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VIA ELECTRONIC FILING

September 24, 2019

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

Re: OPUC Docket UM 1798; Application for Reauthorization to Defer Certain Expenses or Revenues

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), files herewith the above-referenced Application for Reauthorization to Defer Certain Expenses or Revenues. The Application is filed in order to defer amounts relative to the Company’s Schedule 195 Weather Adjusted Rate Mechanism (“WARM”) pursuant to Commission Order No. 16-223 (“the Order”) issued in Docket UM 1750, for later recovery in rates coincident with the annual Purchased Gas Adjustment (“PGA”) process.

A Notice of this Application will be sent to all parties who participated in the Company’s last general rate case, UG 344, and is attached hereto as Exhibit B.

A Certificate of Service is attached as Exhibit C.

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
Telephone: (503) 226-4211, ext. 3589
Fax: (503) 220-2579
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Manager

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1798

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 November 1, 2019 through October 31, 2020, for amounts associated with
6 NW Natural’s Schedule 195 Weather Adjusted Rate Mechanism (WARM), (“Schedule
7 195”).

8 Pursuant to Commission Order No. 16-223 (“the Order”) issued in Docket UM
9 1750¹, the Company made changes to the WARM program that impacted residential
10 and commercial customer bills as follows:

11 Residential Bills. The maximum WARM adjustment surcharge that will be
12 applied to a monthly bill during the WARM Period will be twelve dollars (\$12.00), or
13 twenty-five percent (25%) of the usage portion of that bill, whichever is less. The
14 maximum WARM adjustment credit applied to a monthly bill during the WARM Period

¹ *In the Matter of the Public Utility Commission of Oregon Investigation into Northwest Natural Gas Co.’s WARM Program*, Docket UM 1750, Order No. 16-223 (June 20, 2016).

1 will be twelve dollars (\$12.00), or twenty-five percent (25%) of the usage portion of that
2 bill, whichever is less.

3 Commercial Bills. The maximum WARM adjustment surcharge that will be
4 applied to a monthly bill during the WARM Period will be thirty-five dollars (\$35.00), or
5 twenty-five percent (25%) of the usage portion of that bill, whichever is less. The
6 maximum WARM adjustment credit applied to a monthly bill during the WARM Period
7 will be thirty-five dollars (\$35.00), or twenty-five percent (25%) of the usage portion of
8 that bill, whichever is less.

9 The Order established that any amounts not applied to a customer's bill during
10 the WARM Period due to the cap and floor described above will be deferred in a
11 residential or commercial deferral account and then amortized on an equal cent per
12 therm basis through the annual Purchased Gas Adjustment (PGA) process to rate
13 schedules 2 and 3 customers, respectively, over the 12 month period November 1
14 through October 31 of each year.

15 In accordance with the Order, the Company will accrue interest on the deferred
16 amounts at the Modified Blended Treasury Rate, plus 100 basis points; the Company
17 will accrue interest during the amortization period at the Modified Blended Treasury
18 Rate. The Order also acknowledged that the deferred amounts will not be subjected to
19 an earnings test, given the fact that the WARM mechanism is an automatic adjustment
20 clause.

21 In support of this Application, NW Natural states:

22 ///

23 ///

1 **A. NW Natural.**

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

5 **B. Statutory Authority.**

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

9 **C. Communications.**

10 Communications regarding this Application should be addressed to:

11 NW Natural
12 e-Filing for Regulatory Affairs
13 220 NW Second Avenue
14 Portland, Oregon 97209-3991
15 Telephone: (503) 226-4211, ext. 3589
16 Facsimile: (503) 220-2579
17 Email: eFiling@nwnatural.com;

18
19 Eric W. Nelsen (OSB# 192566)
20 Senior Regulatory Attorney
21 220 NW Second Avenue
22 Portland, Oregon 97209-3991
23 Phone: (503) 721-2476
24 Email: eric.nelsen@nwnatural.com;

25
26 and

27
28 Kyle Walker, CPA
29 Rates & Regulatory Affairs
30 220 NW Second Avenue
31 Portland, Oregon 97209-3991
32 Phone: (503) 226-4211 Ext. 5858
33 Email: Kyle.Walker@nwnatural.com

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

3 NW Natural will defer any amounts not applied to customer bills during the
4 WARM Period due to the monthly cap and floor in accordance with the Order 16-223.
5 The deferred amounts may result in a charge or credit to customers depending on the
6 variability in the weather during the WARM period.

7 **E. Reasons for Application for Reauthorization of Deferred Accounting – OAR**
8 **860-027-0300(3)(b).**

9 ORS 757.259 is a “statutorily authorized exception to the general prohibition
10 against retroactive ratemaking” that allows a “means to address utility expenses or
11 revenues outside of the utility’s general rate case proceeding.² Under ORS
12 757.259(2)(e), the Commission has discretion to authorize a deferral of “[i]dentifiable
13 utility expenses or revenues, the recovery or refund of which the commission finds
14 should be deferred in order to minimize the frequency of rate changes . . . or to match
15 appropriately the costs borne by and benefits received by rate payers.” To determine
16 whether an expense or revenue should be deferred, the Commission “utilizes a flexible,
17 fact-specific approach that acknowledges the wide range of reasons why deferred
18 accounting might be beneficial to customers.”³ Of those reasons, the Commission has
19 found that “encourag[ing] utility or customer behavior consistent with regulatory policy”
20 is appropriate for deferred accounting.⁴

² *In re Matter Public Utility Commission of Oregon Staff Request to Open Investigation Related to Deferred Accounting*, Docket UM 1147, Order No. 05-1070 at 2 (October 5, 2005).

³ *In re Matter Public Utility Commission of Oregon Staff Request to Open Investigation Related to Deferred Accounting*, Docket UM 1147, Order No. 05-1070 at 5 (October 5, 2005).

⁴ *Id.* at 2.

1 This application is made pursuant to Commission Order 16-223 entered June 20,
2 2016 in Docket UM 1750.

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

4 Beginning on November 1, 2019, and ending twelve months from this date, NW
5 Natural proposes to account for the WARM deferral amounts by recording the deferral
6 in Account 186 in two separate accounts (residential and commercial). In the absence
7 of approval of deferred accounting, NW Natural would be precluded from recognizing
8 the amounts as deferred, which would affect the Company's income statement either
9 positively or negatively, and would be directly in contravention of Order 16-223. NW
10 Natural would record the amounts in several accounts affecting the Company's income
11 statement.

12 **G. Estimated Accounts Subject to Deferral – OAR 860-027-0300(3)(d).**

13 NW Natural cannot estimate what amounts will be recorded in the WARM
14 deferral account for the upcoming twelve-month period because the amount is
15 dependent on the affect that weather may have on customer use.

16 **H. Entries into deferred account during past 12 months - OAR 860-027-
17 0300(4)(a)**

18 Exhibit A, which is attached, displays the residential and commercial accounts,
19 which deferred with interest \$533,564 and \$150,933, respectively. The activity in these
20 accounts represent the WARM adjustment outside the caps and floors.

21 **I. Reason for Continuation of Deferral Account – OAR 860-027-0300(4)(b)**

1 NW Natural seeks continuation of this deferral to capture WARM adjustments
2 that exceed the caps and floors of the WARM program, and to be consistent with
3 Commission Order No. 16-223.

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

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

7 Mechanisms:

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

11 Exhibit A includes the Summary Sheet which shows the amounts deferred
12 and demonstrates the transfer of dollars from one account to another. Exhibit
13 A was attached to our electronic 2019-20 PGA filing as a file entitled,
14 "Proposed_Temps_Oregon_2019-2020_PGA_update_thru_6.30.2019.xlsx."

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

16 This application is for the 12-month period beginning November 1, 2019 and
17 ending October 31, 2020.

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

19 Approval to use deferred accounting for revenues and expenses relative to
20 Schedule 195, Weather Adjusted Rate Mechanism, was last granted on
21 January 29, 2019, in Commission Order No. 19-029.

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

23 See Exhibit A.

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

2 The amount of amortization including interest from November 1, 2018
3 through June 30, 2019 was \$325,816 and \$441,199 for residential and
4 commercial accounts, respectively. The amortization embedded in rates
5 November 1, 2018 was approved in Order No. 18-396.

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

7 The interest rate for deferral accounts is the Modified Blended Treasury Rate,
8 plus 100 basis points. Monies that have been transferred to amortization
9 accrue interest at the Modified Blended Treasury Rate.

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

11 NW Natural is unable to estimate the amount to be deferred during the
12 upcoming PGA cycle due to the deferrals being driven by weather. The
13 Company's intent is to amortize for collection all that is deferred.

14 **K. Notice – OAR 860-027-0300(6).**

15 A notice of this Application has been served on the all parties who participated in
16 the Company's last general rate case, UG 344, and is attached to this Application.

17 WHEREFORE, NW Natural respectfully requests that the Commission issue an
18 order reauthorizing the Company to defer the WARM adjustments that exceed the
19 monthly cap and floor for all customers enrolled in WARM to ensure that the Company
20 will be authorized to recover from, or credit back to customers those adjustments
21 associated with its WARM Program, beginning on the date of this Application.

22 Dated this 24th day of September, 2019

23 Respectfully Submitted,

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NW NATURAL

/s/ Kyle Walker, CPA
Kyle Walker, CPA
Rates/Regulatory Manager

/s/ Eric W. Nelsen
Eric W. Nelsen (OSB# 192566)
Senior Regulatory Attorney
220 NW Second Avenue
Portland, Oregon 97209-3991
Phone: (503) 721-2476
Email: eric.nelsen@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: OR Deferred WARM-Residential
 Account Number: 186238
 Docket UM 1798
 Deferral authorization approved in Order 19-029

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
Debit	(Credit)	Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance																																		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)																																				
Beginning Balance																																											
Nov-18	1					3.92%	(0.28)	(384,314.51)	(86.19)																																		
Dec-18				63,996.05		3.92%	104.25	64,100.30	64,014.11																																		
Jan-19				205,030.26		4.74%	657.79	205,688.05	269,702.16																																		
Feb-19				(110,263.10)		4.74%	847.55	(109,415.55)	160,286.61																																		
Mar-19				(1,182,665.27)		4.74%	(1,702.63)	(1,184,367.90)	(1,024,081.29)																																		
Apr-19				231,352.41		4.74%	(3,588.20)	227,764.21	(796,317.08)																																		
May-19				266,360.50		4.74%	(2,619.39)	263,741.11	(532,575.97)																																		
Jun-19	2			1,028.69	0.61	4.74%	(2,101.64)	(1,072.34)	(533,648.31)																																		
Jul-19						4.74%	(2,107.91)	(2,107.91)	(535,756.22)																																		
Aug-19						4.74%	(2,116.24)	(2,116.24)	(537,872.46)																																		
Sep-19						4.74%	(2,124.60)	(2,124.60)	(539,997.06)																																		
Oct-19						4.74%	(2,132.99)	(2,132.99)	(542,130.05)																																		

Amount deferred during Nov 18 - Jun 19 with interest: (533,563.70)

History truncated for ease of viewing

NOTES

- 1** - Transferred June balance plus July-October interest on June balance to account 186239 for amortization.
- 2** - Transfer amount represents a true-up of the account.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amort WARM Residential
 Account Number: 186239
 Dockets UM 1798 and UG 354
 Amortization of 2018-19 WARM adjustment approved in Order 18-396

Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Beginning Balance							
14	Nov-18 old rates	115,938.55		2.38%	203.21	116,141.76	160,630.25	
15	Nov-18 new rates (1)	(18,488.43)	384,313.54	2.92%	912.67	366,737.78	527,368.03	
16	Dec-18	(74,935.80)		2.92%	1,192.09	(73,743.71)	453,624.32	
17	Jan-19	(87,144.63)		2.92%	997.79	(86,146.84)	367,477.48	
18	Feb-19	(86,252.70)		2.92%	789.25	(85,463.45)	282,014.03	
19	Mar-19	(88,519.06)		2.92%	578.54	(87,940.52)	194,073.51	
20	Apr-19	(46,831.35)		2.92%	415.27	(46,416.08)	147,657.43	
21	May-19	(27,621.60)		2.92%	325.69	(27,295.91)	120,361.52	
22	Jun-19	(17,647.19)		2.92%	271.41	(17,375.78)	102,985.74	
23	Jul-19 <i>forecast</i>	(11,392.31)		2.92%	236.74	(11,155.57)	91,830.17	
24	Aug-19 <i>forecast</i>	(11,360.37)		2.92%	209.63	(11,150.74)	80,679.43	
25	Sep-19 <i>forecast</i>	(12,628.14)		2.92%	180.96	(12,447.18)	68,232.25	
26	Oct-19 <i>forecast</i>	(33,174.23)		2.92%	125.67	(33,048.56)	35,183.69	
27								
28	History truncated for ease of viewing							
29								
30	NOTES							
31	1 - Transferred in authorized balance from account 186238 WARM-Res Deferral for amortization.							
	Amount amortized during Nov 18- Jun 19 with interest: (325,816.29)							

Company: Northwest Natural Gas Company
 State: Oregon
 Description: OR Deferred WARM-Commercial
 Account Number: 186244
 Other Info: Docket UM 1798
 Deferral authorization approved in Order 19-029

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48
Debit	(Credit)	Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance																																						
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)																																								
Beginning Balance																																															
Nov-18	1	(55.17)	(575,114.52)	3.92%	(0.19)	(575,169.88)	(86.69)																																								
Dec-18		97,955.32		3.92%	159.71	98,115.03	98,028.34																																								
Jan-19		290,932.73		4.74%	961.80	291,894.53	389,922.87																																								
Feb-19		(148,830.49)		4.74%	1,246.26	(147,584.23)	242,338.64																																								
Mar-19		(860,857.72)		4.74%	(742.96)	(861,600.68)	(619,262.04)																																								
Apr-19		255,711.43		4.74%	(1,941.05)	253,770.38	(365,491.66)																																								
May-19		216,072.00		4.74%	(1,016.95)	215,055.05	(150,436.61)																																								
Jun-19		66.20		4.74%	(594.09)	(527.89)	(150,964.50)																																								
Jul-19				4.74%	(596.31)	(596.31)	(151,560.81)																																								
Aug-19				4.74%	(598.67)	(598.67)	(152,159.48)																																								
Sep-19				4.74%	(601.03)	(601.03)	(152,760.51)																																								
Oct-19				4.74%	(603.40)	(603.40)	(153,363.91)																																								

History truncated for ease of viewing **Amount deferred during Nov 18 - Jun 19 with interest: (150,933.17)**

1 - Transferred June balance plus July-October interest on June balance to account 186239 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amort WARM Commercial
 Account Number: 186245
 Dockets UM 1798 and UG 354
 Amortization of 2018-19 WARM adjustment approved in Order 18-396

Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Beginning Balance						
14	Nov-18 old rates	91,016.28		2.38%	116.69	91,132.97	104,458.66
15	Nov-18 new rates (1)	(18,834.12)	575,114.52	2.92%	1,376.53	557,656.93	662,115.59
16	Dec-18	(85,964.11)		2.92%	1,506.56	(84,457.55)	577,658.04
17	Jan-19	(102,116.87)		2.92%	1,281.39	(100,835.48)	476,822.56
18	Feb-19	(101,778.95)		2.92%	1,036.44	(100,742.51)	376,080.05
19	Mar-19	(108,182.41)		2.92%	783.51	(107,398.90)	268,681.15
20	Apr-19	(58,331.03)		2.92%	582.82	(57,748.21)	210,932.94
21	May-19	(37,345.33)		2.92%	467.83	(36,877.50)	174,055.44
22	Jun-19	(27,204.30)		2.92%	390.44	(26,813.86)	147,241.58
23	Jul-19 forecast	(19,767.56)		2.92%	334.24	(19,433.32)	127,808.26
24	Aug-19 forecast	(19,862.05)		2.92%	286.83	(19,575.22)	108,233.04
25	Sep-19 forecast	(20,756.53)		2.92%	238.11	(20,518.42)	87,714.62
26	Oct-19 forecast	(40,286.97)		2.92%	164.42	(40,122.55)	47,592.07
27							
28	History truncated for ease of viewing						(441,198.63)

Amount amortized during Nov 18- Jun 19 with interest: (441,198.63)

Notes:

1 - Transferred in authorized balance from account 186244 WARM-Comm Deferral for amortization.



UM 1798

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

September 24, 2019

To All Parties Participating in UG 344:

Please be advised that on September 24, 2019 Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to continue deferrals relative to the Company's Schedule 195 Weather Adjusted Rate Mechanism ("WARM") 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 344, that a Reauthorization of 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 Public Utility Commission of Oregon as follows:

NW Natural
Attn: Kyle Walker
220 NW Second Ave
Portland, Oregon 97209-3991
Telephone: (503) 226-4211 Ext. 5858
Email: Kyle.Walker@nwnatural.com

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
PO Box 1088
Salem, Oregon 97301-1088
Telephone: (503) 373-0886

Any person may submit to the Commission written comments on this matter by October 24, 2019. 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 1798**

I hereby certify that on September 24, 2019, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION OF DEFERRED ACCOUNTING FOR NORTHWEST NATURAL'S SCHEDULE 195 WEATHER ADJUSTED RATE MECHANISM ("WARM") upon all parties of record in docket UG 344, which is the Company's most recent general rate case.

UG 344

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DATED September 24, 2019 Portland, OR.

/s/ Autry Allen
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Rates & Regulatory Affairs
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