

**Kyle Walker, CPA**  
Rates/Regulatory Analyst  
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**VIA ELECTRONIC FILING**

October 30, 2018

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

**Re: OPUC Docket UM 1027: Application for Reauthorization for Deferred Accounting of Refunds or Collections of Distribution Margin for Twelve Months**

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

A Notice of this Application will be sent to all parties who participated in the Company's most recent general rate case, UG 344, and is attached hereto as Exhibit B.

A Certificate of Service is attached as Exhibit C.

Please address correspondence on this matter to me with copies to the following:

eFiling  
Rates & Regulatory Affairs  
NW Natural  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2516  
Telephone: (503) 226-4211, ext. 3589  
eFiling@nwnatural.com

Sincerely,

*/s/ Kyle Walker, CPA*

Kyle Walker, CPA  
Rates/Regulatory Analyst

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 and 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 ongoing  
5 basis, the amount by which actual distribution margin per residential, small (rate  
6 schedule 3) and mid-sized (rate schedule 31 sales) commercial customers are different  
7 from the margin to be collected from residential, small and mid-sized commercial  
8 customers based on “normal” consumption, as assumed in the Company’s most recent  
9 general rate case, UG 344. This request is for the twelve-month period beginning  
10 November 1, 2018, and ending October 31, 2019.

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. NW  
15 Natural also provides retail natural gas service in the States of Oregon and Washington.

1 **B. Statutory Authority.**

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

5 **C. Communications.**

6 Communications regarding this Application should be addressed to:

7 NW Natural  
8 e-Filing for Regulatory Affairs  
9 220 NW Second Avenue  
10 Portland, Oregon 97209-3991  
11 Telephone: (503) 226-4211, ext. 3589  
12 Facsimile: (503) 721-2516  
13 Email: eFiling@nwnatural.com;

14  
15 Zachary D. Kravitz (OSB# 152870)  
16 Director, Rates & Regulatory Affairs  
17 220 NW Second Avenue  
18 Portland, Oregon 97209-3991  
19 Phone: (503) 220-2379  
20 Email: zdk@nwnatural.com;

21  
22 and

23  
24 Kyle Walker, CPA  
25 Rates & Regulatory Affairs  
26 220 NW Second Avenue  
27 Portland, Oregon 97209-3991  
28 Phone: (503) 226-4211 Ext. 5858  
29 Email: Kyle.Walker@nwnatural.com

30  
31 **D. Description of the Expenses or Revenues for which Deferred Accounting is**  
32 **Requested – OAR 860-027-0300(3)(a).**

33 Parties to the Company's general rate case, UG 344, signed a stipulation  
34 agreeing to the continuation of the Company's decoupling mechanism. This Stipulation  
35 was adopted by Commission Order No. 18-419 issued October 26, 2018.

1 **E. Reasons for Application for Reauthorization of Deferred Accounting – OAR**  
2 **860-027-0300(3)(b).**

3 In accordance with the statutory authority provided by ORS 757.259 and ORS  
4 757.262, and the agreement reached by parties in UG 334 to allow the Company to  
5 continue its decoupling mechanism with minor but no substantive changes, NW Natural  
6 proposes to record and defer, with interest, the amount by which actual distribution  
7 margin per residential, small and mid-sized commercial customers are different from the  
8 margin to be collected from residential, small and mid-sized commercial customers  
9 based on “normal” consumption, as assumed in the Company’s most recent general  
10 rate case filing, UG 344.

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

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

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

17 NW Natural cannot estimate what amounts will be recorded in the distribution  
18 margin normalization “use balancing account” for the upcoming twelve-month period  
19 because the amount is dependent on volume variance resulting from the actual price  
20 and conservation responses.

21 **H. Entries into deferred account during past 12 months - OAR 860-027-**  
22 **0300(4)(a)**

1 Exhibit A, which is attached, demonstrates the distribution margin differential  
2 deferred under this docket (UM 1027) since June 2017.

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

4 NW Natural seeks continuation of this deferral account in accordance with the  
5 agreement reached by parties in UG 344 to continue to allow the Company to recover  
6 one hundred percent (100%) of the difference between the actual distribution margin  
7 per residential, small and mid-sized commercial customers and the margin to be  
8 collected from residential, small and mid-sized commercial customers based on  
9 “normal” consumption, as assumed in the Company’s most recent general rate case,  
10 UG 344.

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

12 Below is the information required per Commission Order No. 09-263, issued in  
13 Docket UM 1286, Staff’s Investigation into Purchase Gas Adjustment 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 to**  
16 **another.**

17 Exhibit A includes the Summary Sheet which shows the amounts deferred for  
18 residential and commercial customers and demonstrates the transfer of  
19 dollars from one account to another. Exhibit A was included in our 2018-19  
20 PGA filing as work papers and attached to the electronic filing as a file  
21 entitled, “Proposed Temps Oregon 2018-2019 PGA August filing.xlsx”.

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

2           This application is for the 12-month period beginning November 1, 2018 and  
3           ending October 31, 2019.

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

5           Approval to defer 100% of the Company's distribution margin differential was  
6           last granted on October 13, 2017, in Commission Order No. 17-396.

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

8           See Exhibit A.

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

10          See Exhibit A.

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

12          The interest rate for deferral accounts is 7.317%. Monies that have been  
13          transferred for amortization accrue interest at the rate of 2.92%.

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

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

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

19          A notice of this Application has been served to all parties who participated in the  
20          Company's most recent general rate case, UG 344, and is attached to this Application.

21          WHEREFORE, NW Natural respectfully requests that in accordance with ORS  
22          757.259 and 757.262, as amended, the Commission authorize the Company to record

1 and defer, on an ongoing basis and commencing as of the date of this filing, the amount  
2 by which actual distribution margin per residential, small and mid-sized commercial  
3 customers are different from the margin assumed in UG 344 to be collected from  
4 residential and commercial customers based on “normal” consumption.

Dated this 30<sup>th</sup> day of October, 2018

Respectfully Submitted,

NW NATURAL

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

/s/ Zachary D. Kravitz  
Zachary D. Kravitz (OSB# 152870)  
Director, Rates & Regulatory Affairs  
220 NW Second Avenue  
Portland, Oregon 97209-3991  
Phone: (503) 220-2379  
Email: zdk@nwnatural.com

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Deferral of Oregon Residential Decoupling  
 Account Number: 186275  
 Authorized in dockets UG 332 and UM 1027 (16)  
 Last deferral reauthorization was approved in Order 17-396

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Debit (Credit)	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Total Balance															
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)																
Beginning Balance																							
134 Jun-17		(155,204.30)			9,333.54	7.778%	(145,870.76)	1,371,721.47															
135 Jul-17		208,205.43			9,565.80	7.778%	217,771.23	1,589,492.70															
136 Aug-17		899,412.36			13,217.41	7.778%	912,629.77	2,502,122.47															
137 Sep-17		79,344.71			16,475.07	7.778%	95,819.78	2,597,942.25															
138 Oct-17		(876,017)			13,999.97	7.778%	(862,017.23)	1,735,925.02															
139 Nov-17	1	(923,658)	(1,407,633)		(865.54)	7.778%	(2,332,156.51)	(596,231.49)															
140 Dec-17		(676,768)			(6,057.86)	7.778%	(682,825.44)	(1,279,056.93)															
141 Jan-18		(2,165,351)			(15,307.96)	7.778%	(2,180,658.94)	(3,459,715.87)															
142 Feb-18		(760,834)			(24,890.46)	7.778%	(785,724.73)	(4,245,440.60)															
143 Mar-18		517,136			(25,841.58)	7.778%	491,294.09	(3,754,146.51)															
144 Apr-18		(1,052,502)			(27,744.11)	7.778%	(1,080,245.84)	(4,834,392.35)															
145 May-18		2,234,844			(24,092.16)	7.778%	2,210,751.47	(2,623,640.88)															
146 Jun-18		77,045			(16,755.88)	7.778%	60,288.97	(2,563,351.91)															
147 Jul-18					(16,614.79)	7.778%	(16,614.79)	(2,579,966.70)															
148 Aug-18					(16,722.48)	7.778%	(16,722.48)	(2,596,689.18)															
149 Sep-18					(16,830.87)	7.778%	(16,830.87)	(2,613,520.05)															
150 Oct-18					(16,939.97)	7.778%	(16,939.97)	(2,630,460.02)															
151																							
152																							
153																							
154																							
155																							

**History truncated for ease of viewing** **Amount deferred during Nov 17 - Jun 18 with interest: (2,891,644.03)**

**NOTES**

1 - Transferred June balance plus July-October interest on June balance to account 186277 for amortization.



Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Deferral of Oregon Commercial Decoupling  
 Account Number: 186270  
 Authorized in dockets UG 332 and UM 1027  
 Last deferral reauthorization was approved in Order 17-396

Debit (Credit)	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance
	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
Beginning Balance								
134	Jun-17		851,856.16		73,650.61	7.778%	925,506.77	11,862,490.41
135	Jul-17		681,939.89		79,098.76	7.778%	761,038.65	12,623,529.06
136	Aug-17		933,200.10		84,845.85	7.778%	1,018,045.95	13,641,575.01
137	Sep-17		587,844		90,325.25	7.778%	678,169.18	14,319,744.19
138	Oct-17		435,640		94,227.65	7.778%	529,867.76	14,849,611.95
139	Nov-17	1	1,196,474	(12,173,048)	21,226.16	7.778%	(10,955,348.73)	3,894,263.22
140	Dec-17		1,396,835		29,768.22	7.778%	1,426,602.96	5,320,866.18
141	Jan-18		278,013		35,389.07	7.778%	313,402.08	5,634,268.26
142	Feb-18		1,152,478		40,254.44	7.778%	1,192,732.30	6,827,000.56
143	Mar-18		1,163,506		48,021.07	7.778%	1,211,526.96	8,038,527.52
144	Apr-18		388,083		53,360.77	7.778%	441,444.26	8,479,971.78
145	May-18		1,230,103		58,950.91	7.778%	1,289,054.34	9,769,026.12
146	Jun-18		504,830		64,955.64	7.778%	569,785.86	10,338,811.98
147	Jul-18				67,012.73	7.778%	67,012.73	10,405,824.71
148	Aug-18				67,447.09	7.778%	67,447.09	10,473,271.80
149	Sep-18				67,884.26	7.778%	67,884.26	10,541,156.06
150	Oct-18				68,324.26	7.778%	68,324.26	10,609,480.32
151								
152								
153								
154								
155								

History truncated for ease of viewing

Amount deferred during Nov 17 - Jun 18 with interest: 7,662,248.42

**NOTES**

1 - Transferred June balance plus July-October interest on June balance to account 186271 for amortization.

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Amortization of Oregon Residential Decoupling  
 Account Number: 186277  
 Dockets UM 1027 and UG 332  
 Amortization of 2016-17 deferrals approved in Order 17-402

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Debit	(Credit)	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance				
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)						
Beginning Balance													
144		Jun-17		(76,506.51)		(175.91)	2.20%	(76,682.42)	(134,380.34)				
145		Jul-17		(50,990.32)		(293.11)	2.20%	(51,283.43)	(185,663.77)				
146		Aug-17		(39,918.83)		(376.98)	2.20%	(40,295.81)	(225,959.58)				
147		Sep-17		(45,363.17)		(455.84)	2.20%	(45,819.01)	(271,778.59)				
148		Oct-17		(88,920.75)		(579.77)	2.20%	(89,500.52)	(361,279.11)				
149		Nov-17	OLD	(94,957.79)		(749.39)	2.20%	(95,707.18)	(456,986.29)				
150		Nov-17	NEW (1)	(43,834.19)	1,407,633	2,748.34	2.38%	1,366,547.05	909,560.76				
151		Dec-17		(163,692.22)		1,641.63	2.38%	(162,050.59)	747,510.17				
152		Jan-18		(199,563.51)		1,284.66	2.38%	(198,278.85)	549,231.32				
153		Feb-18		(146,850.85)		943.68	2.38%	(145,907.17)	403,324.15				
154		Mar-18		(158,330.85)		642.91	2.38%	(157,687.94)	245,636.21				
155		Apr-18		(115,397.19)		372.74	2.38%	(115,024.45)	130,611.76				
156		May-18		(59,828.48)		199.72	2.38%	(59,628.76)	70,983.00				
157		Jun-18		(35,628.20)		105.45	2.38%	(35,522.75)	35,460.25				
158		Jul-18	forecast	(23,979.66)		46.55	2.38%	(23,933.11)	11,527.14				
159		Aug-18	forecast	(23,924.39)		(0.86)	2.38%	(23,925.25)	(12,398.11)				
160		Sep-18	forecast	(26,591.52)		(50.96)	2.38%	(26,642.48)	(39,040.59)				
161		Oct-18	forecast	(69,851.61)		(146.70)	2.38%	(69,998.31)	(109,038.90)				
162													
163													
164													
165													
166													

**History truncated for ease of viewing**

**Amount amortized during Nov 17- Jun 18 with interest: (1,010,893.54)**

**NOTES**  
**1** - Transfer in authorized balance from account 186275.

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Amortization of Oregon Commercial Decoupling  
 Account Number: 186271  
 Dockets UM 1027 and UG 332  
 Amortization of 2016-17 deferrals approved in Order 17-402

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Debit	(Credit)	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)			
Beginning Balance																				
144		Jun-17		(506,924.19)		2,355.87	2.20%	(504,568.32)	1,033,911.29											
145		Jul-17		(392,259.53)		1,535.93	2.20%	(390,723.60)	643,187.69											
146		Aug-17		(329,229.41)		877.38	2.20%	(328,352.03)	314,835.66											
147		Sep-17		(357,442.86)		249.54	2.20%	(357,193.32)	(42,357.66)											
148		Oct-17		(517,583.77)		(552.11)	2.20%	(518,135.88)	(560,493.54)											
149		Nov-17	OLD	(516,069.82)		(1,500.64)	2.20%	(517,570.46)	(1,078,064.00)											
150		Nov-17	NEW (1)	(391,856.71)	12,173,048.39	23,754.62	2.38%	11,804,946.30	10,726,882.30											
151		Dec-17		(1,601,352.10)		19,686.98	2.38%	(1,581,665.12)	9,145,217.18											
152		Jan-18		(2,035,056.91)		16,119.92	2.38%	(2,018,936.99)	7,126,280.19											
153		Feb-18		(1,489,630.68)		12,656.57	2.38%	(1,476,974.11)	5,649,306.08											
154		Mar-18		(1,643,956.03)		9,574.20	2.38%	(1,634,381.83)	4,014,924.25											
155		Apr-18		(1,218,864.28)		6,754.23	2.38%	(1,212,110.05)	2,802,814.20											
156		May-18		(710,318.22)		4,854.52	2.38%	(705,463.70)	2,097,350.50											
157		Jun-18		(488,711.78)		3,675.11	2.38%	(485,036.67)	1,612,313.83											
158		Jul-18	forecast	(367,689.32)		2,833.13	2.38%	(364,856.19)	1,247,457.64											
159		Aug-18	forecast	(369,501.20)		2,107.70	2.38%	(367,393.50)	880,064.14											
160		Sep-18	forecast	(385,078.05)		1,363.59	2.38%	(383,714.46)	496,349.68											
161		Oct-18	forecast	(756,684.70)		234.05	2.38%	(756,450.65)	(260,100.97)											
162																				
163																				
164																				
165																				
166																				

**History truncated for ease of viewing** **Amount amortized during Nov 17 - Jun 18 with interest: (10,000,241.02)**

**NOTES**

1 - Transferred in authorized balance from account 186270.



UM 1027

**NOTICE OF APPLICATION FOR REAUTHORIZATION FOR  
DEFERRED ACCOUNTING OF REFUNDS OR COLLECTIONS  
OF DISTRIBUTION MARGIN**

October 30, 2018

**To All Parties Who Participated in UG 344:**

Please be advised that on October 30, 2018 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 who participated in the Company's most recent general rate case, UG 344, 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**  
**220 NW Second Ave**  
**Portland, Oregon 97209-3991**  
**Telephone: (503) 226-4211 Ext. 5858**

**Public Utility Commission of Oregon**  
**Attn: Filing Center**  
**201 High Street, SE, Suite 100**  
**PO Box 1088**  
**Salem, Oregon 97301-1088**  
**Telephone: (503) 373-0886**

Any person may submit to the Commission written comments on this matter by November 29, 2018. 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**  
**Docket UM 1027**

I hereby certify that on October 30, 2018 I served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION FOR DEFERRED ACCOUNTING OF REFUNDS OR COLLECTIONS OF DISTRIBUTION MARGIN by electronic mail to all parties of record for the Company's most recent general rate case, UG 344.

**UG 344**

*OREGON CITIZENS UTILITY BOARD*  
*dockets@oregoncub.org*

*ROBERT JENKS*  
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DATED October 30, 2018 Portland, OR.

/s/ Erica Lee-Pella  
Erica Lee-Pella  
Rates & Regulatory Affairs  
NW NATURAL  
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503.226.4211, extension 3589  
erica.lee-pella@nwnatural.com