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September 12, 2017

NWN Advice No. WUTC 17-10 / UG _____

VIA ELECTRONIC FILING

Steven V. King, Executive Director & Secretary
Washington Utilities and Transportation Commission
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Post Office Box 47250
Olympia, Washington 98504-7250

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: Annual Purchased Gas Cost and Deferred Gas Cost Amortization Adjustments

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”) files herewith the following revisions to its Tariff WN U-6, stated to become effective with service on and after November 1, 2017.

Twenty-Third Revision of Sheet 201.1,
Schedule 201,
“Temporary (Technical) Adjustments to Rates;”

Fourteenth Revision of Sheet 201.2,
Schedule 201,
“Temporary (Technical) Adjustments to Rates;” and

Twenty-Fifth Revision of Sheet 203.1,
Schedule 203,
“Purchased Gas Cost Adjustments to Rates.”

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 amortization adjustments. The Company revises rates for these purposes annually; the last such filing was effective on November 1, 2016.

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, 2017; 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, 2017.

Including revenue sensitive effects, the proposed Annual WACOG is \$0.27038 per therm; the proposed Winter WACOG is \$0.28807; the proposed firm service pipeline capacity

cost is \$0.12158 per therm, and the proposed interruptible service pipeline capacity cost is \$0.04248.

The net effect of the combined purchased gas adjustments in this filing is a decrease of \$0.03018 per therm for firm sales rate schedules and a decrease of \$0.01340 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 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 191420 and 191421. The balance in 191420 relates to commodity gas costs incurred below amounts collected in rates during the current PGA period that began on November 1, 2016. The balance in account 191421 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 191430, 191431 and 254302. The balance in 191430 represents the amount the Company over collected from its Washington customers during the past year for demand charges. Account 191431 is the remaining unamortized amount from a consolidation of demand-related deferred accounts. Account 254302 relates to the deferral of storage-related off system sales.

It should be noted that the adjustments to rates proposed in this filing represent only part of the changes in customer rates proposed to be effective November 1, 2017 (see also NW Natural's WUTC Advice Nos. 17-08 and 17-09). As such, the bill effects stated herein are provided for illustrative purposes only, and reflect the effect of removing the current Schedule 201 and Schedule 203 changes and applying the proposed Schedule 201 and Schedule 203 changes to current billing. NW Natural provides updated tariff sheets reflecting the combined effects of this filing and NW Natural's WUTC Advice No. 17-08 and 17-09 separately in NW Natural's WUTC Advice 17-11.

If there were no other adjustments to rates effective November 1, 2017, the effect of the rate changes proposed in this filing is a decrease to the average monthly bills in the primary rate schedules as follows: Schedule 2 Residential bills will decrease by 3.1% and Schedule 3 commercial bills will decrease 3.4%. If the effects of the temporary rate adjustments were

permanent, the combined result of the rate changes would be a decrease in the Company's revenues from its Washington operations of \$1,991,968.

As directed by the WUTC in the March 13, 2017 Policy and Interpretive Statement in Docket UG-132019, included as an attachment to this filing is the Company's 2017-18 Hedging Plan. The information contained in the plan is confidential pursuant to WAC 480-07-160(2)(c) as the plan contains valuable commercial information.

In addition to the supporting materials submitted as part of this filing, the Company will separately submit workpapers 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. The notice will be published in the Company's customer newsletter, the Comfort Zone. A copy of the text for the Comfort Zone is included with this filing.

This rate change affects all of NW Natural's Washington customers. NW Natural currently serves approximately 73,656 residential customers and 6,798 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, 2017.

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 Kyle Walker at kyle.walker@nwnatural.com, with copies to the following:

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Sincerely,

NW NATURAL

/s/ Gail A. Hammer

GAIL A. HAMMER

Rates and Regulatory Consultant, Compliance

NW Natural

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Attachments:

- UG-____ - NWN's Advice 17-10_WA PGA_Trif Sheet 201-1 – 09-12-2017
- UG-____ - NWN's Advice 17-10_WA PGA_Trif Sheet 201-2 – 09-12-2017
- UG-____ - NWN's Advice 17-10_WA PGA_Trif Sheet 203-1 – 09-12-2017
- UG-____ - NWN's Advice 17-10_WA PGA_Exh A_Supporting Materials Combined – 09-12-2017
- UG-____ - NWN's Advice 17-10_WA PGA_Exh A_Supporting Materials_xlsx – 09-12-2017
- UG-____ - NWN's Advice 17-10_WA PGA_Exh A_Cover Sheet and Table of Contents – 09-12-2017
- UG-____ - NWN's Advice 17-10_WA PGA_Comfort Zone – 09-12-2017
- UG-____ - NWN's Advice 17-10_WA PGA_Hedging Plan– 09-12-2017 (R)
- UG-____ - NWN's Advice 17-10_WA PGA_Hedging Plan– 09-12-2017 (C)