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VIA ELECTRONIC FILING

October 4, 2017

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 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 concerning this Application will be sent to 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
Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, ext. 3589
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Analyst

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1496

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba, NW NATURAL

For Reauthorization for Defer Certain
Expenses or Revenues Pursuant to
ORS 757.259

APPLICATION

1 Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the
2 “Company”) hereby files with the Public Utility Commission of Oregon (the
3 “Commission”) this application (“Application”) seeking reauthorization to use deferred
4 accounting pursuant to ORS 757.210 and 757.259, and OAR 860-27-300, for the 12-
5 month period beginning November 1, 2017 through October 31, 2018 for all expenses
6 associated with gas commodity costs and demand costs.

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

10 In support of this Application, NW Natural states:

11 **A. NW Natural.**

12 NW Natural is a public utility in the State of Oregon and is subject to the
13 jurisdiction of the Commission regarding rates, service, and accounting practices. NW
14 Natural also provides retail natural gas service in the States of Oregon and Washington.

15

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 Email: eFiling@nwnatural.com;

14
15 Zachary D. Kravitz (OSB# 152870)
16 Associate Counsel
17 220 NW Second Avenue
18 Portland, Oregon 97209-3991
19 Phone: (503) 220-2379
20 Email: zdk@nwnatural.com;

21
22 and

23
24 Kyle Walker, CPA
25 Rates & Regulatory Affairs
26 220 NW Second Avenue
27 Portland, Oregon 97209-3991
28 Phone: (503) 226-4211 Ext. 5858
29 Email: Kyle.Walker@nwnatural.com

30 **D. Description of the Expenses or Revenues for which Deferred Accounting is**
31 **Requested – OAR 860-027-0300(3)(a).**

32 NW Natural hereby requests the authorization to use deferred accounting for the
33 following:

- 1 1) Demand and other fixed gas costs to be recovered or refunded at one
2 hundred percent (100%) of the difference between the actual cost
3 experienced and the amount collected from rates pursuant to Tariff P.U.C.
4 Or. 25 Schedule P, or its successor, and as previously authorized in
5 Commission Order Nos. 89-1046, 99-272, and 99-697;
- 6 2) Commodity gas cost variations to be recovered or refunded as described
7 in NW Natural's Tariff P.U.C. Or. 25 Schedule P, or its successor;
- 8 3) All previously-authorized account balances related to PGA commodity and
9 capacity cost deferrals not presently authorized for amortization or being
10 proposed for amortization, all as described in NW Natural Advice No. 17-
11 12.

12 **E. Reasons for Application for Reauthorization of Deferred Accounting – OAR**
13 **860-027-0300(3)(b).**

14 The authorization for deferred accounting treatment as described above can be
15 authorized pursuant to ORS 757.259(2)(e) because the described balances are “utility
16 expenses or revenues, the recovery or refund of which the commission finds should be
17 deferred in order to minimize the frequency of rate changes ... or to match appropriately
18 the costs borne by and benefits received by ratepayers.” Additionally, NW Natural's
19 Tariff P.U.C. Or. 25 Schedule P provides for the collection of these costs through
20 deferred accounting treatment and subsequent amortization through the Company's
21 Purchased Gas Adjustment, which is implemented pursuant to ORS 757.210(1)(b).

22 **///**

23 **///**

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

2 Beginning on November 1, 2017 and ending twelve months from this date, NW
3 Natural proposes to account for charges incurred for gas costs pursuant to the PGA
4 activity and other incurred gas costs, absent the requested account 191 deferral, be
5 recorded as increases/decreases in the appropriate 80X gas expense subaccounts.

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

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

10 **H. Entries into deferred account during past 12 months - OAR 860-027-0300(4)(a)**

11 Pursuant to OAR 860-027-300(4)(a), NW Natural has deferred \$15,172,799 for
12 the months July 2016 through June 2017.

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

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

16 **J. Requirement 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 Purchase Gas Adjustment Mechanisms:

- 19 1. **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 deferred
23 and demonstrates the transfer of dollars from one account to another. Exhibit

1 A was attached to our electronic 2017-18 PGA filing as a file entitled,
2 "Proposed Temps Oregon 2016-17 PGA August filing.xlsx."

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

4 This application is for the 12-month period beginning November 1, 2017 and
5 ending October 31, 2018.

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

7 Approval to defer costs associated with PGA-related expenses was last
8 granted under Commission Order No. 16-384 issued on October 18, 2016.

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

10 See Exhibit A.

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

12 See Exhibit A.

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

14 The interest rate for deferral accounts is 7.778%. Monies that have been
15 transferred for amortization accrue interest at the rate of 2.38%.

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

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

20 ///

21 ///

22 ///

1 **K. Notice – OAR 800-027-0300(3)(e)(6).**

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

5 NW Natural respectfully requests that the Commission issue an order
6 reauthorizing the Company to defer the expenses or revenues described in the
7 Application to ensure that the Company will be authorized to recover costs associated
8 with the Company's annual Purchased Gas Adjustment (PGA).

Dated this 4th day of October, 2017,

Respectfully Submitted,

NW NATURAL

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Analyst

/s/ Zachary D. Kravitz

Zachary D. Kravitz (OSB# 152870)
Associate Counsel
220 NW Second Avenue
Portland, Oregon 97209-3991
Phone: (503) 220-2379
Email: zdk@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon WACOG Deferral
 Account Number: 191401
 Dockets UM 1496 and UG 313
 Amortization of 2015-16 deferral approved in Order No. 16-403

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)	(e1)	(e2)	(f)	(g)					
Beginning Balance												
136		407,940.78	Nov-16 old rates	(1,519.70)	1.93%	406,421.08	(742,437.99)					
137		293,121.40	Nov-16 new rates (1)	(12,898.21)	2.20%	(6,901,726.03)	(7,644,164.02)					
138		1,227,993.12	Dec-16	(12,888.64)	2.20%	1,215,104.48	(6,429,059.54)					
139		1,916,111.24	Jan-17	(10,030.17)	2.20%	1,906,081.07	(4,522,978.47)					
140		1,489,288.11	Feb-17	(6,926.95)	2.20%	1,482,361.16	(3,040,617.32)					
141		1,167,276.60	Mar-17	(4,504.46)	2.20%	1,162,772.14	(1,877,845.18)					
142		865,692.26	Apr-17	(2,649.16)	2.20%	863,043.10	(1,014,802.08)					
143		646,824.22	May-17	(1,267.55)	2.20%	645,557.80	(369,244.28)					
144		398,199.38	Jun-17	(311.93)	2.20%	397,887.45	28,643.17					
145		279,838.64	Jul-17 Forecast	309.03	2.20%	280,147.67	308,790.84					
146		278,216.12	Aug-17 Forecast	821.15	2.20%	279,037.27	587,828.11					
147		298,092.04	Sep-17 Forecast	1,350.94	2.20%	299,442.98	887,271.09					
148		590,108.34	Oct-17 Forecast	2,167.60	2.20%	592,275.94	1,479,547.03					
149												
150												
151												
152												
153												
154												

History truncated for ease of viewing **Amount amortized during Nov 16- Jun 17 with interest: 8,359,450.33**

NOTES:

- 1 - Transferred in authorized balance from accounts 191400 and 191405.
- 2 - Transfer represents a true-up to the general ledger.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Demand Deferral
 Account Number: 191411
 Dockets UM 1496 and UG 313
 Amortization of 2015-16 deferral approved in Order No. 16-403

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Debit	(Credit)	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance				
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)						
7	Beginning Balance												
136		Nov-16	old rates	(343,420.93)		1,374.02	1.93%	(342,046.91)	683,977.77				
137		Nov-16	new rates (1)	(252,067.75)	7,330,925.04	13,208.97	2.20%	7,092,066.26	7,776,044.03				
138		Dec-16		(1,203,661.71)		13,152.72	2.20%	(1,190,508.99)	6,585,535.05				
139		Jan-17		(1,907,657.53)		10,324.79	2.20%	(1,897,332.74)	4,688,202.30				
140		Feb-17		(1,476,251.99)		7,241.81	2.20%	(1,469,010.18)	3,219,192.12				
141		Mar-17		(1,140,964.20)		4,855.97	2.20%	(1,136,108.23)	2,083,083.89				
142		Apr-17		(837,211.73)		3,051.54	2.20%	(834,160.19)	1,248,923.69				
143		May-17		(615,963.49)		1,725.06	2.20%	(614,238.43)	634,685.26				
144		Jun-17		(366,341.19)		827.78	2.20%	(365,513.41)	269,171.85				
145		Jul-17	Forecast	(250,620.59)		263.75	2.20%	(250,356.84)	18,815.01				
146		Aug-17	Forecast	(249,782.90)		(194.47)	2.20%	(249,977.37)	(231,162.36)				
147		Sep-17	Forecast	(267,797.27)		(669.28)	2.20%	(268,466.55)	(499,628.91)				
148		Oct-17	Forecast	(562,656.54)		(1,431.75)	2.20%	(564,088.29)	(1,063,717.20)				
149													
150													
151													
152													
153													

Amount amortized during Nov 16- Jun 17 with interest: (8,087,777.87)

History truncated for ease of viewing

NOTES:

1 - Transferred in authorized balances from accounts 191410, 191450, and 191417.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Core Market Commodity gas cost deferral
 Account Number: 191400
 Docket UM 1496
 Last deferral reauthorization was approved in Order 16-384

Narrative: Deferral of customer's share of the difference between actual core commodity cost incurred and the Annual Sales WACOG embedded in customer rates. From Nov 2015 - Oct 2016 the deferral election was 80%. Effective Nov 2016 the deferral election is 90%.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
Debit	(Credit)	Month/Year	Note	Commodity Deferral	Storage Adjustment	Hedge Adjustment	Interest	Interest Rate	Transfer	Activity	Balance										
		(a)	(b)	(c)	(d)	(e)	(f1)	(f2)	(g)	(h)	(i)										
126	Beginning Bal																				
127	Nov-16	1		(700,831.39)	(3,462.14)	19,907.80	(10,979.06)	7.778%	7,181,949.22	6,486,584	(2,047,035.27)										
128	Dec-16			1,622,359.46	(7,117.85)	(14,507.40)	(8,080.49)	7.778%		1,592,654	(454,381.54)										
129	Jan-17			714,538.28	(8,201.73)	(16,294.00)	(708.84)	7.778%		689,334	234,952.16										
130	Feb-17			(2,175,707.56)	(5,609.16)	(1,202.60)	(5,550.30)	7.778%		(2,188,070)	(1,953,117.45)										
131	Mar-17			(2,947,035.53)	(4,705.65)	9,467.00	(22,194.88)	7.778%		(2,964,469)	(4,917,586.50)										
132	Apr-17			(1,703,279.38)	(3,379.07)	(259.80)	(37,405.99)	7.778%		(1,744,324)	(6,661,910.74)										
133	May-17			(221,606.13)	(2,064.18)	(2,417.30)	(43,913.00)	7.778%		(270,001)	(6,931,911.35)										
134	Jun-17			405,864.95	(1,427.06)	10.80	(43,619.59)	7.778%		360,829	(6,571,082.25)										
135	Jul-17						(42,591.56)	7.778%		(42,592)	(6,613,673.81)										
136	Aug-17						(42,867.63)	7.778%		(42,868)	(6,656,541.44)										
137	Sep-17						(43,145.48)	7.778%		(43,145)	(6,699,686.92)										
138	Oct-17						(43,425.14)	7.778%		(43,425)	(6,743,112.06)										
139	History truncated for ease of viewing											Amount deferred during Nov 16 - Jun 17 with interest: (5,178,149.45)									
140																					
141	NOTES:																				
142	1 - Transferred June balance plus July-October interest on June balance to account 191401 for amortization.																				

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Core Market Demand cost deferral
 Account Number: 191410
 Docket UM 1496
 Last deferral reauthorization was approved in Order 16-384

Narrative: Deferral of 100% of the difference between actual demand cost incurred and the demand cost embedded in customer rates.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Debit (Credit)	Month/Year	Note	Demand Deferral	Transfer	Interest	Interest Rate	Activity	Balance											
	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)											
Beginning Bal																			
126	Nov-16	1	65,712.39840	1,343,731.46	20.79	7.778%	1,409,464.65	36,084,490.20											
127	Dec-16		11,395.03		270.82	7.778%	11,665.85	47,750.34											
128	Jan-17		(31,117.10)		208.66	7.778%	(30,908.44)	16,841.90											
129	Feb-17		161,358.86		632.10	7.778%	161,990.96	178,832.86											
130	Mar-17		88,426.17		1,445.71	7.778%	89,871.88	268,704.74											
131	Apr-17		65,552.63		1,954.10	7.778%	67,506.73	336,211.46											
132	May-17		47,370.84		2,332.73	7.778%	49,703.57	385,915.03											
133	Jun-17		(59,805.29)		2,307.55	7.778%	(57,497.74)	328,417.29											
134	Jul-17				2,128.69	7.778%	2,128.69	330,545.98											
135	Aug-17				2,142.49	7.778%	2,142.49	332,688.47											
136	Sep-17				2,156.38	7.778%	2,156.38	334,844.85											
137	Oct-17				2,170.35	7.778%	2,170.35	337,015.20											
138																			
139																			
140																			
141																			
142																			

Amount deferred during Nov 16 - Jun 17 with interest: 358,066

History truncated for ease of viewing

NOTES

1 - Transferred June balance plus July-October interest on June balance to account 191411 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Seasonalized Demand Collection Deferral
 Account Number: 191450
 Docket UM 1496
 Last deferral reauthorization was approved in Order 16-384

Narrative: Deferral of 100% of the difference between actual demand costs collected and the seasonalized imbedded demand costs embedded in customer rates.

1	2	3	4	5	6	7	8	9	10	11	12							
Debit (Credit)	Month/Year	Note	Demand Deferral	Interest	Interest Rate	Transfer	Activity	Balance	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Beginning Bal																		
126	Nov-16	1	1,582,936.75	3,972.34	7.778%	(8,561,318.05)	(6,974,408.96)	1,408,298.80										
127	Dec-16		(1,987,604.89)	2,686.63	7.778%		(1,984,918.26)	(576,619.47)										
128	Jan-17		(4,570,905.39)	(18,551.00)	7.778%		(4,589,456.39)	(5,166,075.85)										
129	Feb-17		(1,682,967.13)	(38,939.00)	7.778%		(1,721,906.13)	(6,887,981.98)										
130	Mar-17		(1,152,976.62)	(48,382.21)	7.778%		(1,201,358.83)	(8,089,340.81)										
131	Apr-17		(879,886.56)	(55,283.98)	7.778%		(935,170.54)	(9,024,511.35)										
132	May-17		41,412.96	(58,359.66)	7.778%		(16,946.70)	(9,041,458.05)										
133	Jun-17		87,645.12	(58,319.67)	7.778%		29,325.45	(9,012,132.60)										
134	Jul-17			(58,413.64)	7.778%		(58,413.64)	(9,070,546.24)										
135	Aug-17			(58,792.26)	7.778%		(58,792.26)	(9,129,338.50)										
136	Sep-17			(59,173.33)	7.778%		(59,173.33)	(9,188,511.83)										
137	Oct-17			(59,556.87)	7.778%		(59,556.87)	(9,248,068.70)										
138																		

History truncated for ease of viewing

Amount deferred during Nov 16 - Jun 17 with interest: (8,833,522)

NOTES

1 - Transferred June balance plus July-October interest on June balance to account 191411 for amortization.



UM 1496

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

October 4, 2017

To All Parties Who Participated in UG 221:

Please be advised that on October 4, 2017 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). A copy of the Company's application is available for inspection at its main office or at the Public Utility of Oregon's ("Commission") eDocket website.

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 by November 4, 2017. The granting of this Reauthorization of Deferral 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 on October 4, 2017 I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES FOR THE COMPANY'S PURCHASED GAS ADJUSTMENT MECHANISM, upon all parties of record in docket UG 221, which is the Company's most recent general rate case.

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DATED October 4, 2017 Portland, OR.

/s/ Erica Lee
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