



250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

VIA ELECTRONIC FILING

October 23, 2020

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

Re: Application to Defer Net Curtailment and Entitlement Revenues

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 to use deferred accounting for amounts associated with net curtailment and entitlement revenues.

A notice concerning this Application will be sent to all parties who participated in the Company's most recent general rate case, UG 388. 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
Telephone: (503) 610-7330
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__

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba, NW NATURAL

For Authorization to Defer Certain
Expenses or Revenues Pursuant to
ORS 757.259

APPLICATION TO DEFER NET
CURTAILMENT AND
ENTITLEMENT REVENUES

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 authorization to use
4 deferred accounting pursuant to ORS 757.259 and OAR 860-27-0300 for
5 amounts associated with net curtailment and entitlement revenues, in furtherance
6 of Commission Order No. 20-364 in the Company’s most recent general rate
7 case, UG 388. This request is for the twelve-month period beginning November
8 1, 2020 through October 31, 2021.

9 In support of this Application, NW Natural states:

10 **A. NW Natural.**

11 NW Natural is a public utility in the State of Oregon and is subject to the
12 jurisdiction of the Commission regarding rates, service, and accounting practices.
13 NW Natural also provides retail natural gas service in the States of Oregon and
14 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
4 for later inclusion in rates.

5 **C. Communications.**

6 Communications regarding this Application should be addressed to:

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

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

21
22 and

23
24 Kyle Walker, CPA
25 Rates/Regulatory Manager
26 250 SW Taylor Street
27 Portland, Oregon 97204
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 In this Application, the Company is requesting authorization to defer
33 amounts associated with net curtailment and entitlement revenues. Curtailment
34 revenue is revenue that NW Natural receives when an interruptible customer

1 does not follow the Company's order to curtail service. Entitlement revenue is
2 revenue that NW Natural receives when a transportation service customer does
3 not follow the Company's order to control gas usage to be within a specified
4 threshold percentage as detailed in its Tariff.

5 Specifically, NW Natural requests to defer amounts, net of incremental
6 costs, to the extent they are collected. For background, in the Company's
7 current general rate case, UG 388, the Commission recently issued Order No.
8 20-364 approving a Stipulation by which the parties agreed that NW Natural,
9 beginning in 2021, will credit net curtailment and entitlement revenues to firm
10 sales customers through the Purchased Gas Adjustment ("PGA") on an equal
11 percent of margin basis.¹ To effectuate this agreement, NW Natural is filing a
12 new tariff schedule, Schedule 168 Temporary Rate Adjustment – Net Curtailment
13 and Entitlement, in compliance with Order No. 20-364.

14 **E. Reasons for Application for Deferred Accounting – OAR 860-027-**
15 **0300(3)(b).**

16 ORS 757.259 is a "statutorily authorized exception to the general
17 prohibition against retroactive ratemaking" that allows a "means to address utility
18 expenses or revenues outside of the utility's general rate case proceeding."²
19 Under ORS 757.259(2)(e), the Commission has discretion to authorize a deferral
20 of "[i]dentifiable utility expenses or revenues, the recovery or refund of which the
21 commission finds should be deferred in order to minimize the frequency of rate

¹ UG 388, Order No. 20-364 (entered October 16, 2020), pages 17-18, approving Comprehensive Stipulation (dated July 31, 2020), Terms of Agreement, paragraph 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).

1 changes . . . or to match appropriately the costs borne by and benefits received
2 by rate payers.” To determine whether an expense or revenue should be
3 deferred, the Commission “utilizes a flexible, fact-specific approach that
4 acknowledges the wide range of reasons why deferred accounting might be
5 beneficial to customers.”³ Of those reasons, the Commission has found that
6 “encourag[ing] utility or customer behavior consistent with regulatory policy” is
7 appropriate for deferred accounting.⁴

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

9 Beginning on November 1, 2020, and ending twelve months from this
10 date, NW Natural proposes to account for the amounts associated with
11 curtailment and entitlement revenues by recording the deferral in Account 186.
12 NW Natural will credit net curtailment and entitlement revenues to firm sales
13 customers through the PGA on an equal percent of margin basis; however, the
14 amount of revenues to be credited to firm sales customers will be offset by
15 identifiable incremental costs that arise from customer curtailment or entitlement
16 orders. In the absence of approval of deferred accounting, NW Natural would
17 record the amounts in several accounts affecting the Company’s income
18 statement and balance sheet.

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

20 Curtailment and entitlement revenues are infrequent and therefore the
21 Company cannot estimate the amount to be recorded in the deferred account.

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 **H. Requirement per Commission Order No. 09-263**

2 Pursuant to Commission Order No. 09-263, issued in Docket UM 1286,
3 NW Natural is required to provide a completed Summary Sheet, the location in
4 the PGA filing of the backup work papers, and an account map that highlights the
5 transfer of dollars from one account to another. The Summary Sheet will be
6 included in the 2021 PGA filing work papers and in the electronic file titled
7 "Proposed Temps Oregon 2021-22 PGA filing.xls."

8 **I. Notice – OAR 800-027-0300(6).**

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

12 NW Natural respectfully requests that the Commission issue an order
13 authorizing the Company to use deferred accounting for amounts associated with
14 net curtailment and entitlement revenues as described in this Application,
15 beginning on November 1, 2020.

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Dated this 23rd day of October, 2020.

Respectfully Submitted,

NW NATURAL

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

/s/ Eric W. Nelsen
Eric W. Nelsen (OSB# 192566)
Senior Regulatory Attorney
250 SW Taylor Street
Portland, Oregon 97204
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UM__

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

October 23, 2020

To All Parties Who Participated in UG 388:

Please be advised that on October 23, 2020, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for authorization to defer net curtailment and entitlement revenues 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 most recent general rate case, UG 388, that a 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 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) 373-0886**

Any person may submit to the Commission written comments on this matter within 25 days of this filing. The granting of this 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__

I hereby certify that on October 23, 2020, I have served by electronic mail the foregoing NOTICE OF APPLICATION TO DEFER NET CURTAILMENT AND ENTITLEMENT REVENUES upon all parties of record for the Company's most recent general rate case, UG 388.

UG 388

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DATED October 23, 2020, Troutdale, OR.

/s/ Erica Lee-Pella
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