

ORDER NO. 16 398

ENTERED OCT 18 2016

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 308

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURAL,

Revisions to Schedule 178, Purchased Gas
Cost Adjustment relating to Amortization of
Residual Account Balances.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at the October 18, 2016 Special Public Meeting, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 18 day of October, 2016, at Salem, Oregon.


Lisa D. Hardie
Chair




John Savage
Commissioner


Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ORDER NO. 16 398

ITEM NO. CA4

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 18, 2016**

REGULAR _____ CONSENT X EFFECTIVE DATE November 1, 2016

DATE: September 20, 2016

TO: Public Utility Commission

FROM: Judy Johnson

THROUGH: Jason Eisdorfer and Marc Hellman

SUBJECT: NORTHWEST NATURAL: (Docket No. UG 308/Advice No. 16-12)
Revises Schedules 178, 179, and 180, Amortization of Residual Account Balances.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Northwest Natural Gas Company's (NW Natural or Company) filing requesting amortization of residual amounts in several Dockets for inclusion in rates effective November 1, 2016.

DISCUSSION:

Issue

Whether to allow NW Natural to amortize residual amounts from several deferred accounts that have been consolidated into one deferred account balance.

Applicable Law

Under ORS 757.259, the Commission may authorize utilities to defer actual costs for later amortization in rates. Deferred amounts are allowed in rates in a proceeding to change rates under ORS 757.210, after a prudence and earnings review.

In Order No. 10-279, the Commission determined that a utility may create a deferred account for the purpose of rolling over any residual amounts left at the end of the amortization period of any deferred account that is subject to annual or biannual requests for amortization as long as the residual amount is equal to or less than 0.05 percent of the utility's retail operating revenues in the previous calendar year.

NWN Advice No. 16-12
September 20, 2016
Page 2

Discussion

The purpose of the Company's filing is to request amortization of residual deferral balance amounts included in a residual balance account under Order No. 10-279.

NW Natural last adjusted rates for this purpose effective November 1, 2015.

There are no residual account balances for inclusion in rates effective November 1, 2016. The net effect of removing the temporary adjustment applied to rates effective November 1, 2015 is to increase the Company's annual revenues by \$65,138, or about 0.01 percent. The number of customers affected by the proposed change is 579,129 residential customers, 60,111 commercial customers, and 935 industrial customers.

Conclusion

All of the deferrals included in this filing occurred with appropriate Commission approval and have previously been approved for amortization. The amounts to be amortized under this filing are residual amounts left over after amortization of most of the deferral balances.

After a review of this filing and workpapers, Staff believes that the proposed rates are correctly calculated and applied. A review of NW Natural's earnings was performed prior to the Commission's approval of the original amortization of these amounts.

Because the amounts subject to amortization in this filing have previously been approved for amortization, Staff focused its prudence review on whether the amounts to be amortized and rates are accurate.

The Company has reviewed this memo and has no issues with it.

PROPOSED COMMISSION MOTION:

Approve Northwest Natural's filing requesting amortization of residual amounts in several Dockets for inclusion in rates and allow the associated tariff sheets to take effect on November 1, 2016.

NWN Advice 16-12