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VIA ELECTRONIC FILING

October 1, 2019

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
Telephone: (503) 226-4211, ext. 3589
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 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, 2019, and ending October 31, 2020.

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) 220-2579
13 Email: eFiling@nwnatural.com;

14
15 Eric W. Nelsen (OSB# 192566)
16 Senior Regulatory Attorney
17 220 NW Second Avenue
18 Portland, Oregon 97209-3991
19 Phone: (503) 721-2476
20 Email: eric.nelsen@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 November 2018.

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 2019-20
20 PGA filing as work papers and attached to the electronic filing as a file
21 entitled, “Proposed_Temps_Oregon_2019 - 2020_PGA_update_thru_
22 6.30.2019.xlsx”.

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

2 This application is for the 12-month period beginning November 1, 2019 and
3 ending October 31, 2020.

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 April 26, 2019, in Commission Order No. 19-153.

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 3.74%.

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.

5 Dated this 1st day of October, 2019

6 Respectfully Submitted,

7 NW NATURAL

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

11 /s/ Eric W. Nelsen
12 Eric W. Nelsen (OSB# 192566)
13 Senior Regulatory Attorney
14 220 NW Second Avenue
15 Portland, Oregon 97209-3991
16 Phone: (503) 721-2476
Email: eric.nelsen@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Oregon Commercial Decoupling
 Account Number: 186270
 Authorized in dockets UG 353 and UM 1027
 Last deferral reauthorization was approved in Order 19-153

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Debit	(Credit)	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance							
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)									
		Nov-18	1		(10,609,480)	18,660.37	7.317%	(10,590,819.95)	3,078,991.64							
		Dec-18				18,774.15	7.317%	18,774.15	3,097,765.79							
		Jan-19				18,888.63	7.317%	18,888.63	3,116,654.42							
		Feb-19				19,003.80	7.317%	19,003.80	3,135,658.22							
		Mar-19				19,119.68	7.317%	19,119.68	3,154,777.90							
		Apr-19				19,236.26	7.317%	19,236.26	3,174,014.16							
		May-19				19,353.55	7.317%	19,353.55	3,193,367.71							
		Jun-19				19,471.56	7.317%	19,471.56	3,212,839.27							
		Jul-19				19,590.29	7.317%	19,590.29	3,232,429.56							
		Aug-19				19,709.74	7.317%	19,709.74	3,252,139.30							
		Sep-19				19,829.92	7.317%	19,829.92	3,271,969.22							
		Oct-19				19,950.83	7.317%	19,950.83	3,291,920.05							

Amount deferred during Nov 18 - Jun 19 with interest: 152,508.00

History truncated for ease of viewing

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: Deferral of Oregon RS3 Commercial Decoupling
 Account Number: 186270
 Authorized in UM 1027
 Last deferral reauthorization was approved in Order 19-153

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Debit	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance										
(Credit)	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)										
Beginning Balance																		
	Nov-18		422,241		1,287.31	7.317%	423,528.03	0.00										
	Dec-18		(844,179)		8.77	7.317%	(844,170.46)	423,528.03										
	Jan-19		(754,843)		(4,866.20)	7.317%	(759,709.47)	(420,642.43)										
	Feb-19		(672,163)		(9,246.45)	7.317%	(681,409.35)	(1,180,351.90)										
	Mar-19		(530,721)		(12,970.13)	7.317%	(543,691.33)	(1,861,761.25)										
	Apr-19		(563,166)		(16,384.20)	7.317%	(579,550.69)	(2,405,452.58)										
	May-19		55,685		(18,031.29)	7.317%	37,653.26	(2,985,003.27)										
	Jun-19		44,250		(17,836.56)	7.317%	26,413.04	(2,947,350.01)										
	Jul-19				(17,810.41)	7.317%	(17,810.41)	(2,920,936.97)										
	Aug-19				(17,919.01)	7.317%	(17,919.01)	(2,938,747.38)										
	Sep-19				(18,028.27)	7.317%	(18,028.27)	(2,956,666.39)										
	Oct-19				(18,138.20)	7.317%	(18,138.20)	(2,974,694.66)										

History truncated for ease of viewing

Amount deferred during Nov 18 - Jun 19 with interest: (2,920,936.97)

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Oregon RS31 Commercial Decoupling
 Account Number: 186265
 Authorized in UM 1027 and UG 344
 Separate decoupling deferral for RS31 customers required in Order 18-419
 Last deferral reauthorization was approved in Order 19-153

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Debit	(Credit)	Month/Year	Note	Deferral	Transfers	Interest	Interest Rate	Activity	Balance										
(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)												
Beginning Balance									0.00										
Nov-18		32,156		98.04	7.317%	32,254.35	32,254.35												
Dec-18		(32,325)		98.12	7.317%	(32,226.92)	(32,226.92)		27.43										
Jan-19		(16,173)		(49.14)	7.317%	(16,221.70)	(16,221.70)		(16,194.27)										
Feb-19		(16,715)		(149.71)	7.317%	(16,865.01)	(16,865.01)		(33,059.28)										
Mar-19		(36,303)		(312.26)	7.317%	(36,615.28)	(36,615.28)		(69,674.56)										
Apr-19		(71,929)		(644.13)	7.317%	(72,572.92)	(72,572.92)		(142,247.48)										
May-19		36,111		(757.26)	7.317%	35,353.72	35,353.72		(106,893.76)										
Jun-19		68,303		(443.55)	7.317%	67,859.42	67,859.42		(39,034.34)										
Jul-19				(238.01)	7.317%	(238.01)	(238.01)		(39,272.35)										
Aug-19				(239.46)	7.317%	(239.46)	(239.46)		(39,511.81)										
Sep-19				(240.92)	7.317%	(240.92)	(240.92)		(39,752.73)										
Oct-19				(242.39)	7.317%	(242.39)	(242.39)		(39,995.12)										

History truncated for ease of viewing **Amount deferred during Nov 18 - Jun 19 with interest: (39,034.34)**

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Residential Decoupling
 Account Number: 186277
 Dockets UM 1027 and UG 353
 Amortization of 2017-18 deferrals approved in Order 18-402

Debit (Credit)	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
	Nov-18	OLD	(42,668)		(198.74)	2.38%	(42,866.48)	(121,738.86)
	Nov-18	NEW (1)	98,967	(2,630,460)	(6,280.38)	2.92%	(2,537,772.95)	(2,659,511.81)
	Dec-18		401,127		(5,983.44)	2.92%	395,143.50	(2,264,368.31)
	Jan-19		466,480		(4,942.41)	2.92%	461,537.65	(1,802,830.66)
	Feb-19		461,706		(3,825.15)	2.92%	457,880.49	(1,344,950.17)
	Mar-19		473,837		(2,696.21)	2.92%	471,141.14	(873,809.03)
	Apr-19		250,685		(1,821.27)	2.92%	248,864.19	(624,944.84)
	May-19		147,857		(1,340.81)	2.92%	146,515.99	(478,428.85)
	Jun-19		94,464		(1,049.25)	2.92%	93,415.11	(385,013.74)
	Jul-19	forecast	60,982		(862.67)	2.92%	60,119.69	(324,894.05)
	Aug-19	forecast	60,811		(716.59)	2.92%	60,094.82	(264,799.23)
	Sep-19	forecast	67,598		(562.10)	2.92%	67,035.61	(197,763.62)
	Oct-19	forecast	177,580		(265.17)	2.92%	177,314.52	(20,449.10)

Amount amortized during Nov 18- Jun 19 with interest: 2,324,318.66

History truncated for ease of viewing

NOTES

1 - Transfer in authorized balance from account 186275.



UM 1027

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

October 1, 2019

To All Parties Who Participated in UG 344:

Please be advised that on October 1, 2019 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 1, 2019. 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 1, 2019 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

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DATED October 1, 2019 Portland, OR.

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