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Portland, OR 97204

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nwnatural.com

March 22, 2022

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 2068 – Application for Reauthorization to Defer Costs Associated with the COVID-19 Public Health Emergency

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 (“Application”) to use deferred accounting for costs associated with the COVID-19 public health emergency.

A notice concerning this Application will be sent to all parties who are participating in the Company’s current general rate case, UG 435. A copy of the notice and the certificate of service are attached to this 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
Phone: (503) 610-7330
Fax: (503) 220-2579
eFiling@nwnatural.com

If you have any questions, please contact me at (503) 610-7051.

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Manager

Enclosures

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 2068

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 FOR
REAUTHORIZATION TO DEFER
COSTS ASSOCIATED WITH THE
COVID-19 PUBLIC HEALTH
EMERGENCY**

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 March 24, 2022 through March 23, 2023, for amounts
6 associated with the COVID-19 public health emergency.

7 In support of this Application, NW Natural states:

8 **A. NW Natural.**

9 NW Natural is a public utility in the State of Oregon and is subject to the
10 jurisdiction of the Commission regarding rates, service, and accounting practices.
11 NW Natural also provides retail natural gas service in the States of Oregon and
12 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 e-Filing for Rates & Regulatory Affairs
9 250 SW Taylor Street
10 Portland, Oregon 97204-3038
11 Phone: (503) 610-7330
12 Fax: (503) 220-2579
13 Email: eFiling@nwnatural.com;

14
15 Eric Nelsen
16 Senior Regulatory Attorney (OSB #192566)
17 250 SW Taylor Street
18 Portland, Oregon 97204-3038
19 Phone: (503) 610-7618
20 Email: eric.nelsen@nwnatural.com;

21
22 and

23
24 Kyle Walker, CPA
25 Manager, Rates & Regulatory Affairs
26 250 SW Taylor Street
27 Portland, Oregon 97204-3038
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 On September 24, 2020, the Oregon Commission held a Special Public
33 Meeting, at which the Commission adopted a stipulation incorporating the Energy
34 Term Sheet developed during the Commission’s investigation under docket UM

1 2114, Order No. 20-324. The Term Sheet describes the types of revenues and
2 expenses that can be deferred related to COVID-19. Pursuant to Order No. 20-324,
3 the Company has and will continue to provide the Commission with reports that
4 itemize the utility costs, savings, and benefits resulting from COVID-19 as described
5 in the Term Sheet.

6 **E. Reasons Reauthorization of Deferred Accounting is Being Requested –**
7 **OAR 860-027-0300(3)(b).**

8 ORS 757.259 is a “statutorily authorized exception to the general prohibition
9 against retroactive ratemaking” that allows a “means to address utility expenses or
10 revenues outside of the utility’s general rate case proceeding.”¹ Under ORS
11 757.259(2)(e), the Commission has discretion to authorize a deferral of “[i]dentifiable
12 utility expenses or revenues, the recovery or refund of which the commission finds
13 should be deferred in order to minimize the frequency of rate changes . . . or to
14 match appropriately the costs borne by and benefits received by rate payers.” Due
15 to the unpredictable and unprecedented nature of the emergency, these costs are
16 not currently recovered in rates, outside normal business risk, and, accordingly,
17 deferred accounting treatment will match appropriately the costs borne by and the
18 benefits received by customers.

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

20 Beginning on March 24, 2022, and ending 12 months from this date, NW
21 Natural proposes to account for the expenses incurred as a result of COVID-19 by

¹ *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 (Oct. 5, 2005).

1 recording a deferral, in Account 186. In the absence of approval of deferred
 2 accounting, NW Natural would record costs associated with the COVID-19 public
 3 health emergency to various expense accounts.

4 **G. Estimate of Amounts Subject to Deferral – OAR 860-027-0300(3)(d).**

5 NW Natural is unable to predict an estimate of incurred expense related to
 6 COVID-19. It does expect direct costs to be at levels similar to or below those at the
 7 end of 2021 listed below, including continued late fees and bad debt and arrearage
 8 management program (“AMP”) adjustments. The emergency is still fluid and a more
 9 refined quantitative impact to customers is hard to predict.

10 **H. Entries into deferred account during past 12 months – OAR 860-027-**

11 **0300(4)(a)**

12 Deferred costs in calendar year 2021 are below:
 13

Term Sheet Category	COVID Itemization:	Q1 2021	Q2 2021	Q3 2021	Q4 2021	OR Total
Item a	Direct Costs	213,454	234,736	156,981	158,539	763,711
Item a	Direct Savings and Benefits	(267,495)	(124,811)	(82,141)	(101,741)	(576,189)
Item b	Late Payment Fees Not Assessed	474,284	427,502	145,481	216,012	1,263,278
Item c	Bad Debt Expense Above Baseline	261,916	258,507	(93,307)	(561,200)	(134,084)
Item d	Reconnections and Field Visits April 1, 2021-October 1, 2022	-	-	-	-	-
Item e	Foregone Reconnection Charges Incurred through November 15, 2020	-	-	-	-	-
Item f	COVID-19 Bill Payment Assistance Program	-	382,956	1,638,912	1,709,050	3,730,918
	Total	682,158	1,178,890	1,765,927	1,420,659	5,047,634

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

15 The Company continues to incur net expenses related to the COVID-19
 16 pandemic. Listed below and in the approved COVID-19 settlement and term sheet
 17 docketed in UM 2114 are COVID-19 related costs that will continue through 2022. In
 18 addition to the list below, additional anticipated 2022 costs include direct costs
 19 related to safety measures, continuation of the AMP and bad debt expense
 20 adjustments.

- 1 • Utilities will waive new deposit requirements associated with late or
2 nonpayment, arrearages, or credit related issues for new or existing
3 residential customers, through October 1, 2022 (or later if separately
4 extended outside the provisions of this Term Sheet).
- 5 • Utilities will not apply service disconnection and reconnection fees to
6 residential customers until October 1, 2022.
- 7 • Utilities will not accrue and collect late payment fees, interest, and
8 penalties for all residential customers retroactive to the date of the start
9 of the utility’s disconnect moratorium and through October 1, 2022.

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

11 Below is the information required per Commission Order No. 09-263, issued
12 in docket UM 1286, Staff’s Investigation into Purchase Gas Adjustment
13 Mechanisms:

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

17 The Summary Sheet will be included in a future PGA filing. Due to the
18 ongoing nature of the pandemic, the Company has not determined when
19 to seek recovery through rates, but it will not be seeking recovery of the
20 deferral in the upcoming PGA.

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

22 This application is for the 12-month period beginning March 24, 2022, and
23 ending March 23, 2023.

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

2 On March 22, 2022, the Commission approved NW Natural's application
3 seeking reauthorization to defer costs associated with the COVID-19
4 public health emergency. The Order was not assigned at the time of this
5 filing.

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

7 \$5,047,634 was deferred from January 1, 2021, through December 31,
8 2021. This amount includes \$151,341 of interest.

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

10 The Company did not propose amortization of the COVID-19 deferral last
11 year.

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

13 As part of the Term Sheet, the Company has agreed to accrued interest
14 on the deferrals equal to the blended Treasury rate plus 100 basis points.

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

17 NW Natural will not be seeking amortization of the deferral in the
18 upcoming PGA.

19 **K. Notice – OAR 800-027-0300(6).**

20 A notice of this Application will be served to parties who are participating in
21 the Company's current general rate case, UG 435, and is attached to this
22 Application.

1 NW Natural respectfully requests that the Commission issue an order
2 reauthorizing the Company to defer the amounts described in this Application
3 associated with the COVID-19 public health emergency, beginning on March 24,
4 2022.

5 Dated this 22nd day of March 2022.

6 Respectfully Submitted,

7 NW NATURAL

8 /s/ Kyle Walker, CPA
9 Kyle Walker, CPA
10 Rates/Regulatory Manager

11
12 /s/ Eric Nelsen
13 Eric Nelsen (OSB# 192566)
14 Senior Regulatory Attorney
15 250 SW Taylor Street
16 Portland, Oregon 97204-3038
17 Phone: (503) 610-7618
18 Email: eric.nelsen@nwnatural.com
19



UM 2068

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER
COSTS ASSOCIATED WITH THE COVID-19 PUBLIC HEALTH EMERGENCY**

March 22, 2022

To Parties Participating in UG 435

Please be advised that on March 22, 2022, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for REAUTHORIZATION TO DEFER COSTS ASSOCIATED WITH THE COVID-19 PUBLIC HEALTH EMERGENCY.

This is not a rate case. The purpose of this Notice is to inform parties participating in the Company's current general rate case, UG 435, that a deferral reauthorization 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 Commission as follows:

**NW Natural
Attn: Kyle Walker
250 SW 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 the service of this notice. The granting of this deferral reauthorization 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 2068

I hereby certify that on March 22, 2022, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER COSTS ASSOCIATED WITH THE COVID-19 PUBLIC HEALTH EMERGENCY upon parties of record for the Company's current general rate case, UG 435.

UG 435

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DATED March 22, 2022, Troutdale, OR.

/s/ Erica Lee-Pella
Erica Lee-Pella
Rates & Regulatory Affairs, NW Natural