

KYLE WALKER, CPA
Rates/Regulatory Analyst
Tel: 503.226.4211 Ext. 5858
Fax: 503.721.2516
Email: Kyle.Walker@nwnatural.com



March 22, 2018

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Post Office Box 1088
Salem, Oregon 97308-1088

Re: UM 1766 - Application for Reauthorization for Deferred Accounting for NW Natural's Annual Regulatory Fee

In accordance with ORS 757.259 and OAR 860-027-0300, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), files herewith an Application for Reauthorization to use deferred accounting for the Public Utility Commission of Oregon's annual regulatory fee that NW Natural pays.

A Notice concerning this Application will be sent to all parties participating in the Company's current general rate case, UG 344. 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
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
Telephone: (503) 226-4211, ext. 3589
eFiling@nwnatural.com

If you have any questions, please contact me.

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Affairs Analyst

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1766

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba, NW NATURAL

For Reauthorization to 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 deferred
4 accounting pursuant to ORS 757.259 and OAR 860-27-300, for the 12-month period
5 beginning March 23, 2018 through March 22, 2019 for the annual regulatory fee that
6 NW Natural pays to the Commission pursuant to OAR 860-021-0034, due to the
7 Commission-ordered setting of the annual fee rate of 0.3 percent.

8 Pursuant to OAR 860-021-0034, the Company must pay the Commission a fee on
9 gross operating revenues. At the time of the Company’s last general rate case, the
10 regulatory fee was 0.25 percent, which was included in rates. On February 23, 2016, the
11 Commission issued Order No. 16-067, increasing the annual fee rate from 0.25 percent
12 to 0.275 percent. The Company filed an application to defer expenses related to the
13 increase in the regulatory fee on March 23, 2016. The Commission approved the
14 Company’s deferral request in Order No. 16-154.

15 On February 22, 2017, the Commission issued Order No. 17-065, increasing the

1 annual fee rate from 0.275 percent to 0.3 percent. The Company filed an application to
2 defer expenses related to the increase in the regulatory fee on March 22, 2017. The
3 Commission approved the Company's deferral request in Order No. 17-151.

4 On February 27, 2018, in Commission Order No. 18-073, the Commission
5 confirmed that the .3 percent fee would be maintained at the same rate for 2018. As a
6 result, NW Natural requests in this reauthorization to continue deferring the amount for
7 annual fees not captured in our last general rate case.

8 In support of this Application, NW Natural states:

9 **A. NW Natural.**

10 NW Natural is a public utility in the State of Oregon and is subject to the
11 jurisdiction of the Commission regarding rates, service, and accounting practices. NW
12 Natural also provides retail natural gas service in the States of Oregon and Washington.

13 **B. Statutory Authority.**

14 This application is filed pursuant to ORS 757.259, which empowers the
15 Commission to authorize the deferral of expenses or revenues of a public utility for later
16 inclusion in rates.

17 **C. Communications.**

18 Communications regarding this Application should be addressed to:

19 NW Natural
20 e-Filing for Regulatory Affairs
21 220 NW Second Avenue
22 Portland, Oregon 97209-3991
23 Telephone: (503) 226-4211, ext. 3589
24 Facsimile: (503) 721-2516
25 Email: eFiling@nwnatural.com;

26 ///

27 ///

28 ///

1 Zachary D. Kravitz (OSB# 152870)
2 Associate Counsel
3 220 NW Second Avenue
4 Portland, Oregon 97209-3991
5 Phone: (503) 220-2379
6 Email: zdk@nwnatural.com;

7
8 and

9
10 Kyle Walker, CPA
11 Rates & Regulatory Affairs
12 220 NW Second Avenue
13 Portland, Oregon 97209-3991
14 Phone: (503) 226-4211 Ext. 5858
15 Email: Kyle.Walker@nwnatural.com

16 **D. Description of the Expenses or Revenues for which Deferred**
17 **Accounting is Requested – OAR 860-027-0300(3)(a).**

18
19 In this Application, the Company is requesting to defer the costs that represent
20 the difference in the regulatory fee currently embedded in rates and the regulatory fee
21 established in Order No. 18-073. Specifically, NW Natural requests to defer the
22 difference between the annual fee amounts that are currently being collected through
23 rates and the 0.3 percent annual fee.

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

26
27 ORS 757.259(2)(e) allows the deferral of utility expenses where necessary to
28 minimize the frequency of rate changes or the fluctuation of rate levels or to match
29 appropriately the costs borne by and benefits received by ratepayers. The Company
30 requests deferral of the costs associated with the incremental increase of the regulatory
31 fee. NW Natural does not seek to defer the costs associated with the annual fee that
32 have already been included in rates, and only seeks to defer the incremental costs, until
33 such time as the increased fee amount can be included in NW Natural's established

1 rates. While the amounts deferred may not be significant, NW Natural seeks this
2 reauthorization because the 2016 increase and the subsequent 2017 increase to the
3 annual fee are not regularly scheduled events, which makes planning for the fee
4 increase difficult to align with ordinary rate case planning. For this reason, the
5 Company respectfully requests the reauthorization to defer the incremental costs of the
6 annual fee.

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

8 NW Natural proposed to account for the deferred expenses related to the
9 regulatory fee by recording the deferral in a sub-account of Account 186 (Defer PUC
10 Fee). In the absence of deferred accounting, the Company would record the
11 incremental increase in expenses in the appropriate sub-account of FERC Account 909.

12 **G. Estimate of Amounts – OAR 860-027-0300(3)(d)**

13 The Company estimates the amount to be recorded in the deferred account for
14 the 12-month period beginning March 23, 2018, through March 22, 2019, to be
15 approximately \$244,718.

16 **H. Descriptions of Entries Deferred under UM 1766 – OAR 860-027-
17 0300(4)(a)**

18 The entries being deferred make up the incremental difference in the regulatory
19 fee currently embedded in rates and the new regulatory fee in Order No. 18-073 of 0.3
20 percent.
21

22 **I. Reason for Continued Deferral – OAR 860-027-0300(4)(b)**

23 The deferral is forecasted to continue until rates go into effect from the currently
24 filed general rate case (UG 344) which includes the 0.3 percent regulatory fee in

1 revenue requirement. The recovery of the incremental regulatory fee aligns the cost
2 with the customers who benefit from the governance the Commission provides.

3 **J. Requirements per Commission Order No. 09-263**

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

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

9 The Summary Sheet will be included in the 2018 PGA filing work papers and
10 in the electronic file entitled "Proposed Temps Oregon 2018-19 PGA
11 filing.xlsx."

12 **2. The effective date of the deferral.**

13 This application is for the 12-month period beginning March 23rd, 2018, and
14 ending March 22nd, 2019.

15 **3. Prior year Order Number approving the deferral.**

16 Approval to defer costs associated with the incremental regulatory fee was
17 last granted under Commission Order No. 17-151.

18 **4. The amount deferred last year.**

19 \$297,918 was deferred during the last deferral year of March 23rd, 2017,
20 through March 22nd, 2018. This amount includes \$14,093 of interest.

21 **5. The amount amortized last year.**

22 \$54,917 was amortized in rates November 1, 2017 through December 31,
23 2017.



UM 1766

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

March 22, 2018

To All Parties Participating in UG 344

Please be advised that on March 22, 2018 Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES FOR THE ANNUAL REGULATORY FEE. A copy of the Company's application is available for inspection at its main office or at the Public Utility of Oregon's ("Commission") eDocket website.

This is not a rate case. The purpose of this Notice is to inform parties participating in the Company's most recent general rate case, UG 344, that a Deferral Application was 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 Commission as follows:

NW Natural
Attn: Kyle Walker, CPA
220 NW Second Avenue
Portland, Oregon 97209-3991
Telephone: (503) 226-4211 ext 5858

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
PO Box 1088
Salem, Oregon 97308-1088
Telephone: (503) 378-6636

Any person may submit to the Commission written comments on this matter by April 22, 2018. The granting of this Reauthorization of Deferral Application 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 1766**

I hereby certify that on March 22, 2018, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES FOR THE ANNUAL REGULATORY FEE upon all parties of record in docket UG 344, which is the Company's current general rate case.

UG 344

*OPUC DOCKETS
OREGON CITIZENS UTILITY BOARD
dockets@oregoncub.org*

*ROBERT JENKS
OREGON CITIZENS UTILITY BOARD
bob@oregoncub.org*

*MICHAEL GOETZ
OREGON CITIZENS UTILITY BOARD
MIKE@oregoncub.org*

*MCDOWELL RACKNER & GIBSON PC
dockets@mrg-law.com*

*MARIANNE GARDNER
PUBLIC UTILITIES COMMISSION
Marianne.gardner@state.or.us*

*STEPHANIE ANDRUS
PUBLIC UTILITY COMMISSION
Stephanie.andrus@state.or.us*

*BRADLEY MULLINS
Mountain West Analytics
brmullins@mwanalytics.com*

*CHAD M. STOKES
CABLE HUSTON BENEDICT
HAAGENSEN & LLOYD
cstokes@cablehuston.com*

*EDWARD FINKLEA
NORTHWEST INDUSTRIAL GAS USERS
efinklea@nwigu.org*

*BRYAN CONWAY
PUBLIC UTILITY COMMISSION
bryan.conway@state.or.us*

DATED March 22, 2018, Portland, OR.

/s/ Erica Lee
Erica Lee
Rates & Regulatory Affairs
NW NATURAL
220 NW Second Avenue
Portland, Oregon 97209-3991
503.226.4211, extension 3589
erica.lee@nwnatural.com