



250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

October 17, 2023

VIA ELECTRONIC FILING

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

Re: UM 1027: NW Natural's Application for Reauthorization for Deferred Accounting of Refunds or Collections of Distribution Margin

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), hereby files the above-referenced Application for Reauthorization for Deferred Accounting of Refunds or Collections of Distribution Margin ("Application").

A notice concerning this Application will be sent to all parties that participated in the Company's last general rate case, UG 435. Copies 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
Fax: (503) 220-2579
Telephone: (503) 610-7330
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Senior Manager

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1027

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba, NW NATURAL

For Reauthorization for Deferred
Accounting of Refunds or Collections of
Distribution Margin

APPLICATION

1 In accordance with ORS 757.259, ORS 757.262, and OAR 860-030-0035,
2 Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”),
3 hereby files this application with the Public Utility Commission of Oregon (the
4 “Commission”) seeking reauthorization to record and defer with interest, on an
5 ongoing basis, the amount by which actual distribution margin per residential, small
6 (rate schedule 3) and mid-sized (rate schedule 31 sales) commercial customers are
7 different from the margin to be collected from residential, small and mid-sized
8 commercial customers based on “normal” consumption, as assumed in the
9 Company’s last general rate case, UG 435. This request is for the 12-month period
10 beginning November 1, 2023 and ending October 31, 2024.

11 In support of this Application, NW Natural states:

12 **A. NW Natural.**

13 NW Natural is a public utility in the State of Oregon and is subject to the
14 jurisdiction of the Commission regarding rates, service, and accounting practices.

1 NW Natural provides retail natural gas service in the States of Oregon and
2 Washington.

3 **B. Statutory Authority.**

4 This application is filed pursuant to ORS 757.259 and ORS 757.262, which
5 empowers the Commission to authorize the deferral of expenses or revenues of a
6 public utility for later inclusion in rates.

7 **C. Communications.**

8 Communications regarding this Application should be addressed to:

9 NW Natural
10 e-Filing for Regulatory Affairs
11 250 SW Taylor Street
12 Portland, Oregon 97204
13 Phone: (503) 610-7330
14 Fax: (503) 220-2579
15 Email: eFiling@nwnatural.com;

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

23
24 and

25
26 Kyle Walker, CPA
27 Rates/Regulatory Senior Manager
28 250 SW Taylor Street
29 Portland, Oregon 97204
30 Phone: (503) 610-7051
31 Email: kyle.walker@nwnatural.com

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33 ///

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

3 The expense proposed for deferral is the difference between the actual
4 distribution margin per residential and commercial customer based on "normal"
5 consumption, and what is actually collected from those customers. "Normal"
6 consumption was established in the Company's last general rate case, UG 435.

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

9 In accordance with the statutory authority provided by ORS 757.259 and ORS
10 757.262, NW Natural proposes to record and defer, with interest, the amount by
11 which actual distribution margin per residential, small and mid-sized commercial
12 customers are different from the margin to be collected from residential, small and
13 mid-sized commercial customers based on "normal" consumption, as assumed in
14 the Company's last general rate case filing, UG 435.

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

16 NW Natural proposes to record the amounts described in Section J (7) of this
17 Application in a sub-account of Account 186. In the absence of the Commission's
18 approval of this Application, the Company would record under- or over-collected
19 distribution margin as utility operating revenue in FERC Account 400.

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

21 NW Natural cannot estimate what amounts will be recorded in the distribution
22 margin normalization "use balancing account" for the upcoming 12-month period
23 because the amount is dependent on customer usage.

1 **H. Entries into deferred account during past 12 months - OAR 860-027-**
2 **0300(4)(a).**

3 Exhibit A, which is attached, demonstrates the distribution margin differential
4 deferred under this docket (UM 1027) since November 2022.

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

6 NW Natural seeks continuation of this deferral account to continue to allow
7 the Company to recover one hundred percent (100%) of the difference between the
8 actual distribution margin per residential, small and mid-sized commercial customers
9 and the margin to be collected from residential, small and mid-sized commercial
10 customers based on “normal” consumption, as assumed in the Company’s last
11 general rate case, UG 435.

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

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

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

19 Exhibit A includes the Summary Sheet which shows the amounts deferred
20 for residential and commercial customers and demonstrates the transfer of
21 dollars from one account to another. Exhibit A was included in our 2023-
22 24 PGA filing as work papers and attached to the electronic filing as a file

1 entitled, "Proposed_Temps_Oregon_2023 - 2024_PGA_updated_thru_
2 6.30.2023.xlsx."

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

4 This application is for the 12-month period beginning November 1, 2023
5 and ending October 31, 2024.

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

7 Approval to defer 100% of the Company's distribution margin differential
8 was last granted on December 28, 2022, in Commission Order No. 22-
9 503.

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

11 See Exhibit A.

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

13 See Exhibit A.

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

15 The interest rate for deferral accounts is 6.836%, the cost of capital from
16 the Company's last general rate case. Monies that have been transferred
17 for amortization accrue interest at the rate of 1.82%.

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

20 NW Natural is unable to estimate the amount to be deferred during the
21 next PGA cycle. The Company's intent is to amortize for collection all that
22 is deferred.

1 **K. Notice – OAR 800-027-0300(3)(e)(6).**

2 A notice of this Application has been served to all parties that participated in
3 the Company’s last general rate case, UG 435, and is attached to this Application.

4 WHEREFORE, NW Natural respectfully requests that in accordance with
5 ORS 757.259 and 757.262, as amended, the Commission authorize the Company to
6 record and defer, on an ongoing basis and commencing as of the date of this filing,
7 the amount by which actual distribution margin per residential, small and mid-sized
8 commercial customers are different from the margin assumed in UG 435, to be
9 collected from residential and commercial customers based on “normal”
10 consumption.

11 Dated this 17th day of October 2023.

12 Respectfully Submitted,

13 NW NATURAL

14 /s/ Kyle Walker, CPA

15 Kyle Walker, CPA
16 Rates/Regulatory Senior Manager

17 /s/ Eric W. Nelsen

18 Eric W. Nelsen (OSB# 192566)
19 Senior Regulatory Attorney
20 250 SW Taylor Street
21 Portland, Oregon 97204
22 Phone: (503) 610-7618
Email: eric.nelsen@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Oregon Residential Decoupling
 Account Number: 151864
 Authorized in UM 1027
 Last deferral reauthorization was approved in Order 22-503

1	Debit	(Credit)							
2									
3									
4	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Total Balance	
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)	
6									
7	Beginning Balance								
199	Nov-22	1	(6,545,005.60)	9,460,196.28	19,366.87	6.836%	2,934,557.55	146,548.76	
200	Dec-22		(1,464,611.29)		(3,336.86)	6.836%	(1,467,948.15)	(1,321,399.39)	
201	Jan-23		(1,787,633.75)		(12,619.35)	6.836%	(1,800,253.10)	(3,121,652.49)	
202	Feb-23		(499,779.16)		(19,206.55)	6.836%	(518,985.71)	(3,640,638.20)	
203	Mar-23		284,258.90		(19,929.84)	6.836%	264,329.06	(3,376,309.14)	
204	Apr-23		(453,899.78)		(20,526.57)	6.836%	(474,426.35)	(3,850,735.49)	
205	May-23		3,894,367.88		(10,843.90)	6.836%	3,883,523.98	32,788.49	
206	Jun-23		1,750,759.66		5,173.53	6.836%	1,755,933.19	1,788,721.68	
207	Jul-23				10,189.75	6.836%	10,189.75	1,798,911.43	
208	Aug-23				10,247.80	6.836%	10,247.80	1,809,159.23	
209	Sep-23				10,306.18	6.836%	10,306.18	1,819,465.41	
210	Oct-23				10,364.89	6.836%	10,364.89	1,829,830.30	
211									
212	History truncated for ease of viewing							Amount deferred during Nov 22 - Jun 23 with interest: (4,883,465.81)	

NOTES

1 -Transferred June balance plus July-October interest on June balance to account 151868 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Oregon RS3 Commercial Decoupling
 Account Number: 151854
 Authorized in UM 1027
 Last deferral reauthorization was approved in Order 22-503

1	Debit	(Credit)						
2								
3								
4	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
7	Beginning Balance							
44	Nov-22	1	(2,430,639)	6,692,808	1,102.77	6.836%	4,263,272.46	(1,020,635.39)
45	Dec-22		(2,544,406)		(13,061.54)	6.836%	(2,557,467.72)	(3,578,103.11)
46	Jan-23		(1,969,977)		(25,994.41)	6.836%	(1,995,971.42)	(5,574,074.53)
47	Feb-23		(1,247,537)		(35,307.05)	6.836%	(1,282,843.87)	(6,856,918.40)
48	Mar-23		(1,248,956)		(42,619.02)	6.836%	(1,291,575.51)	(8,148,493.91)
49	Apr-23		(1,183,904)		(49,791.41)	6.836%	(1,233,695.56)	(9,382,189.47)
50	May-23		527,226		(51,945.49)	6.836%	475,280.08	(8,906,909.39)
51	Jun-23		254,412		(50,015.04)	6.836%	204,396.61	(8,702,512.78)
52	Jul-23				(49,575.31)	6.836%	(49,575.31)	(8,752,088.09)
53	Aug-23				(49,857.73)	6.836%	(49,857.73)	(8,801,945.82)
54	Sep-23				(50,141.75)	6.836%	(50,141.75)	(8,852,087.57)
55	Oct-23				(50,427.39)	6.836%	(50,427.39)	(8,902,514.96)

57 **History truncated for ease of viewing** **Amount deferred during Nov 22 - Jun 23 with interest: (10,111,413.42)**

58 **NOTES**

59 **1** -Transferred June balance plus July-October interest on June balance to account 186269 for amortization.
 60

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Oregon RS31 Commercial Decoupling
 Account Number: 151846
 Authorized in UM 1027
 Last deferral reauthorization was approved in Order 22-503

1	Debit	(Credit)						
2								
3								
4	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
7	Beginning Balance							
44	Nov-22	1	(214,681)	545,303	486.99	6.836%	331,109.88	(21,367.07)
45	Dec-22		(135,994)		(509.08)	6.836%	(136,502.87)	(157,869.94)
46	Jan-23		(103,793)		(1,194.97)	6.836%	(104,987.84)	(262,857.78)
47	Feb-23		(82,376)		(1,732.05)	6.836%	(84,108.30)	(346,966.08)
48	Mar-23		(59,963)		(2,147.34)	6.836%	(62,110.39)	(409,076.47)
49	Apr-23		(106,653)		(2,634.15)	6.836%	(109,286.84)	(518,363.31)
50	May-23		85,478		(2,709.47)	6.836%	82,768.65	(435,594.66)
51	Jun-23		55,502		(2,323.35)	6.836%	53,178.94	(382,415.72)
52	Jul-23				(2,178.49)	6.836%	(2,178.49)	(384,594.21)
53	Aug-23				(2,190.91)	6.836%	(2,190.91)	(386,785.12)
54	Sep-23				(2,203.39)	6.836%	(2,203.39)	(388,988.51)
55	Oct-23				(2,215.94)	6.836%	(2,215.94)	(391,204.45)

57 **History truncated for ease of viewing**

Amount deferred during Nov 22 - Jun 23 with interest: (575,242.20)

58 **NOTES**

59 **1** -Transferred June balance plus July-October interest on June balance to account 186266 for amortization.
 60

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Residential Decoupling
 Account Number: 151868
 Dockets UM 1027 and UG 450
 Amortization of 2021-22 deferral approved in Order 22-406

1	Debit	(Credit)						
2								
3						Interest		
4	Month/Year	Note	Amortization	Transfers	Interest	Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
7	Beginning Balance							
213	Nov-22	Old rates	161,373.52		(17.65)	1.24%	161,355.87	63,590.44
214	Nov-22	New rates (1)	524,874.64	(9,460,196.28)	(13,949.93)	1.82%	(8,949,271.57)	(8,885,681.13)
215	Dec-22		1,679,055.19		(12,203.33)	1.82%	1,666,851.86	(7,218,829.27)
216	Jan-23		1,604,129.33		(9,732.09)	1.82%	1,594,397.24	(5,624,432.03)
217	Feb-23		1,501,968.32		(7,391.40)	1.82%	1,494,576.92	(4,129,855.11)
218	Mar-23		1,448,599.49		(5,165.09)	1.82%	1,443,434.40	(2,686,420.71)
219	Apr-23		1,106,199.49		(3,235.54)	1.82%	1,102,963.95	(1,583,456.76)
220	May-23		547,287.85		(1,986.55)	1.82%	545,301.30	(1,038,155.46)
221	Jun-23		276,043.40		(1,365.20)	1.82%	274,678.20	(763,477.26)
222	Jul-23	Forecast	214,045.37		(995.62)	1.82%	213,049.75	(550,427.51)
223	Aug-23	Forecast	213,263.94		(673.09)	1.82%	212,590.85	(337,836.66)
224	Sep-23	Forecast	234,866.66		(334.28)	1.82%	234,532.38	(103,304.28)
225	Oct-23	Forecast	615,853.33		310.34	1.82%	616,163.67	512,859.39

226
 227 **History truncated for ease of viewing** **Amount amortized during Nov 22 - Jun 23 with interest: 8,794,484.45**

228 **NOTES**

229 **1** - Transfer in authorized balance from account 151846.
 230

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon RS3 Commercial Decoupling
 Account Number: 151852
 Dockets UM 1027 and UG 450
 Amortization of 2021-22 deferral approved in Order 22-406

1 Debit (Credit)
 2
 3

4	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
7	Beginning Balance							
45	Nov-22	Old rates	(34,561.68)		58.16	1.24%	(34,503.52)	39,062.89
46	Nov-22	New rates (1)	340,716.09	(6,692,808.49)	(9,892.38)	1.82%	(6,361,984.78)	(6,322,921.89)
47	Dec-22		1,197,476.49		(8,681.68)	1.82%	1,188,794.81	(5,134,127.08)
48	Jan-23		1,201,295.82		(6,875.78)	1.82%	1,194,420.04	(3,939,707.04)
49	Feb-23		1,094,060.53		(5,145.56)	1.82%	1,088,914.97	(2,850,792.07)
50	Mar-23		1,108,651.57		(3,482.97)	1.82%	1,105,168.60	(1,745,623.47)
51	Apr-23		839,416.56		(2,010.97)	1.82%	837,405.59	(908,217.88)
52	May-23		465,144.75		(1,024.73)	1.82%	464,120.02	(444,097.86)
53	Jun-23		263,723.99		(473.56)	1.82%	263,250.43	(180,847.43)
54	Jul-23	Forecast	216,283.89		(110.27)	1.82%	216,173.62	35,326.19
55	Aug-23	Forecast	215,998.78		217.38	1.82%	216,216.16	251,542.35
56	Sep-23	Forecast	222,389.30		550.15	1.82%	222,939.45	474,481.80
57	Oct-23	Forecast	436,420.42		1,050.58	1.82%	437,471.00	911,952.80

58
 59 **History truncated for ease of viewing**

Amount amortized during Nov 22 - Jun 23 with interest: 6,438,394.65

60
 61 **NOTES**

62 **1** - Transferred in authorized balance from account 151854.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Oregon RS31 Commercial Decoupling
 Account Number: 151848
 Dockets UM 1027 and UG 450
 Amortization of 2021-22 deferral approved in Order 22-406

1 Debit (Credit)
 2
 3

4	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
7	Beginning Balance							0.00
45	Nov-22	Old rates	(5,461.88)		1.21	1.24%	(5,460.67)	(1,559.58)
46	Nov-22	New rates (1)	25,545.82	(545,303)	(807.67)	1.82%	(520,565.28)	(522,124.86)
47	Dec-22		92,556.92		(721.70)	1.82%	91,835.22	(430,289.64)
48	Jan-23		90,685.00		(583.84)	1.82%	90,101.16	(340,188.48)
49	Feb-23		83,835.60		(452.38)	1.82%	83,383.22	(256,805.26)
50	Mar-23		85,991.07		(324.28)	1.82%	85,666.79	(171,138.47)
51	Apr-23		67,824.84		(208.13)	1.82%	67,616.71	(103,521.76)
52	May-23		39,283.16		(127.22)	1.82%	39,155.94	(64,365.82)
53	Jun-23		21,337.51		(81.44)	1.82%	21,256.07	(43,109.75)
54	Jul-23	Forecast	19,133.52		(50.87)	1.82%	19,082.65	(24,027.10)
55	Aug-23	Forecast	19,120.21		(21.94)	1.82%	19,098.27	(4,928.83)
56	Sep-23	Forecast	19,440.76		7.27	1.82%	19,448.03	14,519.20
57	Oct-23	Forecast	39,456.23		51.94	1.82%	39,508.17	54,027.37

58
 59 **History truncated for ease of viewing**

Amount amortized during Nov 22 - Jun 23 with interest:	498,292.59
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60
 61 **NOTES**

62 **1** - Transferred in authorized balance from account 151846.



UM 1027

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

October 17, 2023

To All Parties that Participated in UG 435:

Please be advised that on October 17, 2023, Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), applied for reauthorization to continue deferrals relative to the Company’s decoupling mechanism, 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 that participated in the Company’s last general rate case, UG 435, that a deferral reauthorization 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 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 this filing. The granting of this deferral reauthorization 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 1027**

I hereby certify that on October 17, 2023, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION FOR DEFERRED ACCOUNTING OF REFUNDS OR COLLECTIONS OF DISTRIBUTION MARGIN upon all parties of record for NW Natural's last general rate case, UG 435.

UG 435

OREGON CITIZENS' UTILITY
BOARD
dockets@oregoncub.org

MICHAEL GOETZ
OREGON CITIZENS' UTILITY
BOARD
mike@oregoncub.org

TOMMY A. BROOKS
CABLE HUSTON LLP
tbrooks@cablehuston.com

CHAD M. STOKES
CABLE HUSTON LLP
cstokes@cablehuston.com

MATTHEW MULDOON
PUBLIC UTILITY COMMISSION
matt.muldoon@puc.oregon.gov

STEPHANIE ANDRUS
PUBLIC UTILITY COMMISSION
stephanie.andrus@doj.state.or.us

JAMES BIRKELUND
SMALL BUSINESS UTILITY
ADVOCATES
james@utilityadvocates.org

DIANE HENKELS
SMALL BUSINESS UTILITY
ADVOCATES
diane@utilityadvocates.org

DANNY KERMODE
SMALL BUSINESS UTILITY
ADVOCATES
5553dkcpa@gmx.us

JAIMINI PAREKH
EARTHJUSTICE
jparekh@earthjustice.org

ADAM HINZ
EARTHJUSTICE
ahinz@earthjustice.org

KRISTEN BOYLES
EARTHJUSTICE
kboyles@earthjustice.org

CARRA SAHLER
LEWIS & CLARK LAW SCHOOL
sahler@lclark.edu

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

JOCELYN PEASE
MCDOWELL RACKNER &
GIBSON PC
jocelyn@mrg-law.com

ERIC NELSEN
NW NATURAL
eric.nelsen@nwnatural.com

NW NATURAL
efiling@nwnatural.com

DATED October 17, 2023, Troutdale, Oregon.

/s/ Erica Lee-Pella
Erica Lee-Pella
Rates & Regulatory Affairs, NW Natural
250 SW Taylor Street
Portland, Oregon 97204
(503) 610-7330
erica.lee-pella@nwnatural.com