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March 12, 2019

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Post Office Box 1088  
Salem, Oregon 97308-1088

**Re: UM 1766 - Application for Reauthorization for Deferred Accounting for NW Natural's Annual Regulatory Fee**

In accordance with ORS 757.259 and OAR 860-027-0300, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), files herewith an Application for Reauthorization to use deferred accounting for the Public Utility Commission of Oregon's annual regulatory fee that NW Natural pays.

A notice concerning this Application will be sent to all parties participating in the Company's current general rate case, UG 344. 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  
220 NW Second Avenue  
Portland, Oregon 97209  
Telecopier: (503) 721-2516  
Telephone: (503) 226-4211, ext. 3589  
eFiling@nwnatural.com

If you have any questions, please contact me.

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA  
Rates/Regulatory Manager

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1766**

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba, NW NATURAL

For Reauthorization to 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 860-27-300, for the 12-month period  
5 beginning March 23, 2019 through March 22, 2020 for the annual regulatory fee that  
6 NW Natural pays to the Commission pursuant to OAR 860-021-0034.

7 Pursuant to OAR 860-021-0034, the Company must pay the Commission a fee on  
8 gross operating revenues. At the time of the Company’s last closed general rate case  
9 (Docket UG 221), the regulatory fee was 0.25 percent, which was included in rates. On  
10 February 23, 2016, the Commission issued Order No. 16-067, increasing the annual fee  
11 rate from 0.25 percent to 0.275 percent. The Company filed an application to defer  
12 expenses related to the increase in the regulatory fee on March 23, 2016. The  
13 Commission approved the Company’s deferral request in Order No. 16-154.

14 On February 22, 2017, the Commission issued Order No. 17-065, increasing the  
15 annual fee rate from 0.275 percent to 0.3 percent. The Company filed an application to

1 defer expenses related to the increase in the regulatory fee on March 22, 2017. The  
2 Commission approved the Company's deferral request in Order No. 17-151.

3 On February 27, 2018, in Commission Order No. 18-073, the Commission  
4 confirmed that the 0.3 percent fee would be maintained at the same rate for 2018. The  
5 Company filed an application to continue deferring the amount for annual fees not  
6 captured in our last general rate case on March 22, 2018. The Commission approved  
7 the Company's deferral request in Order No. 18-136. By Order No. 18-419 entered in  
8 Docket UG 344 (NW Natural's current general rate case) on October 26, 2018, the  
9 Commission authorized the Company to include the 0.3 percent fee in rates.

10 On February 26, 2019, in Order No. 19-060, the Commission confirmed that the  
11 0.3 percent fee would be maintained at the same rate for 2019. The Oregon Legislature,  
12 however, is currently considering Senate Bill ("SB") 68, which would modify ORS  
13 756.310 by changing the annual utility fee from a maximum of 0.30 percent of a utility's  
14 annual gross operating revenue to a maximum of 0.45 percent for energy and water  
15 utilities and 0.35 percent for telecommunications utilities. Consequently, NW Natural  
16 requests in this reauthorization to continue deferring the amount for annual fees not  
17 currently captured in rates, if any.

18 In support of this Application, NW Natural states:

19 **A. NW Natural.**

20 NW Natural is a public utility in the State of Oregon and is subject to the  
21 jurisdiction of the Commission regarding rates, service, and accounting practices. NW  
22 Natural also provides retail natural gas service in the States of Oregon and Washington.

23 **B. Statutory Authority.**

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

4 **C. Communications.**

5 Communications regarding this Application should be addressed to:

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

13  
14 Zachary D. Kravitz (OSB# 152870)  
15 Director, Rates & Regulatory Affairs  
16 220 NW Second Avenue  
17 Portland, Oregon 97209-3991  
18 Phone: (503) 220-2379  
19 Email: zdk@nwnatural.com;

20  
21 and

22  
23 Kyle Walker, CPA  
24 Rates/Regulatory Manager  
25 220 NW Second Avenue  
26 Portland, Oregon 97209-3991  
27 Phone: (503) 226-4211 Ext. 5858  
28 Email: Kyle.Walker@nwnatural.com

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

31  
32 In this Application, the Company is requesting authorization to defer the costs  
33 that represent the difference in the regulatory fee currently embedded in rates and any  
34 increased regulatory fee that may be established by future Commission order as a  
35 result of SB 68 or otherwise. Specifically, NW Natural requests to defer the difference  
36 between the annual fee amounts that are currently being collected through rates and

1 any increased annual fee.

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

4  
5 ORS 757.259(2)(e) allows the deferral of utility expenses where necessary to  
6 minimize the frequency of rate changes or the fluctuation of rate levels or to match  
7 appropriately the costs borne by and benefits received by ratepayers. The Company  
8 requests deferral of the costs associated with any incremental increase of the regulatory  
9 fee. NW Natural does not seek to defer the costs associated with the annual fee that  
10 have already been included in rates, and only seeks to defer the incremental costs, if  
11 any, until such time as any increased fee amount can be included in NW Natural's  
12 established rates. While the amounts deferred may not be significant, NW Natural  
13 seeks this reauthorization because the 2016 increase and the subsequent 2017  
14 increase to the annual fee were not regularly scheduled events and because of the  
15 existence of SB 68, which makes planning for any fee increase difficult to align with  
16 ordinary rate case planning. For this reason, the Company respectfully requests the  
17 reauthorization to defer any incremental costs of the annual fee.

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

19 NW Natural proposed to account for the deferred expenses related to any  
20 increased regulatory fee by recording the deferral in a sub-account of Account 186  
21 (Defer PUC Fee). In the absence of deferred accounting, the Company would record  
22 the incremental increase in expenses in the appropriate sub-account of FERC Account  
23 909.

24 **G. Estimate of Amounts – OAR 860-027-0300(3)(d)**

25 The Company does not have an estimate of the amount to be recorded in the

1 deferred account for the 12-month period beginning March 23, 2019, through March 22,  
2 2020, because it is not known if or when SB 68, or other potential legislation, may  
3 become law.

4 **H. Descriptions of Entries Deferred under UM 1766 – OAR 860-027-**  
5 **0300(4)(a)**

6  
7 The entries being deferred would make up the incremental difference in the  
8 regulatory fee currently embedded in rates and any new increased regulatory fee  
9 ordered by the Commission.

10 **I. Reason for Continued Deferral – OAR 860-027-0300(4)(b)**

11 The deferral is forecasted to continue until rates go into effect in a subsequently  
12 filed general rate case that would include any increased regulatory fee in revenue  
13 requirement. The recovery of any incremental regulatory fee aligns the cost with the  
14 customers who benefit from the governance the Commission provides.

15 **J. Requirements per Commission Order No. 09-263**

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

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

21 The Summary Sheet will be included in the 2019 PGA filing work papers and  
22 in the electronic file entitled "Proposed Temps Oregon 2019-20 PGA  
23 filing.xlsx."

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

1 This application is for the 12-month period beginning March 23, 2019, and  
2 ending March 22, 2020.

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

4 Approval to defer costs associated with the incremental regulatory fee was  
5 last granted under Commission Order No. 18-136.

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

7 \$256,869 was deferred during the last deferral year of March 23, 2018,  
8 through March 22, 2019. This amount includes \$12,151 of interest.

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

10 \$42,431 was amortized in rates November 1, 2018 through December 31,  
11 2018.

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

13 The interest rate for deferral accounts is 7.317%.

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

15 The Company does not have an estimate of the amount to be recorded in the  
16 deferred account for the 12-month period beginning March 23, 2019, through  
17 March 22, 2020, because it is not known if or when SB 68, or other potential  
18 legislation, may become law.

19 **K. Notice**

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

1 NW Natural respectfully requests that the Commission issue an order  
2 reauthorizing the Company to defer the expenses described in the Application.

3 Dated on this 12<sup>th</sup> day of March, 2019

4 Respectfully Submitted,

5 NW NATURAL

6 /s/ Kyle Walker, CPA  
7 Kyle Walker, CPA  
8 Rates/Regulatory Manager  
9

10 /s/ Zachary D. Kravitz  
11 Zachary D. Kravitz (OSB# 152870)  
12 Director, Rates & Regulatory Affairs  
13 220 NW Second Avenue  
14 Portland, Oregon 97209-3991  
15 Phone: (503) 220-2379  
16 Email: zdk@nwnatural.com  
17

18

19

20





UM 1766

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

March 12, 2019

**To All Parties Participating in UG 344**

Please be advised that on March 12, 2019 Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES FOR THE ANNUAL REGULATORY FEE.

**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 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 Commission as follows:

**NW Natural**  
**Attn: Kyle Walker**  
**220 NW Second Avenue**  
**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 97308-1088**  
**Telephone: (503) 378-6636**

Any person may submit to the Commission written comments on this matter by April 12, 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  
UM 1766**

I hereby certify that on March 12, 2019, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES FOR THE ANNUAL REGULATORY FEE upon all parties of record for the Company's most recent general rate case, UG 344.

**UG 344**

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DATED March 12, 2019, Portland, OR.

/s/ Erica Lee-Pella  
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