



250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

VIA ELECTRONIC FILING

September 30, 2021

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

Re: UM 1496 – NW Natural’s Application for Reauthorization to Defer Certain Expenses or Revenues

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), hereby files the above-referenced Application for Reauthorization to Defer Certain Expenses or Revenues (“Application”). The Application is filed to continue deferrals of expenses associated with gas commodity costs and demand costs for later recovery through the Company’s annual Purchased Gas Adjustment.

A notice concerning this Application will be sent to all parties who participated in the Company’s last 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
Fax: (503) 220-2579
Telephone: (503) 610-7330
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Manager

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1496

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba, NW NATURAL

For Reauthorization for Defer Certain
Expenses or Revenues Pursuant to
ORS 757.259

APPLICATION

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 November 1, 2021 through October 31, 2022 for all
6 expenses associated with gas commodity costs and demand costs.

7 NW Natural seeks to defer these expenses or revenues so that they can be
8 recovered or returned to customers through the Company’s annual Purchased Gas
9 Adjustment (“PGA”), pursuant to ORS 757.210(1)(b).

10 In support of this Application, NW Natural states:

11 **A. NW Natural.**

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

14 NW Natural provides retail natural gas service in the States of Oregon and
15 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 eFiling for Regulatory Affairs
9 250 SW Taylor Street
10 Portland, Oregon 97204
11 Phone: (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 Affairs 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 NW Natural hereby requests the authorization to use deferred accounting for
33 the following:

- 1 1) Demand and other fixed gas costs to be recovered or refunded at one
2 hundred percent (100%) of the difference between the actual cost
3 experienced and the amount collected from rates pursuant to Tariff
4 P.U.C. Or. 25 Schedule P, or its successor, and as previously
5 authorized in Commission Order Nos. 89-1046, 99-272, and 99-697;
- 6 2) Commodity gas cost variations to be recovered or refunded as
7 described in NW Natural's Tariff P.U.C. Or. 25 Schedule P, or its
8 successor;
- 9 3) All previously authorized account balances related to PGA commodity
10 and capacity cost deferrals not presently authorized for amortization or
11 being proposed for amortization, all as described in NW Natural Advice
12 No. 21-13A.

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

15 The authorization for deferred accounting treatment as described above can
16 be authorized pursuant to ORS 757.259(2)(e) because the described balances are
17 “utility expenses or revenues, the recovery or refund of which the commission finds
18 should be deferred in order to minimize the frequency of rate changes ... or to match
19 appropriately the costs borne by and benefits received by ratepayers.” Additionally,
20 NW Natural's Tariff P.U.C. Or. 25 Schedule P provides for the collection of these
21 costs through deferred accounting treatment and subsequent amortization through
22 the Company's PGA, which is implemented pursuant to ORS 757.210(1)(b).

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

2 Beginning on November 1, 2021 and ending 12 months from this date, NW
3 Natural proposes to account for charges incurred for gas costs pursuant to the PGA
4 activity and other incurred gas costs, absent the requested account 191 deferral, be
5 recorded as increases/decreases in the appropriate 80X gas expense subaccounts.

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

7 NW Natural is unable to estimate the amount to be deferred during the next
8 PGA cycle. Please note that market fluctuations and cyclical collection differences
9 make it impossible to accurately estimate capacity and commodity deferral amounts.

10 **H. Entries into deferred accounts during past 12 months - OAR 860-027-**
11 **0300(4)(a).**

12 Pursuant to OAR 860-027-300(4)(a), NW Natural has deferred \$29,656,537
13 for the months November 2020 through June 2021.¹

14 **I. Reason for Continuation of Deferred Accounting – OAR 860-027-**
15 **0300(4)(b)**

16 The continuation of deferred accounting for the matters addressed above is
17 justified because they are continuing in nature.

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

19 Below is the information required per Commission Order No. 09-263, issued
20 in Docket UM 1286, Staff's Investigation into Purchase Gas Adjustment

21 Mechanisms:

¹ The amount deferred includes both the commodity (WACOG) and demand deferrals.

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

4 Exhibit A includes the Summary Sheet which shows the amounts deferred
5 and demonstrates the transfer of dollars from one account to another.

6 Exhibit A was attached to our electronic 2021-22 PGA filing as a file
7 entitled, "Proposed_Temps_Oregon_2021-
8 2022_PGA_update_thru_6.30.21.xlsx."

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

10 This application is for the 12-month period beginning November 1, 2021
11 and ending October 31, 2022.

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

13 Approval to defer costs associated with PGA-related expenses was last
14 granted under Commission Order No. 20-350 issued on October 16, 2020.

- 15 **4. The amount deferred last year.**

16 See Exhibit A.

- 17 **5. The amount amortized last year.**

18 See Exhibit A.

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

20 The interest rate for gas cost deferral accounts is based on the
21 Company's cost of capital from the latest general rate case, currently at
22 6.965%. Monies that have been transferred for amortization accrue
23 interest at the rate of 1.24%.

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

3 NW Natural is unable to estimate the amount to be deferred during the
4 next PGA cycle. The Company’s intent is to amortize for collection all that
5 is deferred.

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

7 A notice of this Application has been served to all parties who are participated
8 in the Company’s last general rate case, UG 388, and is attached to this Application.

9 NW Natural respectfully requests that the Commission issue an order
10 reauthorizing the Company to defer the expenses or revenues described in the
11 Application to ensure that the Company will be authorized to recover costs
12 associated with the Company’s annual PGA.

13 Dated this 30th day of September 2021.

14 Respectfully Submitted,

15 NW NATURAL

16 /s/ Kyle Walker, CPA
17 Kyle Walker, CPA
18 Rates/Regulatory Manager

19
20 /s/ Eric W. Nelsen
21 Eric W. Nelsen (OSB# 192566)
22 Senior Regulatory Attorney
23 250 SW Taylor Street
24 Portland, Oregon 97204
25 Phone: (503) 610-7618
26 Email: eric.nelsen@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon WACOG Deferral
 Account Number: 191401
 Dockets UM 1496 and UG 410
 Amortization of 2019-20 deferral approved in Order No. 20-360

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							
188	Nov-20 old rates		(910,856.77)		5,215.08	3.74%	(905,641.69)	1,223,074.12
189	Nov-20 new rates (1)		14,343.20	(1,753,095.62)	(3,826.48)	2.63%	(1,742,578.90)	(519,504.78)
190	Dec-20		44,066.86		(1,090.29)	2.63%	42,976.57	(476,528.21)
191	Jan-21		45,403.92		(994.64)	2.63%	44,409.28	(432,118.93)
192	Feb-21		45,660.47		(897.02)	2.63%	44,763.45	(387,355.49)
193	Mar-21		41,466.68		(803.51)	2.63%	40,663.17	(346,692.32)
194	Apr-21		31,114.22		(725.74)	2.63%	30,388.48	(316,303.84)
195	May-21		17,587.66		(673.96)	2.63%	16,913.70	(299,390.14)
196	Jun-21		13,727.13		(641.12)	2.63%	13,086.01	(286,304.13)
197	Jul-21 <i>forecast</i>		<i>10,078.33</i>		(616.44)	2.63%	9,461.89	(276,842.24)
198	Aug-21 <i>forecast</i>		<i>10,000.23</i>		(595.79)	2.63%	9,404.44	(267,437.80)
199	Sep-21 <i>forecast</i>		<i>10,611.05</i>		(574.51)	2.63%	10,036.54	(257,401.26)
200	Oct-21 <i>forecast</i>		<i>21,907.59</i>		(540.13)	2.63%	21,367.46	(236,033.80)

Amount amortized during Nov 20- Jun 21 with interest: (661,924.32)

History truncated for ease of viewing

NOTES:

1 - Transferred in authorized balance from accounts 191400 and 191405.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Oregon Demand Deferral
 Account Number: 191411
 Dockets UM 1496 and UG 410
 Amortization of 2019-20 deferral approved in Order No. 20-360

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								
188	Nov-20	old rates	14,301.67		632.84	3.74%	14,934.51	210,833.29
189	Nov-20	new rates (1)	14,707.75	(558,506.22)	(1,207.94)	2.63%	(545,006.41)	(334,173.12)
190	Dec-20		49,642.86		(678.00)	2.63%	48,964.86	(285,208.25)
191	Jan-21		51,224.20		(568.95)	2.63%	50,655.25	(234,553.01)
192	Feb-21		51,793.14		(457.31)	2.63%	51,335.83	(183,217.18)
193	Mar-21		46,329.78		(350.78)	2.63%	45,979.00	(137,238.18)
194	Apr-21		34,681.13		(262.78)	2.63%	34,418.35	(102,819.83)
195	May-21		18,819.38		(204.72)	2.63%	18,614.66	(84,205.17)
196	Jun-21		14,543.94		(168.61)	2.63%	14,375.33	(69,829.84)
197	Jul-21	<i>forecast</i>	<i>10,294.81</i>		(141.76)	2.63%	10,153.05	(59,676.79)
198	Aug-21	<i>forecast</i>	<i>10,257.18</i>		(119.55)	2.63%	10,137.63	(49,539.16)
199	Sep-21	<i>forecast</i>	<i>10,941.43</i>		(96.58)	2.63%	10,844.85	(38,694.31)
200	Oct-21	<i>forecast</i>	<i>23,658.58</i>		(58.88)	2.63%	23,599.70	(15,094.61)

Amount amortized during Nov 20- Jun 21 with interest:	292,777.60
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203 **History truncated for ease of viewing**

204 **NOTES:**

205 **1** - Transferred in authorized balances from accounts 191410, 191450, and 191417.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Core Market Commodity gas cost deferral
 Account Number: 191400
 Docket UM 1496
 Last deferral reauthorization was approved in Order 20-350

Narrative: Deferral of customer's share of the difference between actual core commodity cost incurred and the Annual Sales WACOG embedded in customer rates. For the Nov 2019 - Oct 2020 PGA year, the deferral election was 90%.

1	Debit (Credit)										
2			Commodity	Storage	Hedge	RNG					
3	Month/Year	Note	Deferral	Adjustment	Adjustment	Adjustment	Interest	Interest Rate	Transfer	Activity	Balance
4	(a)	(b)	(c)	(d)	(e)	(f)	(g1)	(g2)	(h)	(i)	(j)
5											
6	Beginning Bal										
174	Nov-20	1	1,236,254.79	416.32	60,399.00		17,492.95	6.965%	1,753,095.62	3,067,659	3,679,889.38
175	Dec-20		568,217.56	504.23	22,046.10		23,073.15	6.965%		613,841	4,293,730.42
176	Jan-21		(229.84)	494.72	17,434.40		24,972.89	6.965%		42,672	4,336,402.59
177	Feb-21		23,196,735.09	501.37	28,771.20		92,573.01	6.965%		23,318,581	27,654,983.27
178	Mar-21		350,545.69	451.35	57,712.80		161,700.24	6.965%		570,410	28,225,393.34
179	Apr-21		(627,866.99)	243.66	5,587.80		162,019.69	6.965%		(460,016)	27,765,377.50
180	May-21		(57,450.29)	173.98	1,671.20		160,993.51	6.965%		105,388	27,870,765.90
181	Jun-21		789,646.26	112.86	1,792.80		164,063.72	6.965%		955,616	28,826,381.54
182	Jul-21						167,313.12	6.965%		167,313	28,993,694.66
183	Aug-21						168,284.24	6.965%		168,284	29,161,978.90
184	Sep-21						169,260.99	6.965%		169,261	29,331,239.89
185	Oct-21						170,243.40	6.965%		170,243	29,501,483.29

186
187 **History truncated for ease of viewing**

Amount deferred during Nov 20 - Jun 21 with interest:	26,461,055.22
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188
189 **NOTES:**

190 **1** -Transferred June balance plus July-October interest on June balance to account 191401 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Core Market Demand cost deferral
 Account Number: 191410
 Docket UM 1496
 Last deferral reauthorization was approved in Order 20-350

Narrative: Deferral of 100% of the difference between actual demand cost incurred and the demand cost embedded in customer rates.

1	Debit (Credit)							
2			Demand					
3	Month/Year	Note	Deferral	Transfer	Interest	Interest Rate	Activity	Balance
4	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
5								
6	Beginning Bal							
174	Nov-20	1	79,052.98	640,985.26	(3,215.22)	6.965%	716,823.02	(498,199.35)
175	Dec-20		217,269.16		(2,264.21)	6.965%	215,004.95	(283,194.40)
176	Jan-21		(200,249.14)		(3,239.71)	6.965%	(203,488.85)	(486,683.25)
177	Feb-21		51,480.43		(2,675.39)	6.965%	48,805.04	(437,878.21)
178	Mar-21		65,266.75		(2,352.11)	6.965%	62,914.64	(374,963.56)
179	Apr-21		85,548.86		(1,928.08)	6.965%	83,620.78	(291,342.79)
180	May-21		166,777.16		(1,207.00)	6.965%	165,570.16	(125,772.63)
181	Jun-21		141,771.62		(318.57)	6.965%	141,453.05	15,680.42
182	Jul-21				91.01	6.965%	91.01	15,771.43
183	Aug-21				91.54	6.965%	91.54	15,862.97
184	Sep-21				92.07	6.965%	92.07	15,955.04
185	Oct-21				92.61	6.965%	92.61	16,047.65

Amount deferred during Nov 20 - Jun 21 with interest:	589,717.53
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History truncated for ease of viewing

NOTES

1 -Transferred June balance plus July-October interest on June balance to account 191411 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Seasonalized Demand Collection Deferral
 Account Number: 191450
 Docket UM 1496
 Last deferral reauthorization was approved in Order 20-350

Narrative: Deferral of 100% of the difference between actual demand costs collected and the seasonalized imbedded demand costs embedded in customer rates.

1	Debit (Credit)							
2			Demand					
3	Month/Year	Note	Deferral	Interest	Interest Rate	Transfer	Activity	Balance
4	(a)	(b)	(d)	(e)	(f)	(g)	(i)	(j)
5								
6	Beginning Bal							
174	Nov-20	1	(323,763.24)	(44.33)	6.965%	69,310.99	(254,496.58)	(169,563.25)
175	Dec-20		955,581.09	1,789.00	6.965%		957,370.09	787,806.84
176	Jan-21		1,116,431.44	7,812.54	6.965%		1,124,243.98	1,912,050.82
177	Feb-21		(715,696.15)	9,020.85	6.965%		(706,675.30)	1,205,375.53
178	Mar-21		(554,552.42)	5,386.84	6.965%		(549,165.58)	656,209.95
179	Apr-21		1,133,217.69	7,097.44	6.965%		1,140,315.13	1,796,525.08
180	May-21		450,320.31	11,734.20	6.965%		462,054.51	2,258,579.59
181	Jun-21		486,906.58	14,522.22	6.965%		501,428.80	2,760,008.40
182	Jul-21			16,019.55	6.965%		16,019.55	2,776,027.95
183	Aug-21			16,112.53	6.965%		16,112.53	2,792,140.48
184	Sep-21			16,206.05	6.965%		16,206.05	2,808,346.53
185	Oct-21			16,300.11	6.965%		16,300.11	2,824,646.64

Amount deferred during Nov 20 - Jun 21 with interest:	2,605,764.08
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189 **History truncated for ease of viewing**

191 **NOTES**

192 **1** -Transferred June balance plus July-October interest on June balance to account 191411 for amortization.



UM 1496

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

September 30, 2021

To All Parties Who Participated in UG 388:

Please be advised that on September 30, 2021, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to continue deferrals relative to the Company's annual purchased gas cost adjustment and 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 last general rate case, UG 388, 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
250 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 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
UM 1496**

I hereby certify that on September 30, 2021, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES FOR THE PURCHASED GAS ADJUSTMENT MECHANISM upon all parties of record for the Company's last general rate case, UG 388.

UG 388

OREGON CITIZENS' UTILITY BOARD
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DATED September 30, 2021, Troutdale, Oregon.

/s/ Erica Lee-Pella
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