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September 16, 2016

VIA ELECTRONIC FILING

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 1496;
Application for Reauthorization to Defer Certain Expenses or Revenues

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith the above-referenced Application for Authorization and Reauthorization to Defer Certain Expenses or Revenues. The Application is filed in order to continue deferrals relative to the Company's purchased gas cost adjustment increment for later recovery through the PGA.

A notice of this Application has been served on 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
NW Natural Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, ext. 3589
eFiling@nwnatural.com

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson
Manager Regulatory Affairs

1 BEFORE THE PUBLIC UTILITY COMMISSION

2 OF

3 OREGON

4 UM 1496

5 In the Matter of the Application)
6 by NORTHWEST NATURAL GAS COMPANY,)
7 dba NW NATURAL, for Reauthorization)
8 to Defer Certain Expenses or Revenues)
9 Pursuant to ORS 757.259)

10 APPLICATION FOR AUTHORIZATION AND
11 REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES

12 Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”),
13 hereby files with the Public Utility Commission of Oregon (Commission) this application
14 seeking reauthorization to use deferred accounting pursuant to ORS 757.210 and
15 757.259, and OAR 860-27-300, for the 12-month period beginning November 1, 2016,
16 through October 31, 2017, for gas commodity costs and demand costs.

17 NW Natural seeks to defer these expenses or revenues so that they can be
18 recovered or returned to customers through the Company’s annual Purchased Gas
19 Adjustment (PGA), pursuant to ORS 757.210(1)(b).

20 In support of this Application, NW Natural states:

21 **A. NW Natural**

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

1 **B. Statutory Authority**

2 This application is filed pursuant to ORS 757.259, which empowers the
3 Commission to authorize the deferral of expenses or revenues of a public utility for later
4 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 E-mail: eFiling@nwnatural.com
14
15

16 **D. Description of Expenses or Revenues for which Deferred Accounting is**
17 **Requested - OAR 860-027-300(3)(a)**

18
19 NW Natural hereby requests the authorization to use deferred accounting for the
20 following:

- 21 1) Demand and other fixed gas costs to be recovered or refunded at one
22 hundred percent (100%) of the difference between the actual cost
23 experienced and the amount collected from rates pursuant to Tariff P.U.C.
24 Or. 25 Schedule P, or its successor, and as previously authorized in
25 Commission Order Nos. 89-1046, 99-272, and 99-697;
- 26 2) Commodity gas cost variations to be recovered or refunded as described
27 in NW Natural's Tariff P.U.C. Or. 25 Schedule P, or its successor;
- 28 2) All previously-authorized account balances related to PGA commodity and
29 capacity cost deferrals not presently authorized for amortization or being

1 proposed for amortization, all as described in NW Natural Advice No. 16-
2 17.

3 **E. Reason for Application for Reauthorization of Deferred Accounting - OAR**
4 **860-027-0300(3)(c)**

5 The authorization for deferred accounting treatment as described above can be
6 authorized pursuant to ORS 757.259(2)(d) because the described balances are “utility
7 expenses or revenues, the recovery or refund of which the commission finds should be
8 deferred in order to minimize the frequency of rate changes ... or to match appropriately
9 the costs borne by and benefits received by ratepayers.” Additionally, NW Natural’s
10 Tariff P.U.C. Or. 25 Schedule P provides for the collection of these costs through
11 deferred accounting treatment and subsequent amortization through the Company’s
12 Purchased Gas Adjustment, which is implemented pursuant to ORS 757.210(1)(b).

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

14 The charges incurred for gas costs pursuant to the PGA activity and other
15 incurred gas costs, absent the requested account 191 deferral, would be recorded as
16 increases/decreases in the appropriate 80X gas expense subaccounts.

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

18 NW Natural is unable to estimate the amount to be deferred during the next PGA
19 cycle. Please note that market fluctuations and cyclical collection differences make it
20 impossible to accurately estimate capacity and commodity deferral amounts.

21 **H. Reason for Continuation of Deferred Accounting – OAR 860-027-0300(4)(b)**

22 The continuation of deferred accounting for the matters addressed above is
23 justified because they are continuing in nature.

3 - APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES

1 **I. Requirements per Commission Order No. 09-263**

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

4 **1. A completed Summary Sheet, the location in the PGA filing, and an**
5 **account map that highlights the transfer of dollars from one account to**
6 **another**

7 Exhibit A includes the Summary Sheet which shows the amounts
8 deferred and demonstrates the transfer of dollars from one account to
9 another. Exhibit A was attached to our electronic 2016-17 PGA filing as a file
10 entitled, "Proposed Temps Oregon 2016-17 PGA September filing.xlsx."

11 **2. The effective date of the deferral**

12 This application is for the 12-month period beginning November 1,
13 2016 and ending October 31, 2017.

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

15 Permission to defer PGA-related expenses or revenues was last
16 granted in Commission Order No. 15-337 issued October 20, 2015.

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

18 See Exhibit A.

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

20 See Exhibit A.

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

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

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

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

5 **J. Notification of Filing**

6 A notice of this Application has been served on all parties who participated in the
7 Company's most recent general rate case, UG 221, and is attached to this Application
8 as Exhibit B.

9 DATED this 16th day of September 2016.

10 Respectfully submitted,

11 NW NATURAL

12 */s/ Mark R. Thompson*

13 _____
14 Mark R. Thompson
15 Rates & Regulatory Affairs
16 220 NW Second Avenue
17 Portland, Oregon 97209-3991
18 Phone: (503) 721-2476
19 Email: Mark.Thompson@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Demand Deferral
 Account Number: 191411
 Dockets UM 1496 and UG 278
 Amortization of 2014-15 deferral approved in Order No. 15-331

1	2	3	4	5	6	7	8	9	10	11	12
Debit	(Credit)	Month/Year	Note	Amortization	Transfers	Interest	Interest	Rate	Activity	Balance	
		(a)	(b)	(c)	(d)	(e)	(e)		(f)	(g)	
7	Beginning Balance										
123		Nov-15	old rates	137,180.72		(1,175.84)		1.77%	136,004.88	(729,764.90)	
124		Nov-15	new rates (1)	(344,103.54)	9,756,304.40	15,414.67		1.93%	9,427,615.53	8,697,850.63	
125		Dec-15		(1,360,659.75)		12,894.85		1.93%	(1,347,764.90)	7,350,085.74	
126		Jan-16		(1,603,178.16)		10,532.17		1.93%	(1,592,645.99)	5,757,439.75	
127		Feb-16		(1,076,585.12)		8,394.13		1.93%	(1,068,190.99)	4,689,248.76	
128		Mar-16		(942,161.32)		6,784.22		1.93%	(935,377.10)	3,753,871.67	
129		Apr-16		(694,689.49)		5,478.83		1.93%	(689,210.66)	3,064,661.01	
130		May-16		(439,870.80)		4,575.27		1.93%	(435,295.53)	2,629,365.47	
131		Jun-16		(366,439.18)		3,934.22		1.93%	(362,504.96)	2,266,860.51	
132		Jul-16	forecast	(273,583.19)		3,425.86		1.93%	(270,157.33)	1,996,703.18	
133		Aug-16	forecast	(271,957.45)		2,992.67		1.93%	(268,964.78)	1,727,738.40	
134		Sep-16	forecast	(286,694.28)		2,548.23		1.93%	(284,146.05)	1,443,592.35	
135		Oct-16	forecast	(631,167.80)		1,814.21		1.93%	(629,353.59)	814,238.76	
136											
137											
138											
139											
140											

History truncated for ease of viewing
Amount amortized Nov 15 - Jun 16 with interest: (6,623,674.11)

NOTES:

1 - Transfer in authorized balances from accounts 191410, 191450, 191417



September 16, 2016

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO
DEFER CERTAIN EXPENSES OR REVENUES
UM 1496**

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 annual purchased gas cost adjustment and 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 that participated 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
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 October 11, 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.

* * * * *

CERTIFICATE OF SERVICE
UM 1496

I hereby certify that I have this day served the foregoing NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING ORDER FOR THE COMPANY'S PURCHASED GAS ADJUSTMENT MECHANISM, upon all parties of record in the UG 221 proceeding, which is the Company's most recent general rate case, by electronic mail.

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DATED at Portland, Oregon, this 16th day of September 2016.

/s/ Shannon L. Seagondollar
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