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November 17, 2015

NWN OPUC Advice No. 15-16 / ADV _____

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE Suite 100
Post Office Box 1088
Salem, Oregon 97308-1088

Re: **Schedule P: Purchased Gas Cost Adjustments**
Compliance Filing: UM 1717 OPUC Order 15-297

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), files herewith the following revision to its Tariff P.U.C. Or. 25 stated to become effective with service on and after **December 21, 2015**:

First Revision of Sheet P-4,
Schedule P,
“Purchased Gas Cost Adjustments (continued);” and

Fourth Revision of Sheet P-5,
Schedule P,
“Purchased Gas Cost Adjustments (continued).”

This filing is submitted in compliance with the Stipulation adopted by the Commission in Order 15-297 entered September 28, 2015 in Docket UM 1717. See Appendix A of the Commission Order at page 4 of 10.

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.

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Sincerely,

/s/ Onita R. King

Onita R. King
Rates & Regulation
attachment

SCHEDULE P
PURCHASED GAS COST ADJUSTMENTS
(continued)

DEFINITIONS (continued):

- 19. Embedded Non-Commodity Cost – MDDV Based Sales Service: The Estimated Non-Commodity Cost per Therm – MDDV Based Firm Sales Service multiplied by the Actual Monthly MDDV Sales Service Volumes.
- 20. Financial Transactions: Cost of Financial Transactions related to gas supply, including but not limited to, hedges, swaps, puts, calls, options and collars that are exercised to provide price stability/control or supply reliability for sales service customers.
- 21. Gas Storage Facilities: The cost of natural gas for injections shall be the actual cost of purchasing gas for storage and the cost of injection of the gas into the storage facility. Withdrawals of natural gas shall be valued at the weighted average cost of gas in the facility plus any variable withdrawal costs. For purposes of annual rate filings, the cost of inventory in storage shall be an overall average cost including existing inventory volumes and costs and refill inventory volumes and costs. Refill volumes will be priced at the expected pricing used in each filing. Only the cost of natural gas withdrawn from Gas Storage Facilities will be included in the Actual Commodity Cost, as defined herein.
- 22. Seasonalized Fixed Charges: The projected monthly non-Commodity costs of gas recovery, calculated by multiplying the Embedded Non-Commodity Costs by Oregon forecasted sales.
- 23. Gas Reserves: The volumes of natural gas actually received by the Company through its acquisition of gas reserves through joint venture agreements as authorized by the Commission.¹ For purposes of annual rate filings, the cost of Gas Reserves includes all carrying costs on the rate base investment, amortization, operating expenses, gathering and processing costs, and ad Valorem and severance taxes.² The cost of Gas Reserves will be included in Actual Commodity Costs. (N)

CALCULATION OF MONTHLY GAS COSTS FOR DEFERRAL PURPOSES:

The Company shall maintain sub-accounts of Account 191. Monthly entries into these sub-accounts shall be made to reflect: 1) the difference between the monthly Actual Commodity Cost and the monthly Embedded Commodity Cost, 2) the difference between Actual Non-Commodity Cost and the monthly portion of Estimated Non-Commodity Cost and, 3) the difference between Embedded Non-Commodity Cost and monthly Seasonalized Fixed Charges. The entries shall be calculated each month as follows:

(K)
(K)
(K)

(continue to Sheet P-5)

¹ See Commission order 11-140 in UM 1520/UG 204.

² Except for the seven post-carry wells, which will be priced at \$4.725 per dekatherm, pursuant to a Stipulation adopted by the Commission in Order 15-297 in Docket UM 1717.

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fourth Revision of Sheet P-5
Cancels Third Revision of Sheet P-5

SCHEDULE P
PURCHASED GAS COST ADJUSTMENTS
(continued)

CALCULATION OF MONTHLY GAS COSTS FOR DEFERRAL PURPOSES (continued):

1. A debit or credit entry shall be made equal to 100% of the difference between the monthly Actual Non-Commodity Cost and the Monthly Embedded Non-Commodity Cost, net of revenue sensitive effects (M)
(M)
(M)
2. A debit or credit entry shall be made equal to 100% of any monthly difference between actual monthly fixed charge recoveries and Monthly Seasonalized Fixed Charges. The Monthly Seasonalized Fixed Charges for the period November 1, 2015 through October 31, 2016 are:

November	2015	\$8,530,506
December	2015	\$12,155,128
January	2016	\$11,445,540
February	2016	\$9,583,025
March	2016	\$8,143,837
April	2016	\$6,042,536
May	2016	\$3,912,397
June	2016	\$2,374,325
July	2016	\$2,063,471
August	2016	\$2,048,574
September	2016	\$2,196,176
October	2016	\$4,970,518
ANNUAL TOTAL		\$73,466,033

3. A debit or credit entry shall be made equal to 80% of the difference between the Actual Commodity Cost and the Embedded Commodity Cost. A debit or credit entry will also be made equal to 100% of the difference between storage withdrawals priced at the actual book inventory rate as of October 31 prior to the PGA year and storage withdrawals priced at the inventory rate used in the PGA filing. For any given tracker year, if the total activity subject to debit or credit entries that is related to the Gas Reserves transaction exceeds \$10 million, amounts beyond \$10 million will be recorded at 100%.
4. Monthly differentials shall be deemed to be positive if actual costs exceed embedded costs and to be negative if actual costs fall below embedded costs.
5. The cost differential entries shall be debited to the sub-accounts of Account 191 if positive, and credited to the sub-accounts of Account 191 if negative.
6. Interest – Beginning November 1, 2007, the Company shall compute interest on existing deferred balances on a monthly basis using the interest rate(s) approved by the Commission.
(continue to Sheet P-6)

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