



NW Natural[®]

250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

October 3, 2022

VIA ELECTRONIC FILING

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 participating in the Company’s current general rate case, UG 435. 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, 2022 through October 31, 2023 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 OPUC
12 Advice No. 22-15A.

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, 2022, 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 Amounts 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 \$30,540,200
13 for the months November 2021 through June 2022.¹

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 2022-23 PGA filing as a file
7 entitled, "Proposed_Temps_Oregon_2022-
8 2023_PGA_update_thru_6.30.22.xlsx."

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

10 This application is for the 12-month period beginning November 1, 2022
11 and ending October 31, 2023.

- 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. 22-344 issued on September 23,
15 2022.

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

17 See Exhibit A.

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

19 See Exhibit A.

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

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

1 interest at the rate of 1.24%.

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

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

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

8 A notice of this Application has been served to all parties participating in the
9 Company's current general rate case, UG 435, and is attached to this Application.

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

14 Dated this 3rd day of October 2022.

15 Respectfully Submitted,

16 NW NATURAL

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

20
21 /s/ Eric W. Nelsen
22 Eric W. Nelsen (OSB# 192566)
23 Senior Regulatory Attorney
24 250 SW Taylor Street
25 Portland, Oregon 97204
26 Phone: (503) 610-7618
27 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 2020-21 deferral approved in Order No. 21-376

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							
201	Nov-21	OLD	11,155.34		(523.56)	2.63%	10,631.78	(233,833.06)
202	Nov-21	NEW (1)	(1,160,657.04)	29,501,483.29	29,885.19	1.24%	28,370,711.44	28,136,878.38
203	Dec-21		(3,720,430.05)		27,152.55	1.24%	(3,693,277.50)	24,443,600.88
204	Jan-22		(5,181,982.04)		22,581.03	1.24%	(5,159,401.01)	19,284,199.87
205	Feb-22		(4,292,716.41)		17,709.10	1.24%	(4,275,007.31)	15,009,192.56
206	Mar-22		(3,678,443.25)		13,608.97	1.24%	(3,664,834.28)	11,344,358.28
207	Apr-22		(2,888,347.25)		10,230.19	1.24%	(2,878,117.06)	8,466,241.22
208	May-22		(2,516,280.79)		7,448.37	1.24%	(2,508,832.42)	5,957,408.80
209	Jun-22		(1,570,669.93)		5,344.48	1.24%	(1,565,325.45)	4,392,083.36
210	Jul-22	Forecast	(935,199.46)		4,055.30	1.24%	(931,144.16)	3,460,939.20
211	Aug-22	Forecast	(936,631.49)		3,092.38	1.24%	(933,539.11)	2,527,400.09
212	Sep-22	Forecast	(974,745.57)		2,108.03	1.24%	(972,637.54)	1,554,762.55
213	Oct-22	Forecast	(1,996,194.24)		575.22	1.24%	(1,995,619.02)	(440,856.47)

Amount amortized during Nov 21 - Jun 22 with interest: (24,864,935.10)

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 2020-21 deferral approved in Order No. 21-376

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								
201	Nov-21	OLD	15,632.58		(37.19)	2.63%	15,595.39	(9,190.54)
202	Nov-21	NEW (1)	(103,026.63)	2,911,566.09	2,955.39	1.24%	2,811,494.85	2,802,304.31
203	Dec-21		(369,967.26)		2,704.56	1.24%	(367,262.70)	2,435,041.61
204	Jan-22		(524,518.33)		2,245.21	1.24%	(522,273.12)	1,912,768.50
205	Feb-22		(432,788.82)		1,752.92	1.24%	(431,035.90)	1,481,732.60
206	Mar-22		(366,136.85)		1,341.95	1.24%	(364,794.90)	1,116,937.70
207	Apr-22		(284,227.39)		1,007.32	1.24%	(283,220.07)	833,717.62
208	May-22		(245,786.65)		734.52	1.24%	(245,052.13)	588,665.50
209	Jun-22		(149,086.37)		531.26	1.24%	(148,555.11)	440,110.39
210	Jul-22	Forecast	(84,223.08)		411.27	1.24%	(83,811.81)	356,298.58
211	Aug-22	Forecast	(83,596.61)		324.98	1.24%	(83,271.63)	273,026.95
212	Sep-22	Forecast	(89,644.38)		235.81	1.24%	(89,408.57)	183,618.38
213	Oct-22	Forecast	(192,924.80)		90.06	1.24%	(192,834.74)	(9,216.36)

Amount amortized during Nov 21 - Jun 22 with interest: (2,446,669.77)

History truncated for ease of viewing

NOTES:

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 22-344.

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 2021 - Oct 2022 PGA year, the deferral election was 90%.

1	Debit (Credit)											
2			Commodity	Storage	Hedge	RNG	RTC					
3	Month/Year	Note	Deferral	Adjustment	Adjustment	Adjustment	Retirement	Interest	Interest Rate	Transfer	Activity	Balance
4	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h1)	(h2)	(i)	(j)	(k)
5												
6	Beginning Bal											
186	Nov-21	1	491,565.47	34,290.04	38,421.50		51,733.76	62,361.05	6.965%	(29,501,483.29)	(28,823,111)	11,114,552.45
187	Dec-21		5,876,585.04	178,741.30	238,142.20		(1,224,667.83)	79,220.80	6.965%		5,148,022	16,262,573.95
188	Jan-22		3,624,636.35	175,214.63	234,269.90		(1,198,362.71)	102,620.30	6.965%		2,938,378	19,200,952.41
189	Feb-22		3,131,699.29	145,899.11	167,898.90		(999,396.35)	118,544.32	6.965%		2,564,645	21,765,597.69
190	Mar-22		980,451.03	119,749.39	72,802.00		(1,310,618.13)	125,931.78	6.965%		(11,684)	21,753,913.76
191	Apr-22		7,516,104.90	113,291.61	68,234.60		(1,200,332.21)	145,119.04	6.965%		6,642,418	28,396,331.70
192	May-22		9,199,986.37	76,081.96	19,117.70		(977,847.23)	188,954.65	6.965%		8,506,293	36,902,625.14
193	Jun-22		3,413,429.16	44,791.01	30,582.50		(762,671.19)	222,100.45	6.965%		2,948,232	39,850,857.07
194	Jul-22							231,301.02	6.965%		231,301	40,082,158.09
195	Aug-22							232,643.53	6.965%		232,644	40,314,801.62
196	Sep-22							233,993.83	6.965%		233,994	40,548,795.45
197	Oct-22							235,351.97	6.965%		235,352	40,784,147.42
198												
199	History truncated for ease of viewing									Amount deferred during Nov 21 - Jun 22 with interest:		29,414,676.45

NOTES:

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 22-344.

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							
186	Nov-21	1	89,443.53	(16,047.65)	3,410.76	6.965%	76,806.64	635,772.04
187	Dec-21		92,446.38		3,958.41	6.965%	96,404.79	732,176.84
188	Jan-22		372,854.72		5,331.73	6.965%	378,186.45	1,110,363.28
189	Feb-22		182,018.10		6,972.97	6.965%	188,991.07	1,299,354.35
190	Mar-22		337,358.74		8,520.71	6.965%	345,879.45	1,645,233.80
191	Apr-22		341,116.48		10,539.16	6.965%	351,655.64	1,996,889.44
192	May-22		271,307.19		12,377.64	6.965%	283,684.83	2,280,574.27
193	Jun-22		274,361.57		14,033.05	6.965%	288,394.62	2,568,968.88
194	Jul-22				14,910.72	6.965%	14,910.72	2,583,879.60
195	Aug-22				14,997.27	6.965%	14,997.27	2,598,876.87
196	Sep-22				15,084.31	6.965%	15,084.31	2,613,961.18
197	Oct-22				15,171.87	6.965%	15,171.87	2,629,133.05

Amount deferred during Nov 21 - Jun 22 with interest:	2,026,051.13
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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 22-344.

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							
186	Nov-21	1	1,034,055.62	1,152.39	6.965%	(2,824,646.64)	(1,789,438.63)	716,725.71
187	Dec-21		(471,944.89)	2,790.37	6.965%		(469,154.52)	247,571.19
188	Jan-22		(246,819.92)	720.65	6.965%		(246,099.27)	1,471.92
189	Feb-22		(46,318.33)	(125.88)	6.965%		(46,444.21)	(44,972.29)
190	Mar-22		832,333.51	2,154.47	6.965%		834,487.98	789,515.69
191	Apr-22		(1,092,244.41)	1,412.70	6.965%		(1,090,831.71)	(301,316.02)
192	May-22		(894,324.42)	(4,344.29)	6.965%		(898,668.71)	(1,199,984.73)
193	Jun-22		(12,025.31)	(6,999.81)	6.965%		(19,025.12)	(1,219,009.85)
194	Jul-22			(7,075.34)	6.965%		(7,075.34)	(1,226,085.19)
195	Aug-22			(7,116.40)	6.965%		(7,116.40)	(1,233,201.59)
196	Sep-22			(7,157.71)	6.965%		(7,157.71)	(1,240,359.30)
197	Oct-22			(7,199.25)	6.965%		(7,199.25)	(1,247,558.55)

Amount deferred during Nov 21 - Jun 22 with interest: (900,527.55)

History truncated for ease of viewing

NOTES

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**

October 3, 2022

To All Parties Participating in UG 435:

Please be advised that on October 3, 2022, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to continue deferrals of expenses associated with gas commodity costs and demand costs for later recovery through the Company's annual Purchased Gas 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 participating in the Company's current 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 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 1496**

I hereby certify that on October 3, 2022, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO CONTINUE DEFERRALS OF EXPENSES ASSOCIATED WITH GAS COMMODITY COSTS AND DEMAND COSTS upon all parties of record for NW Natural's current general rate case, UG 435.

UG 435

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DATED October 3, 2022, Troutdale, OR.

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