



250 SW Taylor Street  
Portland, OR 97204

503-226-4211  
nwnatural.com

**VIA ELECTRONIC FILING**

September 24, 2020

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

**Re: 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 concerning this Application will be sent to all parties participating in the Company's current general rate case, UG 388. 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  
Telecopier: (503) 220-2579  
Telephone: (503) 610-7330  
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 860-27-0300, for the 12-month period  
5 beginning November 1, 2020 through October 31, 2021, 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 1750<sup>1</sup>, 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

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<sup>1</sup> *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 commercial 3 customers, respectively, over the 12-month period  
14 November 1 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  
13 250 SW Taylor Street  
14 Portland, Oregon 97204  
15 Phone: (503) 610-7330  
16 Facsimile: (503) 220-2579  
17 Email: eFiling@nwnatural.com;  
18  
19 Eric W. Nelsen (OSB# 192566)  
20 Senior Regulatory Attorney  
21 250 SW Taylor Street  
22 Portland, Oregon 97204  
23 Phone: (503) 610-7618  
24 Email: eric.nelsen@nwnatural.com;  
25  
26 and  
27  
28 Kyle Walker, CPA  
29 Rates & Regulatory Affairs  
30 250 SW Taylor Street  
31 Portland, Oregon 97204  
32 Phone: (503) 610-7051  
33 Email: kyle.walker@nwnatural.com

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.<sup>2</sup> 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.”<sup>3</sup> 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.<sup>4</sup>

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<sup>2</sup> *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).

<sup>3</sup> *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).

<sup>4</sup> *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, 2020, and ending 12 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 from November 1, 2019 through June 30, 2020 is \$704,128  
20 and \$769,157, respectively. The activity in these accounts represent the WARM  
21 adjustment outside the caps and floors.

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

23 NW Natural seeks continuation of this deferral to capture WARM adjustments

1 that exceed the caps and floors of the WARM program, and to be consistent with  
2 Commission Order No. 16-223.

3 **J. Requirement 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 Exhibit A includes the Summary Sheet which shows the amounts deferred  
10 and demonstrates the transfer of dollars from one account to another. Exhibit  
11 A was attached to our electronic 2020-21 PGA filing as a file entitled,  
12 "Proposed\_Temps\_Oregon\_2020-2021\_PGA\_update\_thru\_6.30.2020.xlsx."

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

14 This application is for the 12-month period beginning November 1, 2020 and  
15 ending October 31, 2021.

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

17 Approval to use deferred accounting for revenues and expenses relative to  
18 Schedule 195, Weather Adjusted Rate Mechanism, was last granted on  
19 October 31, 2019, in Commission Order No. 19-372.

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

21 See Exhibit A.

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

23 The amount of amortization including interest from November 1, 2019

1 through June 30, 2020 was \$381,788 and \$48,100 for residential and  
2 commercial accounts, respectively. The amortization embedded in rates  
3 November 1, 2019 was approved in Order No. 19-359.

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

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

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

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

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

13 A notice of this Application has been served on the all parties who are  
14 participating in the Company's current general rate case, UG 388, and is attached to  
15 this Application.

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

21 ///

22 ///

23 ///



1 Dated this 24th day of September, 2020

2 Respectfully Submitted,

3 NW NATURAL

4 /s/ Kyle Walker, CPA  
5 Kyle Walker, CPA  
6 Rates/Regulatory Manager  
7

8 /s/ Eric W. Nelsen  
9 Eric W. Nelsen (OSB# 192566)  
10 Senior Regulatory Attorney  
11 250 SW Taylor Street  
12 Portland, Oregon 97204  
13 Phone: (503) 610-7618  
Email: eric.nelsen@nwnatural.com

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: OR Deferred WARM-Residential  
 Account Number: 186238  
 Docket UM 1798  
 Last authorization to defer granted in Order 19-372

1 Debit (Credit)

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Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
7 Beginning Balance								
44	Nov-19	<b>1</b>	8.24	542,130.05	4.74%	0.23	542,138.52	63.35
45	Dec-19		2,393.18		4.74%	4.98	2,398.16	2,461.51
46	Jan-20		230,444.76		3.63%	355.99	230,800.75	233,262.26
47	Feb-20		181,689.90		3.63%	980.42	182,670.32	415,932.58
48	Mar-20		(45,221.97)		3.63%	1,189.80	(44,032.17)	371,900.41
49	Apr-20		(42,893.98)		3.63%	1,060.12	(41,833.86)	330,066.55
50	May-20		370,119.85		3.63%	1,558.26	371,678.11	701,744.66
51	Jun-20		315.06		3.63%	2,123.25	2,438.31	704,182.97
52	Jul-20				3.63%	2,130.15	2,130.15	706,313.12
53	Aug-20				3.63%	2,136.60	2,136.60	708,449.72
54	Sep-20				3.63%	2,143.06	2,143.06	710,592.78
55	Oct-20				3.63%	2,149.54	2,149.54	712,742.32

56  
57 **History truncated for ease of viewing**

<b>Amount deferred during Nov 19 - Jun 20 with interest:</b>	<b>704,128.09</b>
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58  
59 **NOTES**

60 **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 Residential  
 Account Number: 186239  
 Dockets UM 1798 and UG 379  
 Amortization of 2018-19 WARM adjustment approved in Order 19-359

Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Beginning Balance						
27	Nov-19 old rates	(29,967.13)		2.92%	62.54	(29,904.59)	10,779.78
28	Nov-19 new rates <b>(1)</b>	20,345.60	(542,130.05)	3.74%	(1,657.93)	(523,442.38)	(512,662.60)
29	Dec-19	77,557.70		3.74%	(1,476.94)	76,080.76	(436,581.84)
30	Jan-20	83,968.37		3.74%	(1,229.83)	82,738.54	(353,843.30)
31	Feb-20	69,748.84		3.74%	(994.12)	68,754.72	(285,088.58)
32	Mar-20	66,640.98		3.74%	(784.68)	65,856.30	(219,232.28)
33	Apr-20	52,153.77		3.74%	(602.00)	51,551.77	(167,680.51)
34	May-20	27,913.09		3.74%	(479.11)	27,433.98	(140,246.53)
35	Jun-20	20,993.62		3.74%	(404.39)	20,589.23	(119,657.30)
36	Jul-20 <i>forecast</i>	<i>11,543.87</i>		3.74%	(354.94)	11,188.93	(108,468.37)
37	Aug-20 <i>forecast</i>	<i>11,499.02</i>		3.74%	(320.14)	11,178.88	(97,289.49)
38	Sep-20 <i>forecast</i>	<i>12,660.76</i>		3.74%	(283.49)	12,377.27	(84,912.22)
39	Oct-20 <i>forecast</i>	<i>33,194.19</i>		3.74%	(212.92)	32,981.27	(51,930.95)

41 **History truncated for ease of viewing**

<b>Amount amortized during Nov 19- Jun 20 with interest:</b>	<b>381,788.38</b>
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43 **NOTES**

44 **1** - Transferred in authorized balance from account 186238 WARM-Res Deferral for amortization.

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: OR Deferred WARM-Commercial  
 Account Number: 186244  
 Other Info: Docket UM 1798  
 Last authorization to defer granted in Order 19-372

1 Debit (Credit)

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Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
7 Beginning Balance							
44	Nov-19	<b>1</b>	(55.00)	153,363.91	4.74%	(0.60)	153,308.31 (179.28)
45	Dec-19		1,594.07		4.74%	2.44	1,596.51 1,417.23
46	Jan-20		312,285.03		3.63%	476.62	312,761.65 314,178.88
47	Feb-20		245,963.59		3.63%	1,322.41	247,286.00 561,464.88
48	Mar-20		(71,220.05)		3.63%	1,590.71	(69,629.34) 491,835.54
49	Apr-20		(59,093.25)		3.63%	1,398.42	(57,694.83) 434,140.71
50	May-20		330,710.50		3.63%	1,813.48	332,523.98 766,664.69
51	Jun-20		49.76		3.63%	2,319.24	2,369.00 769,033.69
52	Jul-20				3.63%	2,326.33	2,326.33 771,360.02
53	Aug-20				3.63%	2,333.36	2,333.36 773,693.38
54	Sep-20				3.63%	2,340.42	2,340.42 776,033.80
55	Oct-20				3.63%	2,347.50	2,347.50 778,381.30

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57 **History truncated for ease of viewing**

**Amount deferred during Nov 19 - Jun 20 with interest: 769,157.37**

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59 **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 379  
 Amortization of 2018-19 WARM adjustment approved in Order 19-359

	Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Beginning Balance							
27	Nov-19	old rates	(36,859.69)		2.92%	77.23	(36,782.46)	13,386.70
28	Nov-19	new rates <b>(1)</b>	4,018.52	(153,363.91)	3.74%	(471.72)	(149,817.11)	(136,430.41)
29	Dec-19		16,256.50		3.74%	(399.88)	15,856.62	(120,573.79)
30	Jan-20		18,127.22		3.74%	(347.54)	17,779.68	(102,794.11)
31	Feb-20		15,162.57		3.74%	(296.75)	14,865.82	(87,928.29)
32	Mar-20		14,274.31		3.74%	(251.80)	14,022.51	(73,905.78)
33	Apr-20		10,161.16		3.74%	(214.51)	9,946.65	(63,959.13)
34	May-20		5,146.17		3.74%	(191.32)	4,954.85	(59,004.28)
35	Jun-20		4,086.93		3.74%	(177.53)	3,909.40	(55,094.88)
36	Jul-20	forecast	3,567.02		3.74%	(166.15)	3,400.87	(51,694.01)
37	Aug-20	forecast	3,527.69		3.74%	(155.62)	3,372.07	(48,321.94)
38	Sep-20	forecast	3,603.95		3.74%	(144.99)	3,458.96	(44,862.98)
39	Oct-20	forecast	7,050.40		3.74%	(128.84)	6,921.56	(37,941.42)

41 **History truncated for ease of viewing**

<b>Amount amortized during Nov 19- Jun 20 with interest:</b>	<b>48,099.87</b>
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43 **Notes:**

44 **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, 2020

**To All Parties Participating in UG 388:**

Please be advised that on September 24, 2020, 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 participating in the Company's most recent general rate case, UG 388, that a Reauthorization of Deferral Application 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) 373-0886**

Any person may submit to the Commission written comments on this matter within 25 days of this filing. 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, 2020, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES RELATING TO SCHEDULE 195 WEATHER ADJUSTED RATE MECHANISM (WARM) upon all parties of record for the Company's most recent general rate case, UG 388.

**UG 388**

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DATED September 24, 2020, Troutdale, OR.

/s/Erica Lee-Pella  
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