



250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

October 18, 2023

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE, Suite 100
Post Office Box 1088
Salem, Oregon 97301-1088

Re: UM 1496 – NW Natural’s Application for Reauthorization to Defer Certain Expenses or Revenues

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), hereby files the above-referenced Application for Reauthorization to Defer Certain Expenses or Revenues (“Application”). The Application is filed to continue deferrals of expenses associated with gas commodity costs and demand costs for later recovery through the Company’s annual Purchased Gas Adjustment.

A notice concerning this Application will be sent to all parties who participated in the Company’s last general rate case, UG 435. A copy of the notice and the certificate of service are attached to the application.

Please address correspondence on this matter to me with copies to the following:

eFiling
Rates & Regulatory Affairs
NW Natural
250 SW Taylor Street
Portland, Oregon 97204
Fax: (503) 220-2579
Telephone: (503) 610-7330
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Senior Manager

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
4 deferred accounting pursuant to ORS 757.259 and OAR 860-027-0300, for the 12-
5 month period beginning November 1, 2023 through October 31, 2024 for all
6 expenses 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.

14 NW Natural provides retail natural gas service in the States of Oregon and
15 Washington.

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
4 later inclusion in rates.

5 **C. Communications.**

6 Communications regarding this Application should be addressed to:

7 NW Natural
8 eFiling for Regulatory Affairs
9 250 SW Taylor Street
10 Portland, Oregon 97204
11 Phone: (503) 610-7330
12 Fax: (503) 220-2579
13 Email: eFiling@nwnatural.com;

14
15 Eric W. Nelsen (OSB# 192566)
16 Senior Regulatory Attorney
17 250 SW Taylor Street
18 Portland, Oregon 97204
19 Phone: (503) 610-7618
20 Email: eric.nelsen@nwnatural.com;

21
22 and

23
24 Kyle Walker, CPA
25 Rates/Regulatory Senior Manager
26 250 SW Taylor Street
27 Portland, Oregon 97204
28 Phone: (503) 610-7051
29 Email: kyle.walker@nwnatural.com

30 **D. Description of the Expenses or Revenues for which Deferred**

31 **Accounting is Requested – OAR 860-027-0300(3)(a).**

32 NW Natural hereby requests the authorization to use deferred accounting for
33 the 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
4 P.U.C. Or. 25 Schedule P, or its successor, and as previously
5 authorized in Commission Order Nos. 89-1046, 99-272, and 99-697;
- 6 2) Commodity gas cost variations to be recovered or refunded as
7 described in NW Natural's Tariff P.U.C. Or. 25 Schedule P, or its
8 successor;
- 9 3) All previously authorized account balances related to PGA commodity
10 and capacity cost deferrals not presently authorized for amortization or
11 being proposed for amortization, all as described in NW Natural OPUC
12 Advice No. 22-19A.

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

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

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

2 Beginning on November 1, 2023, and ending 12 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 Amounts Subject to Deferral – OAR 860-027-0300(3)(d).**

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

10 **H. Entries into deferred accounts during past 12 months - OAR 860-027-**
11 **0300(4)(a).**

12 Pursuant to OAR 860-027-300(4)(a), NW Natural has deferred (\$538,814 for
13 the months November 2022 through June 2023.¹

14 **I. Reason for Continuation of Deferred Accounting – OAR 860-027-**
15 **0300(4)(b)**

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

18 **J. Requirement per Commission Order No. 09-263**

19 Below is the information required per Commission Order No. 09-263, issued
20 in Docket UM 1286, Staff's Investigation into Purchase Gas Adjustment

21 Mechanisms:

¹ The amount deferred includes both the commodity (WACOG) and demand deferrals.

- 1 **1. A completed Summary Sheet, the location in the PGA filing, and an**
2 **account map that highlights the transfer of dollars from one account**
3 **to another.**

4 Exhibit A includes the Summary Sheet which shows the amounts deferred
5 and demonstrates the transfer of dollars from one account to another.

6 Exhibit A was attached to our electronic 2023-24 PGA filing as a file
7 entitled, "Proposed_Temps_Oregon_2023-
8 2024_PGA_update_thru_6.30.23.xlsx."

- 9 **2. The effective date of the deferral**

10 This application is for the 12-month period beginning November 1, 2023
11 and ending October 31, 2024.

- 12 **3. Prior year Order Number approving the deferral**

13 Approval to defer costs associated with PGA-related expenses was last
14 granted under Commission Order No. 22-430 issued on November 2,
15 2022.

- 16 **4. The amount deferred last year.**

17 See Exhibit A.

- 18 **5. The amount amortized last year.**

19 See Exhibit A.

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

21 The interest rate for gas cost deferral accounts is based on the
22 Company's cost of capital from the latest general rate case, currently at
23 6.836%. Monies that have been transferred for amortization accrue

1 interest at the rate of 1.82%.

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

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

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

8 A notice of this Application has been served to all parties who participated in
9 the Company's last general rate case, UG 435, and is attached to this Application.

10 NW Natural respectfully requests that the Commission issue an order
11 reauthorizing the Company to defer the expenses or revenues described in the
12 Application to ensure that the Company will be authorized to recover costs
13 associated with the Company's annual PGA.

14 Dated this 18th day of October 2023.

15 Respectfully Submitted,

16 NW NATURAL

17 /s/ Kyle Walker, CPA

18 Kyle Walker, CPA

19 Rates/Regulatory Senior Manager

20

21 /s/ Eric W. Nelsen

22 Eric W. Nelsen (OSB# 192566)

23 Senior Regulatory Attorney

24 250 SW Taylor Street

25 Portland, Oregon 97204

26 Phone: (503) 610-7618

27 Email: eric.nelsen@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon WACOG Deferral
 Account Number: 151510
 Dockets UM 1496 and UG 457
 Amortization of 2021-22 deferral approved in Order No. 22-421

1	Debit	(Credit)						
2								
3						Interest		
4	Month/Year	Note	Amortization	Transfers	Interest	rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
7	Beginning Balance							
214	Nov-22	OLD	(1,022,283.55)		(53.02)	1.24%	(1,022,336.57)	(562,503.55)
215	Nov-22	NEW (1)	(2,273,481.07)	40,784,147.42	60,131.90	1.82%	38,570,798.25	38,008,294.70
216	Dec-22		(6,691,682.76)		52,571.39	1.82%	(6,639,111.37)	31,369,183.34
217	Jan-23		(6,529,545.64)		42,625.02	1.82%	(6,486,920.62)	24,882,262.72
218	Feb-23		(6,080,186.21)		33,127.29	1.82%	(6,047,058.92)	18,835,203.80
219	Mar-23		(6,030,628.87)		23,993.50	1.82%	(6,006,635.37)	12,828,568.43
220	Apr-23		(4,692,291.16)		15,898.34	1.82%	(4,676,392.82)	8,152,175.61
221	May-23		(2,621,252.82)		10,376.35	1.82%	(2,610,876.47)	5,541,299.14
222	Jun-23		(1,551,879.97)		7,227.46	1.82%	(1,544,652.51)	3,996,646.63
223	Jul-23	Forecast	(1,265,890.50)		5,101.61	1.82%	(1,260,788.89)	2,735,857.74
224	Aug-23	Forecast	(1,256,649.33)		3,196.43	1.82%	(1,253,452.90)	1,482,404.84
225	Sep-23	Forecast	(1,334,762.00)		1,236.12	1.82%	(1,333,525.88)	148,878.96
226	Oct-23	Forecast	(2,758,945.95)		(1,866.40)	1.82%	(2,760,812.35)	(2,611,933.39)

Amount amortized during Nov 22 - Jun 23 with interest: (37,247,333.81)

229 **History truncated for ease of viewing**

231 **NOTES:**

232 **1** - Transferred in authorized balance from accounts 151505.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Demand Deferral
 Account Number: 151525
 Dockets UM 1496, UG 457
 Amortization of 2021-22 deferral approved in Order No. 22-421

1	Debit	(Credit)						
2								
3								
4	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
214	Nov-22	OLD	(108,117.47)		48.70	1.24%	(108,068.77)	(6,885.13)
215	Nov-22	NEW (1)	(89,539.41)	1,675,014.84	2,472.54	1.82%	1,587,947.97	1,581,062.84
216	Dec-22		(286,828.81)		2,180.43	1.82%	(284,648.38)	1,296,414.46
217	Jan-23		(278,266.56)		1,755.21	1.82%	(276,511.35)	1,019,903.11
218	Feb-23		(259,145.43)		1,350.33	1.82%	(257,795.10)	762,108.00
219	Mar-23		(255,532.78)		962.08	1.82%	(254,570.70)	507,537.31
220	Apr-23		(197,499.26)		619.99	1.82%	(196,879.27)	310,658.03
221	May-23		(106,862.43)		390.13	1.82%	(106,472.30)	204,185.73
222	Jun-23		(60,492.86)		263.81	1.82%	(60,229.05)	143,956.68
223	Jul-23	<i>Forecast</i>	<i>(49,142.60)</i>		181.07	1.82%	(48,961.53)	94,995.15
224	Aug-23	<i>Forecast</i>	<i>(48,971.13)</i>		106.94	1.82%	(48,864.19)	46,130.96
225	Sep-23	<i>Forecast</i>	<i>(52,280.61)</i>		30.32	1.82%	(52,250.29)	(6,119.33)
226	Oct-23	<i>Forecast</i>	<i>(112,891.80)</i>		(94.89)	1.82%	(112,986.69)	(119,106.02)

Amount amortized during Nov 22 - Jun 23 with interest: (1,632,241.79)

History truncated for ease of viewing

NOTES:

1 - Transferred in authorized balances from accounts 151520, 151560 and 151535

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Core Market Commodity gas cost deferral
 Account Number: 151505
 Docket UM 1496
 Last deferral reauthorization was approved in Order 22-430

Narrative: Deferral of customer's share of the difference between actual core commodity cost incurred and the Annual Sales WACOG embedded in customer rates. For the Nov 2021 - Oct 2022 PGA year, the deferral election was 90%.

1	Debit (Credit)											
2			Commodity	Storage	Hedge	RNG	RTC					
3	Month/Year	Note	Deferral	Adjustment	Adjustment	Adjustment	Retirement	Interest	Interest Rate	Transfer	Activity	Balance
4	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h1)	(h2)	(i)	(j)	(k)
5												
6	Beginning Bal											
198	Nov-22	1	4,224,389.90	20,260.45	160,419.30		(1,134,747.51)	13,619.64	6.836%	(40,784,147.42)	(37,500,206)	4,039,589.57
199	Dec-22		22,711,915.70	25,025.21	218,601.60		(1,466,677.72)	84,219.65	6.836%		21,573,084	25,612,674.01
200	Jan-23		1,176,845.88	22,362.87	235,413.50		(1,354,208.52)	146,135.91	6.836%		226,550	25,839,223.65
201	Feb-23		(2,277,119.64)	21,858.17	174,152.70		(861,225.12)	138,816.70	6.836%		(2,803,517)	23,035,706.46
202	Mar-23		(6,225,211.54)	20,512.75	57,906.40		(607,141.07)	111,989.29	6.836%		(6,641,944)	16,393,762.29
203	Apr-23		(6,617,633.47)	14,622.66	59,218.90		(318,420.48)	73,843.93	6.836%		(6,788,368)	9,605,393.84
204	May-23		(2,210,829.71)	6,472.15	3,800.40		(231,467.11)	47,791.51	6.836%		(2,384,233)	7,221,161.08
205	Jun-23		(2,217,298.69)	5,100.83	7,868.40		397,496.78	35,990.09	6.836%		(1,770,843)	5,450,318.50
206	Jul-23							31,048.65	6.836%		31,049	5,481,367.15
207	Aug-23							31,225.52	6.836%		31,226	5,512,592.67
208	Sep-23							31,403.40	6.836%		31,403	5,543,996.07
209	Oct-23							31,582.30	6.836%		31,582	5,575,578.37

212 History truncated for ease of viewing

Amount deferred during Nov 22 - Jun 23 with interest: 4,694,670.70

214 **NOTES:**

215 **1** -Transferred June balance plus July-October interest on June balance to account 151510 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Core Market Demand cost deferral
 Account Number: 151520
 Docket UM 1496
 Last deferral reauthorization was approved in Order 22-430

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

1	Debit (Credit)							
2			Demand					
3	Month/Year	Note	Deferral	Transfer	Interest	Interest Rate	Activity	Balance
4	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
5								
6	Beginning Bal							
198	Nov-22	1	(14,610,477.73)	(2,629,133.05)	(35,011.50)	6.836%	(17,274,622.28)	(13,486,212.51)
199	Dec-22		11,919.75		(76,792.51)	6.836%	(64,872.76)	(13,551,085.27)
200	Jan-23		14,142,771.51		(36,912.69)	6.836%	14,105,858.82	554,773.56
201	Feb-23		(61,177.73)		2,986.11	6.836%	(58,191.62)	496,581.94
202	Mar-23		63,659.73		3,010.19	6.836%	66,669.92	563,251.86
203	Apr-23		11,155.22		3,240.43	6.836%	14,395.65	577,647.51
204	May-23		31,388.10		3,380.07	6.836%	34,768.17	612,415.68
205	Jun-23		9,383.20		3,515.45	6.836%	12,898.65	625,314.32
206	Jul-23				3,562.21	6.836%	3,562.21	628,876.53
207	Aug-23				3,582.50	6.836%	3,582.50	632,459.03
208	Sep-23				3,602.91	6.836%	3,602.91	636,061.94
209	Oct-23				3,623.43	6.836%	3,623.43	639,685.37

Amount deferred during Nov 22 - Jun 23 with interest: (533,962.39)

History truncated for ease of viewing

NOTES

1 -Transferred June balance plus July-October interest on June balance to account 151525 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Seasonalized Demand Collection Deferral
 Account Number: 151560
 Docket UM 1496
 Last deferral reauthorization was approved in Order 22-430

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

1	Debit (Credit)							
2			Demand					
3	Month/Year	Note	Deferral	Interest	Interest Rate	Transfer	Activity	Balance
4	(a)	(b)	(d)	(e)	(f)	(g)	(i)	(j)
5								
6	Beginning Bal							
198	Nov-22	1	(1,822,349.12)	3,282.97	6.836%	1,247,558.55	(571,507.60)	(331,594.10)
199	Dec-22		(1,127,363.65)	(5,100.09)	6.836%		(1,132,463.74)	(1,464,057.84)
200	Jan-23		195,690.10	(7,782.86)	6.836%		187,907.24	(1,276,150.61)
201	Feb-23		(991,898.91)	(10,095.06)	6.836%		(1,001,993.97)	(2,278,144.57)
202	Mar-23		(1,182,422.67)	(16,345.76)	6.836%		(1,198,768.43)	(3,476,913.01)
203	Apr-23		(747,633.06)	(21,936.32)	6.836%		(769,569.38)	(4,246,482.38)
204	May-23		754,057.30	(22,042.99)	6.836%		732,014.31	(3,514,468.07)
205	Jun-23		321,522.63	(19,104.95)	6.836%		302,417.68	(3,212,050.39)
206	Jul-23			(18,297.98)	6.836%		(18,297.98)	(3,230,348.37)
207	Aug-23			(18,402.22)	6.836%		(18,402.22)	(3,248,750.59)
208	Sep-23			(18,507.05)	6.836%		(18,507.05)	(3,267,257.64)
209	Oct-23			(18,612.48)	6.836%		(18,612.48)	(3,285,870.12)

Amount deferred during Nov 22 - Jun 23 with interest: (4,699,522.44)

History truncated for ease of viewing

NOTES

1 -Transferred June balance plus July-October interest on June balance to account 151525 for amortization.



UM 1496

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

October 18, 2023

To All Parties Who Participated in UG 435:

Please be advised that on October 18, 2023, Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), applied for reauthorization to continue deferrals of expenses associated with gas commodity costs and demand costs for later recovery through the Company’s annual Purchased Gas Adjustment and pursuant to the provisions of ORS 757.259(2)(e).

This is not a rate case. The purpose of this Notice is to inform parties who participated in the Company’s last general rate case, UG 435, that a deferral reauthorization has been 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, CPA
250 Taylor Street
Portland, Oregon 97204
Telephone: (503) 610-7051**

**Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
PO Box 1088
Salem, Oregon 97308-1088
Telephone: (503) 378-6678**

Any person may submit to the Commission written comments on this matter within 25 days of this filing. The granting of this deferral reauthorization 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 18, 2023, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO CONTINUE DEFERRALS OF EXPENSES ASSOCIATED WITH GAS COMMODITY COSTS AND DEMAND COSTS upon all parties of record for NW Natural's last general rate case, UG 435.

UG 435

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DATED October 18, 2023, Portland, Oregon.

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