



250 SW Taylor Street
Portland, OR 97204

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March 23, 2021

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 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 participated in the Company’s most recent 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
Phone: (503) 610-7330
Fax: (503) 220-2579
eFiling@nwnatural.com

If you have any questions, please contact me.

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, 2021 through March 23, 2022, 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
33 On March 8, 2020, Oregon Governor Brown declared a state of emergency
34 over the COVID-19 pandemic. The public health emergency is expected to continue
35 to drive significant accounts receivable write-off expense. Additionally, NW Natural

1 expects to continue experiencing other costs related to the emergency in order to
2 maintain safe and reliable service.

3 On September 24, 2020, the Oregon Commission held a Special Public
4 Meeting, at which Staff requested the Commission’s approval to adopt a stipulation
5 incorporating the Energy Term Sheet developed during the Commission’s
6 investigation under docket UM 2114, Order No. 20-324. The Term Sheet describes
7 the types of revenues and expenses that can be deferred related to COVID-19.

8 The Company will continue to provide the Commission with reports that
9 itemize the utility costs, savings, and benefits resulting from COVID-19 as described
10 in the Term Sheet.

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

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

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 deferred accounting treatment will match appropriately the costs borne by and the
 2 benefits received by customers.

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

4 Beginning on March 24, 2021, and ending 12 months from this date, NW
 5 Natural proposes to account for the expenses incurred as a result of COVID-19 by
 6 recording a deferral, in Account 186. In the absence of approval of deferred
 7 accounting, NW Natural would record costs associated with the COVID-19 public
 8 health emergency to various expense accounts. NW Natural proposes to amortize
 9 the deferral coincident with its annual Purchased Gas Adjustment (“PGA”) filing.

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

11 NW Natural is unable to predict an estimate of incurred expense related to
 12 COVID-19. The emergency is still fluid and the magnitude of the impact to
 13 customers is hard to predict.

14 **H. Entries into deferred account during past 12 months – OAR 860-027-
 15 0300(4)(a)**

17 Deferred costs in calendar year 2020 are below:

Term Sheet Category COVID Itemization:	OR	OR	OR	QR	OR
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Total
Item a Direct Costs	71,537	1,677,440	396,025	372,467	2,517,469
Item a Direct Savings and Benefits	-	-	(121,254)	(116,585)	(237,839)
Item b Late Payment Fees Not Assessed	221,133	552,750	245,026	235,578	1,254,487
Item c Bad Debt Expense Above Baseline	326,811	321,706	365,360	1,079,884	2,093,761
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	-	-	-	-	-
Totals	619,480	2,551,896	885,157	1,571,343	5,627,877

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

2 The Company continues to incur net expenses related to the COVID-19
3 pandemic.

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

5 Below is the information required per Commission Order No. 09-263, issued
6 in 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**
10 **to another.**

11 The Summary Sheet will be included in a future PGA filing work papers
12 and in the electronic file entitled "Proposed Temps Oregon 202X-XX PGA
13 filing.xlsx." Due to the ongoing nature of the pandemic, the Company has
14 not determined when to seek recovery through rates.

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

16 This application is for the 12-month period beginning March 24, 2021, and
17 ending March 23, 2022.

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

19 In October 27, 2020, the Commission issued Order No. 20-380 in Docket
20 UM 2068 approving NW Natural’s application for deferred accounting of
21 COVID-19 related costs.

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

2 \$5,627,877 was deferred from March 24, 2020, through December 31,
3 2020. This amount includes \$87,245 of interest.

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

5 The Company did not propose amortization of the COVID-19 deferral last
6 year.

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

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

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

12 Due to the ongoing nature of the pandemic, the Company can not
13 estimate the amount, or when to seek amortization through rates.

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

15 A notice of this Application has been served to all parties who participated in
16 the Company's most recent general rate case, UG 388, and is attached to this
17 Application.

18 NW Natural respectfully requests that the Commission issue an order
19 reauthorizing the Company to defer the amounts described in this Application
20 associated with the COVID-19 public health emergency, beginning on March 24,
21 2021.

1 Dated this 23rd day of March, 2021.

2 Respectfully Submitted,

3 NW NATURAL

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

7
8 /s/ Eric Nelsen
9 Eric Nelsen (OSB# 192566)
10 Senior Regulatory Attorney
11 250 SW Taylor Street
12 Portland, Oregon 97204-3038
13 Phone: (503) 610-7618
14 Email: Eric.Nelsen@nwnatural.com
15



UM 2068

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

March 23, 2021

To All Parties that Participated in UG 388

Please be advised that on March 23, 2021 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 that participated in the Company's most recent general rate case, UG 388, 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 23, 2021, 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 all parties of record for the Company's most recent general rate case, UG 388.

UG 388

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DATED March 23, 2021, Troutdale, Oregon.

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