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August 30, 2013

NWN Advice No. WUTC 13-4 /UG _____

VIA ELECTRONIC FILING

Steven V. King, Executive Director and Secretary
WASHINGTON UTILITIES &
TRANSPORTATION COMMISSION
1300 S Evergreen Park Drive, SW
Post Office Box 47250
Olympia, Washington 98504-7250

Re: Annual Purchased Gas Cost Adjustment; Deferred Gas Cost Amortization Adjustments; and other Non-Gas Cost Amortization Adjustments

Northwest Natural Gas Company, dba NW Natural (NWN or the "Company") files revisions to its Tariff WN U-6, as listed in the attached Table of Tariff Sheet Revisions. The proposed tariff sheets are stated to become effective with service on and after November 1, 2013.

I. Introduction and Summary

The purposes of this filing are to revise rates for (a) the effects of changes in purchased gas costs, and (b) for the further effects of applying and removing temporary rate adjustments to amortize balances in deferred accounts. The Company revises rates for both of these purposes annually; the last such filing was effective on November 1, 2012.

The combined effect of the proposed rate changes is to increase the average monthly bills in the primary rate schedules as follows: Residential bills will increase by 1.2% and commercial bills will increase 1.1%. If the effects of the temporary rate adjustments were permanent, the combined result of all components of the rate changes would be an increase in the Company's revenues from its Washington operations of \$1,389,196.

II. Purchased Gas Cost Adjustment

This portion of the filing will: (a) pass through changes in the cost of gas purchased by the Company from its natural gas suppliers; and (b) pass through changes in the cost of pipeline and storage capacity under contract with the Company's pipeline transporters.

Including revenue sensitive effects, the proposed Annual Sales Weighted Average Cost of Gas (WACOG) is \$0.40076 per therm; the proposed Winter Sales Weighted Average Cost of Gas is \$0.40021; the proposed firm service pipeline capacity cost is \$0.13961 per therm, and the proposed interruptible service pipeline capacity cost is \$0.04876. The net effect of the combined purchased gas adjustments in this filing is an increase of \$0.01339 per

therm for firm sales rate schedules and an increase of \$0.01390 per therm for interruptible sales rate schedules.

Should there be a subsequent change in the pipeline's rates or other gas supply costs from levels used to determine the adjustments the Company proposes in this filing, then the Company will reflect such changes to Washington gas customers in a manner approved by the Commission.

III. Temporary Rate Adjustments

This portion of the filing is to make periodic technical adjustments to rates under the terms of the Company's tariffs in order to amortize credit or debit balances in its deferred gas cost accounts (Account 191) and other non-gas cost accounts (Account 186). These adjustments are shown in the Supporting Materials as the removal of current temporary rate adjustments and the application of new temporary rate adjustments.

Collections and refunds under the temporary rate adjustments do not affect the Company's earnings because the accruals to these accounts already have been reflected in recorded results.

The new temporary adjustments include the following:

1. A 12-month amortization of refund balances in accounts 191.420 and 191.421. The balance in 191.420 relates to commodity gas costs incurred during the current PGA period that began on November 1, 2012. The refund balance in account 191.421 is the remaining unamortized amount from a consolidation of commodity-related amortization accounts.
2. A 12-month amortization of balances in accounts 191.430, 191.431 and 254.302. The refund balance in 191.430 represents the amount the Company collected from its Washington customers during the past year that exceeded the amount incurred by the Company for demand charges. Account 191.431 is the remaining unamortized amount from a consolidation of demand-related deferred accounts. Account 254.302 relates to the deferral of storage-related off system sales.
3. A 12-month amortization of collection balances in account 186.234. The balance in 186.234 relates to the Schedule J "Gas Residential Energy Assistance" Tariff (GREAT), which is the Company's low-income bill payment assistance program. Account 186.235 is the remaining unamortized amount from this schedule from the prior year.
4. A 12-month amortization of collection balances in accounts 186.310 and 186.312. The balance in 186.310 relates to the general administration of Schedule G and the balance in account 186.312 relates to the programs offered by the Energy Trust of Oregon under Schedule G "Energy Efficiency Services and Programs – Residential and Commercial." Account 186.316 is the remaining unamortized amount from this schedule from the prior year.
5. A 12-month amortization of collection balances in account 186.314. The balance in 186.314 relates to the Schedule I "Washington Low Income Energy Efficiency Tariff

(WALIEE), which is the Company's low-income energy efficiency program. Account 186.315 is the remaining unamortized amount from this schedule from the prior year.

The removal of the temporary adjustments that were placed into rates effective November 1, 2012 is also reflected in this portion of the filing.

In addition to the supporting materials submitted as part of this filing, the Company will separately submit work papers in electronic format, all of which are incorporated herein by reference.

In accordance with WAC 480-90-198, the Company declares that notice to customers is made in accordance with WAC 480-90-194(5). A copy of this notice is included with this filing.

This rate change affects all of NW Natural's Washington customers. NW Natural currently serves approximately 66,460 residential customers and 5,632 business and industrial customers in the Company's Washington service territory.

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after November 1, 2013.

As required by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

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

Please address correspondence on this matter to me at ork@nwnatural.com, with copies to the following:

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Sincerely,

NW NATURAL

/s/ Onita R. King

Onita R. King
Rates & Regulatory Affairs
Attachments: Supporting Materials