Jun-15		875,039.84		66,156.12	7.78%	941,195.96	10,707,704.95																	
	Jul-15		736,295.26		71,808.44	7.78%	808,103.70	11,515,808.65																	
	Aug-15		764,957.89		77,140.56	7.78%	842,098.45	12,357,907.10																	
	Sep-15		281,441.37		81,032.77	7.78%	362,474.14	12,720,381.24																	
	Oct-15		1,474,758.28		87,251.15	7.78%	1,562,009.43	14,282,390.67																	
	Nov-15	1	987,200.65	(10,988,103.62)	24,558.14	7.78%	(9,976,344.83)	4,306,045.84																	
	Dec-15		836,817.02		30,630.21	7.78%	867,447.23	5,173,493.07																	
	Jan-16		1,069,269.20		37,007.69	7.78%	1,106,276.89	6,279,769.96																	
	Feb-16		107,696.43		41,062.96	7.78%	148,759.39	6,428,529.35																	
	Mar-16		698,925.63		43,943.98	7.78%	742,869.61	7,171,398.96																	
	Apr-16		356,845.25		47,651.34	7.78%	404,496.59	7,575,895.55																	
	May-16		1,133,122.75		52,790.26	7.78%	1,185,913.01	8,761,808.56																	
	Jun-16		729,015.26		59,168.95	7.78%	788,184.21	9,549,992.77																	
	Jul-16				61,915.79	7.78%	61,915.79	9,611,908.56																	
	Aug-16				62,317.21	7.78%	62,317.21	9,674,225.77																	
	Sep-16				62,721.23	7.78%	62,721.23	9,736,947.00																	
	Oct-16				63,127.87	7.78%	63,127.87	9,800,074.87																	

**Amount deferred during Nov 15 - Jun 16 with interest: 6,255,705.72**

**History truncated for ease of viewing**

**NOTES**

1 - Transfer 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 Commercial Decoupling  
 Account Number: 186271

Dockets UM 1027 and UG 295  
 Amortization of 2014-15 deferral balance approved in Order 15-334 in UG 295

1	2	3	4	5	6	7	8	9	10	11	12	13
Debit	(Credit)	Month/Year	Note	Amortization	Transfers	Interest	Interest	Rate	Activity	Balance		
(a)	(b)	(c)	(d)	(e)	(f)	(g)						
Beginning Balance												
123		Nov-15	old rates	(183,449.55)		1,977.58	1,977.58	1.77%	(181,471.97)	1,250,985.74		
124		Nov-15	new rates (1)	(371,638.31)	10,988,103.62	17,373.67	17,373.67	1.93%	10,633,838.98	11,884,824.72		
125		Dec-15		(1,735,009.59)		17,719.52	17,719.52	1.93%	(1,717,290.07)	10,167,534.65		
126		Jan-16		(2,103,844.43)		14,660.94	14,660.94	1.93%	(2,089,183.49)	8,078,351.16		
127		Feb-16		(1,402,480.50)		11,864.85	11,864.85	1.93%	(1,390,615.65)	6,687,735.51		
128		Mar-16		(1,203,956.46)		9,787.93	9,787.93	1.93%	(1,194,168.53)	5,493,566.98		
129		Apr-16		(925,564.97)		8,091.18	8,091.18	1.93%	(917,473.79)	4,576,093.19		
130		May-16		(584,312.27)		6,890.00	6,890.00	1.93%	(577,422.27)	3,998,670.92		
131		Jun-16		(511,681.10)		6,019.72	6,019.72	1.93%	(505,661.38)	3,493,009.54		
132		Jul-16	forecast	(432,099.47)		5,270.44	5,270.44	1.93%	(426,829.03)	3,066,180.51		
133		Aug-16	forecast	(433,090.95)		4,583.16	4,583.16	1.93%	(428,507.79)	2,637,672.72		
134		Sep-16	forecast	(443,941.07)		3,885.25	3,885.25	1.93%	(440,055.82)	2,197,616.90		
135		Oct-16	forecast	(866,069.75)		2,838.04	2,838.04	1.93%	(863,231.71)	1,334,385.19		
136												
137												
138												
139												
140												

**Amount amortized during Nov 15- Jun 16 with interest: (8,927,551.79)**

History truncated for ease of viewing

**NOTES**

1 - Transfer in authorized balance from account 186270



September 15, 2016

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO  
DEFER CERTAIN EXPENSES OR REVENUES  
UM 1027**

**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: 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 no sooner than October 10, 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.

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**CERTIFICATE OF SERVICE**  
**Docket UM 1027**

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DATED at Portland, Oregon, this 15<sup>th</sup> Day of September, 2016.

/s/ Shannon L. Seagondollar  
 Shannon L. Seagondollar  
 Rates & Regulatory Specialist  
 NW NATURAL  
 220 NW Second Avenue  
 Portland, Oregon 97209-3991  
 1.503.226.4211, extension 3589  
 sls@nwnatural.com