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September 15, 2014

NWN Advice No. WUTC 14-5 / 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, 2014.

**I. Introduction and Summary**

The purposes of this filing are to revise rates for: (1) the effects of changes in purchased gas costs, and (2) the effects of changes in deferred gas cost and non-gas cost amortization adjustments. This filing also applies the combined effects of changes in rates associated with each of these purposes, including the effects of adjustments to rates proposed under Schedule 215, as filed in NWN WUTC Advice No. 14-4. The Company revises rates for these purposes annually; the last such filing was effective on November 1, 2013.

**II. Purchased Gas Cost Adjustment**

This portion of the filing shows: (a) the cost of gas purchased by the Company from its natural gas suppliers, and the derivation of the Annual Weighted Average Cost of Gas (WACOG) (aka commodity rate) and the Winter Weighted Average Cost of Gas proposed to be applied to rates effective November 1, 2014; and (b) the cost of pipeline and storage capacity under contract with the Company's pipeline transporters, and the derivation of the firm and interruptible demand charges (aka pipeline capacity charge) proposed to be applied to rates effective November 1, 2014.

Including revenue sensitive effects, the proposed Annual WACOG is \$0.42873 per therm; the proposed Winter WACOG is \$0.46106; the proposed firm service pipeline capacity cost is \$0.12517 per therm, and the proposed interruptible service pipeline capacity cost is \$0.04372.

The net effect of the combined purchased gas adjustments in this filing is an increase of \$0.01688 per therm for firm sales rate schedules and an increase of \$0.02656 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 shows the account balances in deferred gas cost accounts (Account 191) and other non-gas cost accounts (Account 186) and calculates the associated adjustments to rates for the amortization of such credit or debit balances.

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 collection balances in accounts 191.420 and 191.421. The balance in 191.420 relates to commodity gas costs incurred above amounts collected in rates during the current PGA period that began on November 1, 2013. The balance in account 191.421 is the forecasted residual balance related to deferrals from the previous PGA year that is included in current rates.

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.

#### **IV. Combined Effects**

This portion of the filing shows: (1) the removal of temporary adjustments that were placed into rates effective November 1, 2013 and the application of the proposed temporary adjustments identified in Section III above and in the Company's filing NWN WUTC Advice 14-4 for Schedule 215, and (2) the application of the proposed Annual WACOG and demand charges to customer rates proposed to be effective November 1, 2014.

The combined effect of the rate changes proposed to become effective November 1, 2014 is an increase to the average monthly bills in the primary rate schedules as follows: Residential bills will increase by 6.0% and commercial bills will increase 6.4%. 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 \$4,932,529.

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 67,740 residential customers and 6,212 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, 2014.

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](http://www.nwnatural.com).

Please address correspondence on this matter to me at [ork@nwnatural.com](mailto:ork@nwnatural.com),  
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Sincerely,

NW NATURAL

*/s/ Onita R. King*

Onita R. King  
Rates & Regulatory Affairs

Attachments: Supporting Materials