



250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

VIA ELECTRONIC FILING

September 24, 2020

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 - Application for Reauthorization to Defer Certain Expenses or Revenues

Northwest Natural Gas Company, dba NW Natural ("NW Natural" or the "Company"), files herewith the above-referenced Application for Reauthorization to Defer Certain Expenses or Revenues. The Application is filed in order to continue deferrals relative to the Company's purchased gas cost adjustment increment for later recovery through the PGA.

A notice concerning this Application will be sent to all parties participating in the Company's current 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
Telecopier: (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 deferred
4 accounting pursuant to ORS 757.259 and OAR 860-27-0300, for the 12-month period
5 beginning November 1, 2020 through October 31, 2021 for all expenses associated with
6 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. NW
14 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, which empowers the
3 Commission to authorize the deferral of expenses or revenues of a public utility for later
4 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 Facsimile: (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 and

22
23 Kyle Walker, CPA
24 Rates & Regulatory Affairs
25 250 SW Taylor Street
26 Portland, Oregon 97204
27 Phone: (503) 610-7051
28 Email: kyle.walker@nwnatural.com
29

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

32 NW Natural hereby requests the authorization to use deferred accounting for the
33 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 P.U.C.
4 Or. 25 Schedule P, or its successor, and as previously authorized in
5 Commission Order Nos. 89-1046, 99-272, and 99-697;
- 6 2) Commodity gas cost variations to be recovered or refunded as described
7 in NW Natural's Tariff P.U.C. Or. 25 Schedule P, or its successor;
- 8 3) All previously-authorized account balances related to PGA commodity and
9 capacity cost deferrals not presently authorized for amortization or being
10 proposed for amortization, all as described in NW Natural Advice No. 20-
11 16A.

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

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

22 ///

23 ///

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

2 Beginning on November 1, 2020 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 PGA
8 cycle. Please note that market fluctuations and cyclical collection differences make it
9 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 \$1,447,465 for the
13 months November 2019 through June 2020.¹

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

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

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

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

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

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

1 Exhibit A includes the Summary Sheet which shows the amounts deferred
2 and demonstrates the transfer of dollars from one account to another. Exhibit
3 A was attached to our electronic 2020-21 PGA filing as a file entitled,
4 "Proposed_Temps_Oregon_2020-2021_PGA_update_thru_6.30.20.xlsx."

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

6 This application is for the 12-month period beginning November 1, 2020 and
7 ending October 31, 2021.

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

9 Approval to defer costs associated with PGA-related expenses was last
10 granted under Commission Order No. 19-373 issued on October 31, 2019.

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

12 See Exhibit A.

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

14 See Exhibit A.

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

16 The interest rate for gas cost deferral accounts is based on the Company's
17 cost of capital from the latest general rate case, currently at 7.317%. Monies
18 that have been transferred for amortization accrue interest at the rate of
19 2.68%.

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

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

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

2 A notice of this Application has been served on the all parties who are
3 participating in the Company’s current general rate case, UG 388, and is attached to
4 this Application as Exhibit B.

5 NW Natural respectfully requests that the Commission issue an order
6 reauthorizing the Company to defer the expenses or revenues described in the
7 Application to ensure that the Company will be authorized to recover costs associated
8 with the Company’s annual Purchased Gas Adjustment (PGA).

9 Dated this 24th day of September, 2020.

10 Respectfully Submitted,

11 NW NATURAL

12 /s/ Kyle Walker, CPA
13 Kyle Walker, CPA
14 Rates/Regulatory Manager

15
16 /s/ Eric W. Nelsen
17 Eric W. Nelsen (OSB# 192566)
18 Senior Regulatory Attorney
19 250 SW Taylor Street
20 Portland, Oregon 97204
21 Phone: (503) 610-7618
22 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 383
 Amortization of 2018-19 deferral approved in Order No. 19-375

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							
175	Nov-19	old rates	785,937.24		869.92	2.92%	786,807.16	751,338.34
176	Nov-19	new rates (1)	(864,644.63)	19,696,776.19	60,040.88	3.74%	18,892,172.44	19,643,510.77
177	Dec-19		(2,888,688.04)		56,720.74	3.74%	(2,831,967.30)	16,811,543.47
178	Jan-20		(3,144,013.24)		47,496.56	3.74%	(3,096,516.68)	13,715,026.79
179	Feb-20		(2,661,909.47)		38,597.02	3.74%	(2,623,312.45)	11,091,714.34
180	Mar-20		(2,542,770.50)		30,606.69	3.74%	(2,512,163.81)	8,579,550.54
181	Apr-20		(1,943,047.84)		23,711.68	3.74%	(1,919,336.16)	6,660,214.37
182	May-20		(1,094,092.82)		19,052.71	3.74%	(1,075,040.11)	5,585,174.26
183	Jun-20		(882,021.61)		16,032.64	3.74%	(865,988.97)	4,719,185.30
184	Jul-20	forecast	(638,603.44)		13,712.97	3.74%	(624,890.47)	4,094,294.83
185	Aug-20	forecast	(634,136.80)		11,772.36	3.74%	(622,364.44)	3,471,930.39
186	Sep-20	forecast	(677,938.62)		9,764.40	3.74%	(668,174.22)	2,803,756.17
187	Oct-20	forecast	(1,368,906.06)		6,605.16	3.74%	(1,362,300.90)	1,441,455.27

Amount amortized during Nov 19- Jun 20 with interest: (14,942,122.07)

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 383
 Amortization of 2018-19 deferral approved in Order No. 19-375

1 Debit (Credit)

2
 3
 4
 5
 6

	Month/Year	Note	Amortization	Transfers	Interest	Interest Rate	Activity	Balance
	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
7	Beginning Balance							
175	Nov-19	old rates	217,250.93		649.87	2.92%	217,900.80	376,343.88
176	Nov-19	new rates (1)	11,860.54	(456,829.63)	(1,405.30)	3.74%	(446,374.39)	(70,030.50)
177	Dec-19		43,531.25		(150.43)	3.74%	43,380.82	(26,649.69)
178	Jan-20		47,423.35		(9.16)	3.74%	47,414.19	20,764.50
179	Feb-20		39,870.64		126.85	3.74%	39,997.49	60,761.99
180	Mar-20		37,964.64		248.54	3.74%	38,213.18	98,975.18
181	Apr-20		29,049.65		353.74	3.74%	29,403.39	128,378.56
182	May-20		15,879.97		424.86	3.74%	16,304.83	144,683.39
183	Jun-20		12,382.39		470.23	3.74%	12,852.62	157,536.00
184	Jul-20	forecast	8,807.48		504.71	3.74%	9,312.19	166,848.19
185	Aug-20	forecast	8,714.78		533.59	3.74%	9,248.37	176,096.56
186	Sep-20	forecast	9,333.81		563.38	3.74%	9,897.19	185,993.75
187	Oct-20	forecast	19,954.41		610.78	3.74%	20,565.19	206,558.94

Amount amortized during Nov 19- Jun 20 with interest:	455,922.55
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190 **History truncated for ease of viewing**

191
 192 **NOTES:**

193 **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 19-373

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 2018 - Oct 2019 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										
162	Nov-19	1	2,410,129.60	(3,881.44)	13,055.70	(9,000.00)	(931.12)	7.317%	(19,696,776.19)	(17,287,403)	1,051,515.82
163	Dec-19		1,855,544.42	(4,864.90)	1,026.10	(9,300.00)	12,028.65	7.317%		1,854,434	2,905,950.10
164	Jan-20		(340,679.26)	(4,792.32)	(4,626.40)	(9,300.00)	16,623.32	7.317%		(342,775)	2,563,175.43
165	Feb-20		(893,428.28)	(4,533.04)	10,258.10	(8,700.00)	12,896.05	7.317%		(883,507)	1,679,668.27
166	Mar-20		(1,723,246.84)	(4,130.60)	44,929.70	(24,300.00)	5,038.33	7.317%		(1,701,709)	(22,041.15)
167	Apr-20		(1,634,299.55)	(2,192.22)	14,727.60	(24,000.00)	(5,151.92)	7.317%		(1,650,916)	(1,672,957.24)
168	May-20		(184,131.04)	(1,492.42)	12,858.90	(24,800.00)	(10,803.18)	7.317%		(208,368)	(1,881,324.98)
169	Jun-20		200,913.82	(1,203.03)	5,551.40	(24,000.00)	(10,918.76)	7.317%		170,343	(1,710,981.55)
170	Jul-20						(10,432.71)	7.317%		(10,433)	(1,721,414.26)
171	Aug-20						(10,496.32)	7.317%		(10,496)	(1,731,910.58)
172	Sep-20						(10,560.32)	7.317%		(10,560)	(1,742,470.90)
173	Oct-20						(10,624.72)	7.317%		(10,625)	(1,753,095.62)

Amount deferred during Nov 19 - Jun 20 with interest: (353,124.63)

History truncated for ease of viewing

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 19-373

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							
162	Nov-19	1	(67,086.42)	546,847.48	(476.74)	7.317%	479,284.32	(112,206.85)
163	Dec-19		(68,209.60)		(892.14)	7.317%	(69,101.74)	(181,308.59)
164	Jan-20		(27,450.27)		(1,189.22)	7.317%	(28,639.49)	(209,948.08)
165	Feb-20		(68,110.81)		(1,487.81)	7.317%	(69,598.62)	(279,546.70)
166	Mar-20		(83,691.15)		(1,959.69)	7.317%	(85,650.84)	(365,197.54)
167	Apr-20		(81,516.88)		(2,475.32)	7.317%	(83,992.20)	(449,189.74)
168	May-20		(64,793.78)		(2,936.47)	7.317%	(67,730.25)	(516,919.99)
169	Jun-20		(105,194.44)		(3,472.63)	7.317%	(108,667.07)	(625,587.06)
170	Jul-20				(3,814.52)	7.317%	(3,814.52)	(629,401.58)
171	Aug-20				(3,837.78)	7.317%	(3,837.78)	(633,239.36)
172	Sep-20				(3,861.18)	7.317%	(3,861.18)	(637,100.54)
173	Oct-20				(3,884.72)	7.317%	(3,884.72)	(640,985.26)

Amount deferred during Nov 19 - Jun 20 with interest: (580,943.37)

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 19-373

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							
162	Nov-19	1	(334,203.39)	(15,952.77)	7.317%	19,142.89	(331,013.27)	(2,799,335.57)
163	Dec-19		833,188.92	(14,528.76)	7.317%		818,660.16	(1,980,675.41)
164	Jan-20		839,664.13	(9,517.24)	7.317%		830,146.89	(1,150,528.52)
165	Feb-20		(230,776.45)	(7,718.93)	7.317%		(238,495.38)	(1,389,023.90)
166	Mar-20		(569,472.15)	(10,205.75)	7.317%		(579,677.90)	(1,968,701.80)
167	Apr-20		1,238,483.40	(8,228.33)	7.317%		1,230,255.07	(738,446.73)
168	May-20		596,022.77	(2,685.55)	7.317%		593,337.22	(145,109.51)
169	Jun-20		78,110.23	(646.67)	7.317%		77,463.56	(67,645.95)
170	Jul-20			(412.47)	7.317%		(412.47)	(68,058.42)
171	Aug-20			(414.99)	7.317%		(414.99)	(68,473.41)
172	Sep-20			(417.52)	7.317%		(417.52)	(68,890.93)
173	Oct-20			(420.06)	7.317%		(420.06)	(69,310.99)

Amount deferred during Nov 19 - Jun 20 with interest: 2,381,533.46

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**

September 24, 2020

To All Parties Participating in UG 388:

Please be advised that on September 24, 2020, 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 participating in the Company's most recent 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) 373-0886**

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 24, 2020, 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 most recent general rate case, UG 388.

UG 388

OREGON CITIZENS UTILITY BOARD
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DATED September 24, 2020, Troutdale, Oregon.

/s/ Erica Lee-Pella
Erica Lee-Pella
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