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April 13, 2018

NWN OPUC Advice No. 18-01 / ADV _____

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
Post Office Box 1088
Salem, Oregon 97308-1088

**Re: June 2018 Bill Adjustments:
Schedule 185, "Special Annual Interstate Storage and Transportation Credit" and
Schedule 186, "Special Annual Core Storage and Pipeline Capacity Optimization
Credit"**

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), files herewith the following tariff sheets stated to become effective with service on and after **June 1, 2018**:

Seventh Revision of Sheet 185-1,
Schedule 185,
"Special Annual Interstate Storage and Transportation Credit," and

Sixth Revision of Sheet 186-1
Schedule 186,
"Special Annual Core Storage and Pipeline Capacity Optimization Credit."

The purpose of this filing is to revise Schedule 185 and Schedule 186, respectively, to reflect the per-therm credit used to calculate the lump sum amount to be applied to the bills of customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32.

The lump sum June bill credit will be applied to customer bills commencing with the first billing cycle in June 2018 and ending with the last billing cycle in June 2018. The bill credit is calculated on a customer-specific basis according to the rate schedule applicable to the customer and the customer's actual billed gas usage between January 1, 2017 and December 31, 2017. In order to receive the bill credit, a customer must have an active gas service account at the time of the customer's June 2018 billing cycle.

Schedule 185

The Schedule 185 credit represents the refund of the Oregon share of revenues NW Natural received for interstate storage and related transportation service activities under a Limited Jurisdiction Blanket Certificate granted under FERC Regulations, 18 C.F.R. § 294.224. The refund of \$2,665,657 million (before revenue sensitive effects) is comprised of \$2,636,047

million from revenues for 2017 activity, plus \$29,610 that is the residual remaining balance from the June 2017 credits.

Commencing with the June 2018 credits, the Schedule 185 amounts are calculated on an equal percentage of margin basis to reflect rate allocation practices adopted in the Company's last general rate case (Docket UG 221).

The Schedule 185 credit will reduce June 2018 customer bills as follows:

- The average Schedule 2 Residential Customer that used about 666 therms in 2017 will see a bill credit of about \$3.38.
- The average Schedule 3 Commercial Customer that used about 3,144 therms in 2017 will see a bill credit of about \$11.14.
- The average Schedule 31 Commercial Firm Sales customer that used about 36,204 therms in 2017 will see a bill credit of about \$93.47.
- The average Schedule 32 Industrial Firm Sales customer that used about 238,422 therms in 2017 will see a bill credit of about \$108.58.

Schedule 186

This filing also revises Schedule 186 to add the per therm credit that will be applied to customer bills for the refund of the Oregon share of revenues received from the Company's core pipeline capacity optimization activities. The refund of \$9,029,742 (before revenue sensitive effects) is comprised of \$8,929,441 from revenues for 2017 activity, plus \$100,301 that is the residual remaining balance from the June 2017 credits.

The Schedule 186 credit applies across all sales-based rate schedules and is a credit of \$0.01310 per-therm. The average June 2018 bill credit under Schedule 186 is as follows:

- Schedule 2 Residential \$8.72
- Schedule 3 Commercial \$41.18
- Schedule 31 Commercial Firm \$474.27
- Schedule 32 Industrial Firm Sales \$3,123.33
- Schedule 32 Industrial Interruptible Sales \$6,709.40

Combined Effects

The combined effects of the Schedule 185 and Schedule 186 amounts is a refund of \$11,695,398.92 million (before revenue sensitive effects), which is comprised of \$11,565,488 million from revenues for 2017 activity, plus \$129,911 that is the residual remaining balance from the June 2017 credits.

The average bill effects of the Schedule 185 and Schedule 186 credits combined are as follows:

- The average Schedule 2 Residential customer will see a bill credit of about \$12.10.
- The average Schedule 3 Commercial customer will see a bill credit of about \$52.33.
- The average Schedule 31 Commercial Firm Sales customer will see a bill credit of about \$567.74.

- The average Schedule 32 Industrial Firm Sales customer will see a bill credit of about \$3,231.91.
- The average Schedule 32 Industrial interruptible Sales customer will see a bill credit of about \$6,709.40

In support of this filing, the Company incorporates by reference the Annual Report of Interstate and Intrastate Gas Storage and Optimization Activities filed with the Commission on March 29, 2018 (Docket RG 32).

The Company respectfully requests that the tariff sheets filed herein be approved to become effective with service on and after June 1, 2018.

Copies of this letter and the filing made herewith are available in the Company's main office in Portland, Oregon and on its website at www.nwnatural.com.

The Company waives paper service in this proceeding.

Please address correspondence on this matter to me with copies to the following:

eFiling
NW Natural Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, ext. 3589
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Sincerely,

NW NATURAL

/s/ Gail Hammer

Gail Hammer
Rates & Regulation

Attachments

**SCHEDULE 185
SPECIAL ANNUAL INTERSTATE AND INTRASTATE
STORAGE AND TRANSPORTATION CREDIT**

PURPOSE:

To credit customers served under the below-listed Rate Schedules for the Oregon share of revenues received by NW Natural for (a) interstate storage and related transportation service provided under a Limited-Jurisdiction Blanket Certificate from FERC granted under FERC Regulations, 18 C.F.R. § 284.224 (hereafter referred to as § 284.224 service), (b) core storage optimization activities; and (c) intrastate storage activities under **Rate Schedule 80** and **Rate Schedule 91**.

APPLICABLE:

The credit under this Schedule shall apply to customer bills issued during the June billing cycle of each calendar year, or such other time period as the Commission may approve. The credit shall apply to the following Sales Service Rate Schedules of this Tariff: **Schedule 2; Schedule 3**, and; **Schedules 31** and **32** – Firm Sales only.

CREDIT: **Effective Billing Cycle: June 2018**

The bill credit to be applied to Customer bills during the effective billing cycle will be calculated by multiplying the following per therm credit by the customer's actual gas usage billed during the period January 1, 2017 through December 31, 2017:

(T)

(T)

Rate Schedule/Class	Block	Temporary Adjustments		Schedule	Block	Temporary Adjustmnet
2		(\$0.00507)				
03 CSF		(\$0.00354)				
03 ISF		(\$0.00307)				
31 CSF	Block 1	(\$0.00281)		31 ISF	Block 1	(\$0.00203)
	Block 2	(\$0.00257)			Block 2	(\$0.00183)
32 CSF	Block 1	(\$0.00166)		32 ISF	Block 1	(\$0.00118)
	Block 2	(\$0.00141)			Block 2	(\$0.00101)
	Block 3	(\$0.00099)			Block 3	(\$0.00071)
	Block 4	(\$0.00058)			Block 4	(\$0.00041)
	Block 5	(\$0.00033)			Block 5	(\$0.00024)
	Block 6	(\$0.00017)			Block 6	(\$0.00012)

(C)

(C)

(continue to Sheet 185-2)

Issued April 13, 2018
NWN OPUC Advice No. 18-01

Effective with service on
and after June 1, 2018

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Sixth Revision of Sheet 186-1
Cancels Fifth Revision of Sheet 186-1

SCHEDULE 186 SPECIAL ANNUAL CORE PIPELINE CAPACITY OPTIMIZATION CREDIT

PURPOSE:

To credit Sales Service Customers served under the below-listed Rate Schedules for the Oregon share of revenues received by NW Natural for the optimization of core customer Pipeline and Storage capacity.

APPLICABLE:

This credit shall apply to customer bills issued during the June billing cycle of each calendar year, or such other time period as the Commission may approve. The credit shall apply to the following Sales Service Rate Schedules of this Tariff:

Rate Schedule 2	Rate Schedule 31 ISF	Rate Schedule 32 ISF
Rate Schedule 3	Rate Schedule 31 CSF	Rate Schedule 32 CSI
	Rate Schedule 32 CSF	Rate Schedule 32 ISI

CREDIT: **Effective Billing Cycle: June 2018**

The bill credit to be applied to Customer bills during the effective billing cycle will be calculated by multiplying the following per therm credit by the customer's actual gas usage billed during the period January 1, 2017 through December 31, 2017:

(\$0.01310)

(T)

(T)

(C)

SPECIAL CONDITIONS:

1. NW Natural will share with customers served under the Rate Schedules listed above, the amount of net margin revenue that is attributable to optimization of core customer Pipeline and Storage capacity on an 67/33 basis; 33% will be retained by NW Natural, and 67% will be shared with customers through the credit provided for in this Schedule. For this purpose, net margin is defined as revenues less incremental operating and maintenance (O&M) expense.
2. The annual credit shall be based on the net margin as described in paragraph 1 above, and as filed with the Commission. This credit shall be applied to customers' bills, or placed in an interest bearing deferred account, on June 1 of each year, or at a date other than June 1 for reasons and on terms as the Commission may approve.
3. If the net margin for the year is negative (a loss) then the credit will be zero.
4. As provided under "OUT-OF-CYCLE TRANSFERS" provision set forth in Rate Schedules 31 and 32 a Customer that exercises the Capacity Release Option may only be eligible to receive one-half of the above-listed credit.

PRIOR YEAR BALANCES:

The Company will include any remaining balance from the prior year's credit in the calculation of the current year's credit.

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

Issued April 13, 2018
NWN OPUC Advice No. 18-01

Effective with service on
and after June 1, 2018

EXHIBIT A

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

NW NATURAL SUPPORTING MATERIALS

NWN OPUC Advice No. 18-01 / ADV _____

June 2018 Bill Adjustments
Schedule 185 and Schedule 186

April 13, 2018

**Exhibit A – Table of Contents
Supporting Materials**

NWN OPUC Advice No. 18-01 / ADV _____

June 2018 Bill Adjustments
Schedule 185 and Schedule 186

Title	Page
Oregon Schedule 185 and Schedule 186 Credit for 2017 Storage Activity– Effects on Average June Bill by Rate Schedule	1
Oregon Schedule 185 and Schedule 186 Credit for 2017 Storage Activity– Calculation of Increments Allocated on the Equal Percentage of Margin Basis	2
Oregon Schedule 185 and Schedule 186 Credit for 2017 Storage Activity – Calculation of Increments Allocated on the Equal Cent Per Therm Basis	3

NW Natural
Rates & Regulatory Affairs
Oregon Schedule 185 and Schedule 186 Credit for 2017 Storage Activity
Effects on Average June Bill by Rate Schedule

ALL VOLUMES IN THERMS

					Schedule 185	Schedule 186	Combined				
					Proposed Sch. 185 Rates	Proposed Sch. 185 Bill Credit	Proposed Sch. 186 Rates	Proposed Sch. 186 Bill Credit	Proposed Combined Rates	Proposed Combined Bill Credit	
Schedule	Block	Therms in Block	2017 Active Customer Volumes	2017 Active Customers	2017 Average Annual Therms	E	F = E*D	G	H = G*D	I = E + G	J = I*D
2R		N/A	382,528,839	574,455	665.9	(\$0.00507)	(\$3.38)	(\$0.01310)	(\$8.72)	(\$0.01817)	(\$12.10)
3C Firm Sales		N/A	172,591,008	54,898	3,143.8	(\$0.00354)	(\$11.14)	(\$0.01310)	(\$41.18)	(\$0.01664)	(\$52.33)
3I Firm Sales		N/A	4,443,082	341	13,029.6	(\$0.00307)	(\$40.05)	(\$0.01310)	(\$170.69)	(\$0.01617)	(\$210.73)
27 Dry Out											
31C Firm Sales	Block 1	2,000	13,939,076	757	36,203.7	(\$0.00281)		(\$0.01310)		(\$0.01591)	
	Block 2	all additional	13,467,112			(\$0.00257)		(\$0.01310)		(\$0.01567)	
	Total						(\$93.47)		(\$474.27)		(\$567.74)
31C Firm Trans											
	Block 1										
	Block 2										
	Total										
31I Firm Sales	Block 1	2,000	4,307,195	213	62,898.5	(\$0.00203)		(\$0.01310)		(\$0.01513)	
	Block 2	all additional	9,090,191			(\$0.00183)		(\$0.01310)		(\$0.01493)	
	Total						(\$115.52)		(\$823.97)		(\$939.49)
31I Firm Trans											
	Block 1										
	Block 2										
	Total										
32C Firm Sales	Block 1	10,000	29,490,102	447	91,220.2	(\$0.00166)		(\$0.01310)		(\$0.01476)	
	Block 2	20,000	9,822,678			(\$0.00141)		(\$0.01310)		(\$0.01451)	
	Block 3	20,000	1,289,872			(\$0.00099)		(\$0.01310)		(\$0.01409)	
	Block 4	100,000	172,791			(\$0.00058)		(\$0.01310)		(\$0.01368)	
	Block 5	600,000	0			(\$0.00033)		(\$0.01310)		(\$0.01343)	
	Block 6	all additional	0			(\$0.00017)		(\$0.01310)		(\$0.01327)	
	Total						(\$88.52)		(\$1,194.99)		(\$1,283.51)
32I Firm Sales	Block 1	10,000	5,360,114	58	238,422.2	(\$0.00118)		(\$0.01310)		(\$0.01428)	
	Block 2	20,000	5,892,899			(\$0.00101)		(\$0.01310)		(\$0.01411)	
	Block 3	20,000	1,916,231			(\$0.00071)		(\$0.01310)		(\$0.01381)	
	Block 4	100,000	659,244			(\$0.00041)		(\$0.01310)		(\$0.01351)	
	Block 5	600,000	0			(\$0.00024)		(\$0.01310)		(\$0.01334)	
	Block 6	all additional	0			(\$0.00012)		(\$0.01310)		(\$0.01322)	
	Total						(\$108.58)		(\$3,123.33)		(\$3,231.91)
32 Firm Trans											
	Block 1										
	Block 2										
	Block 3										
	Block 4										
	Block 5										
	Block 6										
	Total										
32C Interr Sales	Block 1	10,000	5,568,577	60	386,435.9	\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 2	20,000	7,855,149			\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 3	20,000	4,263,432			\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 4	100,000	5,289,560			\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 5	600,000	209,438			\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 6	all additional	0			\$0.00000		(\$0.01310)		(\$0.01310)	
	Total						\$0.00		(\$5,062.31)		(\$5,062.31)
32I Interr Sales	Block 1	10,000	6,504,917	60	512,167.9	\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 2	20,000	7,946,407			\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 3	20,000	4,247,049			\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 4	100,000	9,342,341			\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 5	600,000	2,689,361			\$0.00000		(\$0.01310)		(\$0.01310)	
	Block 6	all additional	0			\$0.00000		(\$0.01310)		(\$0.01310)	
	Total						\$0.00		(\$6,709.40)		(\$6,709.40)
32 Interr Trans											
	Block 1										
	Block 2										
	Block 3										
	Block 4										
	Block 5										
	Block 6										
	Total										
33											
Totals			708,886,664	631,289							

NW Natural
 Rates & Regulatory Affairs
 Oregon Schedule 185 and Schedule 186 Credit for 2017 Storage Activity
 Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS
 ALL VOLUMES IN THERMS

		2016-2017 PGA Rates									Schedule 185 Credits		
		2017				2017					Proposed Amount:	(\$2,665,657) Temporary Increment	
		Active Customer	Billing	WACOG &	Temporary	MARGIN	Volumetric	Customer	Active	Total	Revenue Sensitive Multiplier:	2.795% rev sensitive factor is built in	
		Volumes	Rate	Demand Rates*	Increments	Rate	Margin	Charge	Customers	Margin	Amount to Amortize:	(\$2,742,304) All sales 2, 3 and 31	
Schedule	Block	A	B	C	D	E=B-C-D	F = E * A	G	H	I = F + G*H	Multiplier	Allocation to RS	Increment
											J	K	L
2R		382,528,839	\$0.90723	\$0.43649	\$0.02604	\$0.44470	\$170,110,575	\$8.00	574,455	\$225,258,255	1.0	(\$1,939,715)	(\$0.00507)
3C Firm Sales		172,591,008	\$0.86447	\$0.43649	\$0.07356	\$0.35442	\$61,169,705	\$15.00	54,898	\$71,051,345	1.0	(\$611,828)	(\$0.00354)
3I Firm Sales		4,443,082	\$0.82099	\$0.43649	\$0.04138	\$0.34312	\$1,524,510	\$15.00	341	\$1,585,890	1.0	(\$13,656)	(\$0.00307)
27 Dry Out													
31C Firm Sales	Block 1	13,939,076	\$0.59951	\$0.31517	\$0.07048	\$0.21386	\$5,613,292	\$325.00	757	\$8,565,592	1.0	(\$73,759)	(\$0.00281)
	Block 2	13,467,112	\$0.58022	\$0.31517	\$0.06959	\$0.19546					1.0		(\$0.00257)
31C Firm Trans	Block 1												
	Block 2												
31I Firm Sales	Block 1	4,307,195	\$0.52142	\$0.31517	\$0.03737	\$0.16888	\$2,114,653	\$325.00	213	\$2,945,353	1.0	(\$25,363)	(\$0.00203)
	Block 2	9,090,191	\$0.50443	\$0.31517	\$0.03665	\$0.15261					1.0		(\$0.00183)
31I Firm Trans	Block 1												
	Block 2												
32C Firm Sales	Block 1	29,490,102	\$0.45060	\$0.31517	\$0.03666	\$0.09877	\$3,819,692	\$675.00	447	\$7,440,392	1.0	(\$64,070)	(\$0.00166)
	Block 2	9,822,678	\$0.43472	\$0.31517	\$0.03561	\$0.08394					1.0		(\$0.00141)
	Block 3	1,289,872	\$0.40833	\$0.31517	\$0.03388	\$0.05928					1.0		(\$0.00099)
	Block 4	172,791	\$0.38189	\$0.31517	\$0.03214	\$0.03458					1.0		(\$0.00058)
	Block 5		\$0.36585	\$0.31517	\$0.03090	\$0.01978					1.0		(\$0.00033)
	Block 6		\$0.35526	\$0.31517	\$0.03021	\$0.00988					1.0		(\$0.00017)
32I Firm Sales	Block 1	5,360,114	\$0.44761	\$0.31517	\$0.03491	\$0.09753	\$1,145,984	\$675.00	58	\$1,615,784	1.0	(\$13,914)	(\$0.00118)
	Block 2	5,892,899	\$0.43223	\$0.31517	\$0.03415	\$0.08291					1.0		(\$0.00101)
	Block 3	1,916,231	\$0.40657	\$0.31517	\$0.03289	\$0.05851					1.0		(\$0.00071)
	Block 4	659,244	\$0.38095	\$0.31517	\$0.03163	\$0.03415					1.0		(\$0.00041)
	Block 5		\$0.36535	\$0.31517	\$0.03068	\$0.01950					1.0		(\$0.00024)
	Block 6		\$0.35515	\$0.31517	\$0.03018	\$0.00980					1.0		(\$0.00012)
32 Firm Trans	Block 1												
	Block 2												
	Block 3												
	Block 4												
	Block 5												
	Block 6												
32C Interr Sales	Block 1												
	Block 2												
	Block 3												
	Block 4												
	Block 5												
	Block 6												
32I Interr Sales	Block 1												
	Block 2												
	Block 3												
	Block 4												
	Block 5												
	Block 6												
32 Interr Trans	Block 1												
	Block 2												
	Block 3												
	Block 4												
	Block 5												
	Block 6												
33													
TOTALS		654,970,433					\$245,498,411			\$318,462,611	\$318,462,611	(\$2,742,304)	

Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.
 * Since Billing Rates for all schedules above 31 do not include demand, column c for those schedules is WACOG only

NW Natural
Rates & Regulatory Affairs
Oregon Schedule 185 and Schedule 186 Credit for 2017 Storage Activity
Calculation of Increments Allocated on the EQUAL CENT PER THERM BASIS
ALL VOLUMES IN THERMS

				Schedule 186 Credits		
1				Proposed Amount:	(\$9,029,742) Temporary Increment	
2				Revenue Sensitive Multiplier:	2.795% add revenue sensitive factor	
3				Amount to Amortize:	(\$9,289,381) to all sales	
4				Multiplier	Volumes	Increment
5			2017 Active Customer Volumes	B	C	D
6	Schedule	Block	A			
7	2R		382,528,839	1.0	382,528,839	(\$0.01310)
8	3C Firm Sales		172,591,008	1.0	172,591,008	(\$0.01310)
9	3I Firm Sales		4,443,082	1.0	4,443,082	(\$0.01310)
10	27 Dry Out					
11	31C Firm Sales	Block 1	13,939,076	1.0	13,939,076	(\$0.01310)
12		Block 2	13,467,112	1.0	13,467,112	(\$0.01310)
13	31C Firm Trans	Block 1				
14		Block 2				
15	31I Firm Sales	Block 1	4,307,195	1.0	4,307,195	(\$0.01310)
16		Block 2	9,090,191	1.0	9,090,191	(\$0.01310)
17	31I Firm Trans	Block 1				
18		Block 2				
19	32C Firm Sales	Block 1	29,490,102	1.0	29,490,102	(\$0.01310)
20		Block 2	9,822,678	1.0	9,822,678	(\$0.01310)
21		Block 3	1,289,872	1.0	1,289,872	(\$0.01310)
22		Block 4	172,791	1.0	172,791	(\$0.01310)
23		Block 5	0	1.0	0	(\$0.01310)
24		Block 6	0	1.0	0	(\$0.01310)
25	32I Firm Sales	Block 1	5,360,114	1.0	5,360,114	(\$0.01310)
26		Block 2	5,892,899	1.0	5,892,899	(\$0.01310)
27		Block 3	1,916,231	1.0	1,916,231	(\$0.01310)
28		Block 4	659,244	1.0	659,244	(\$0.01310)
29		Block 5	0	1.0	0	(\$0.01310)
30		Block 6	0	1.0	0	(\$0.01310)
31	32 Firm Trans	Block 1				
32		Block 2				
33		Block 3				
34		Block 4				
35		Block 5				
36		Block 6				
37	32C Interr Sales	Block 1	5,568,577	1.0	5,568,577	(\$0.01310)
38		Block 2	7,855,149	1.0	7,855,149	(\$0.01310)
39		Block 3	4,263,432	1.0	4,263,432	(\$0.01310)
40		Block 4	5,289,560	1.0	5,289,560	(\$0.01310)
41		Block 5	209,438	1.0	209,438	(\$0.01310)
42		Block 6	0	1.0	0	(\$0.01310)
43	32I Interr Sales	Block 1	6,504,917	1.0	6,504,917	(\$0.01310)
44		Block 2	7,946,407	1.0	7,946,407	(\$0.01310)
45		Block 3	4,247,049	1.0	4,247,049	(\$0.01310)
46		Block 4	9,342,341	1.0	9,342,341	(\$0.01310)
47		Block 5	2,689,361	1.0	2,689,361	(\$0.01310)
48		Block 6	0	1.0	0	(\$0.01310)
49	32 Interr Trans	Block 1				
50		Block 2				
51		Block 3				
52		Block 4				
53		Block 5				
54		Block 6				
55	33					
56						
57	TOTALS				708,886,664	(\$0.01310)