

VIA ELECTRONIC FILING

September 22, 2021

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

Re: UM 1798 – NW Natural’s 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 (“Application”). The Application is filed to defer amounts relative to the Company’s Schedule 195 Weather Adjusted Rate Mechanism, pursuant to Commission Order No. 16-223 issued in Docket UM 1750, for later recovery in rates coincident with the annual Purchased Gas Adjustment process.

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 1798

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
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 amounts
6 associated with NW Natural’s Schedule 195 Weather Adjusted Rate Mechanism
7 (“WARM”), (“Schedule 195”).

8 Pursuant to Commission Order No. 16-223 (“the Order”) issued in Docket UM
9 1750¹, the Company made changes to the WARM program that impacted residential
10 and commercial customer bills as follows:

11 Residential Bills. The maximum WARM adjustment surcharge that will be
12 applied to a monthly bill during the WARM Period will be twelve dollars (\$12.00), or
13 twenty-five percent (25%) of the usage portion of that bill, whichever is less. The

¹ *In the Matter of the Public Utility Commission of Oregon Investigation into Northwest Natural Gas Co.’s WARM Program*, Docket UM 1750, Order No. 16-223 (June 20, 2016).

1 maximum WARM adjustment credit applied to a monthly bill during the WARM
2 Period will be twelve dollars (\$12.00), or twenty-five percent (25%) of the usage
3 portion of that bill, whichever is less.

4 Commercial Bills. The maximum WARM adjustment surcharge that will be
5 applied to a monthly bill during the WARM Period will be thirty-five dollars (\$35.00),
6 or twenty-five percent (25%) of the usage portion of that bill, whichever is less. The
7 maximum WARM adjustment credit applied to a monthly bill during the WARM
8 Period will be thirty-five dollars (\$35.00), or twenty-five percent (25%) of the usage
9 portion of that bill, whichever is less.

10 The Order established that any amounts not applied to a customer's bill
11 during the WARM Period due to the cap and floor described above will be deferred
12 in a residential or commercial deferral account and then amortized on an equal cent
13 per therm basis through the annual Purchased Gas Adjustment ("PGA") process to
14 rate schedules 2 and commercial 3 customers, respectively, over the 12-month
15 period November 1 through October 31 of each year.

16 In accordance with the Order, the Company will accrue interest on the
17 deferred amounts at the Modified Blended Treasury Rate, plus 100 basis points; the
18 Company will accrue interest during the amortization period at the Modified Blended
19 Treasury Rate. The Order also acknowledged that the deferred amounts will not be
20 subjected to an earnings test, given the fact that the WARM mechanism is an
21 automatic adjustment clause.

22 In support of this Application, NW Natural states:

1 **A. NW Natural.**

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

4 NW Natural provides retail natural gas service in the States of Oregon and
5 Washington.

6 **B. Statutory Authority.**

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

10 **C. Communications.**

11 Communications regarding this Application should be addressed to:

12 NW Natural
13 e-Filing for Regulatory Affairs
14 250 SW Taylor Street
15 Portland, Oregon 97204
16 Phone: (503) 610-7330
17 Fax: (503) 220-2579
18 Email: eFiling@nwnatural.com;

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

26
27 and

28
29 Kyle Walker, CPA
30 Rates & Regulatory Affairs
31 250 SW Taylor Street
32 Portland, Oregon 97204
33 Phone: (503) 610-7051
34 Email: kyle.walker@nwnatural.com

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

3 NW Natural will defer any amounts not applied to customer bills during the
4 WARM Period due to the monthly cap and floor in accordance with the Order 16-
5 223. The deferred amounts may result in a charge or credit to customers depending
6 on the variability in the weather during the WARM period.

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

9 ORS 757.259 is a “statutorily authorized exception to the general prohibition
10 against retroactive ratemaking” that allows a “means to address utility expenses or
11 revenues outside of the utility’s general rate case proceeding.² Under ORS
12 757.259(2)(e), the Commission has discretion to authorize a deferral of “[i]dentifiable
13 utility expenses or revenues, the recovery or refund of which the commission finds
14 should be deferred in order to minimize the frequency of rate changes . . . or to
15 match appropriately the costs borne by and benefits received by rate payers.” To
16 determine whether an expense or revenue should be deferred, the Commission
17 “utilizes a flexible, fact-specific approach that acknowledges the wide range of
18 reasons why deferred accounting might be beneficial to customers.”³ Of those
19 reasons, the Commission has found that “encourag[ing] utility or customer behavior
20 consistent with regulatory policy” is appropriate for deferred accounting.⁴

² *In re Matter Public Utility Commission of Oregon Staff Request to Open Investigation Related to Deferred Accounting*, Docket UM 1147, Order No. 05-1070 at 2 (October 5, 2005).

³ *In re Matter Public Utility Commission of Oregon Staff Request to Open Investigation Related to Deferred Accounting*, Docket UM 1147, Order No. 05-1070 at 5 (October 5, 2005).

⁴ *Id.* at 2.

1 This application is made pursuant to Commission Order 16-223 entered June
2 20, 2016 in Docket UM 1750.

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

4 Beginning on November 1, 2021, and ending 12 months from this date, NW
5 Natural proposes to account for the WARM deferral amounts by recording the
6 deferral in Account 186 in two separate accounts (residential and commercial). In
7 the absence of approval of deferred accounting, NW Natural would be precluded
8 from recognizing the amounts as deferred, which would affect the Company's
9 income statement either positively or negatively, and would be directly in
10 contravention of Order 16-223. NW Natural would record the amounts in several
11 accounts affecting the Company's income statement.

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

13 NW Natural cannot estimate what amounts will be recorded in the WARM
14 deferral account for the upcoming 12-month period because the amount is
15 dependent on the affect that weather may have on customer use.

16 **H. Entries into deferred account during past 12 months - OAR 860-027-
17 0300(4)(a)**

18 Exhibit A, which is attached, displays the residential and commercial
19 accounts, which deferred with interest from November 1, 2020 through June 30,
20 2021 is \$1,657,286 and \$1,129,619 , respectively. The activity in these accounts
21 represent the WARM adjustment outside the caps and floors and include interest.

22 ///

23 ///

1 **I. Reason for Continuation of Deferral Account – OAR 860-027-0300(4)(b)**

2 NW Natural seeks continuation of this deferral to capture WARM adjustments
3 that exceed the caps and floors of the WARM program, and to be consistent with
4 Commission Order No. 16-223.

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

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

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

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

14 Exhibit A was attached to our electronic 2021-22 PGA filing as a file
15 entitled, "Proposed_Temps_Oregon_2021-
16 2022_PGA_update_thru_6.30.2021.xlsx."

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

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

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

21 Approval to use deferred accounting for revenues and expenses relative
22 to Schedule 195, WARM, was last granted on October 27, 2020, in
23 Commission Order No. 20-383.

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

2 See Exhibit A.

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

4 The amount of amortization including interest from November 1, 2020
5 through June 30, 2021 was \$523,466 and \$581,051 for residential and
6 commercial accounts, respectively. The amortization embedded in rates
7 November 1, 2020 was approved in Order No. 20-347.

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

9 The interest rate for deferral accounts is the Modified Blended Treasury
10 Rate, plus 100 basis points. Monies that have been transferred to
11 amortization accrue interest at the Modified Blended Treasury Rate.

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

14 NW Natural is unable to estimate the amount to be deferred during the
15 upcoming PGA cycle due to the deferrals being driven by weather. The
16 Company's intent is to amortize for collection all that is deferred.

17 **K. Notice – OAR 860-027-0300(6).**

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

20 NW Natural respectfully requests that the Commission issue an order
21 reauthorizing the Company to defer the WARM adjustments that exceed the monthly
22 cap and floor for all customers enrolled in WARM to ensure that the Company will be

1 authorized to recover from, or credit back to customers those adjustments
2 associated with its WARM Program, beginning on the date of this Application.

3 Dated this 22nd day of September 2021

4 Respectfully Submitted,

5 NW NATURAL

6 /s/ Kyle Walker, CPA

7 Kyle Walker, CPA

8 Rates/Regulatory Manager

9

10 /s/ Eric W. Nelsen

11 Eric W. Nelsen (OSB# 192566)

12 Senior Regulatory Attorney

13 250 SW Taylor Street

14 Portland, Oregon 97204

15 Phone: (503) 610-7618

Email: eric.nelsen@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: OR Deferred WARM-Residential
 Account Number: 186238
 Docket UM 1798
 Last authorization to defer granted in Order 20-383

1 Debit (Credit)

2

3

4	Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
6								
7	Beginning Balance							
56	Nov-20	1	(19.66)	(712,742.32)	3.63%	(0.92)	(712,762.90)	(313.90)
57	Dec-20		23,713.79		3.63%	34.92	23,748.71	23,434.81
58	Jan-21		1,076,081.60		2.24%	1,048.09	1,077,129.69	1,100,564.50
59	Feb-21		(13,392.25)		2.24%	2,041.89	(11,350.36)	1,089,214.14
60	Mar-21		(46,077.57)		2.24%	1,990.19	(44,087.38)	1,045,126.76
61	Apr-21		(5,818.44)		2.24%	1,945.47	(3,872.97)	1,041,253.79
62	May-21		609,993.69		2.24%	2,513.00	612,506.69	1,653,760.48
63	Jun-21		144.81		2.24%	3,087.15	3,231.96	1,656,992.44
64	Jul-21				2.24%	3,093.05	3,093.05	1,660,085.49
65	Aug-21				2.24%	3,098.83	3,098.83	1,663,184.32
66	Sep-21				2.24%	3,104.61	3,104.61	1,666,288.93
67	Oct-21				2.24%	3,110.41	3,110.41	1,669,399.34

68

69 **History truncated for ease of viewing** **Amount deferred during Nov 20 - Jun 21 with interest: 1,657,285.76**

70

71 **NOTES**

72 **1** -Transferred June balance plus July-October interest on June balance to account 186239 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amort WARM Residential
 Account Number: 186239
 Dockets UM 1798 and UG 379
 Amortization of 2020-21 WARM adjustment approved in Order 20-347

Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Beginning Balance						
40	Nov-20 old rates	25,055.96		3.74%	(170.06)	24,885.90	(42,205.45)
41	Nov-20 new rates (1)	(29,700.13)	712,742.32	2.63%	1,529.55	684,571.74	642,366.29
42	Dec-20	(100,648.73)		2.63%	1,297.56	(99,351.17)	543,015.12
43	Jan-21	(103,603.77)		2.63%	1,076.58	(102,527.19)	440,487.93
44	Feb-21	(105,109.98)		2.63%	850.22	(104,259.76)	336,228.17
45	Mar-21	(91,312.14)		2.63%	636.84	(90,675.30)	245,552.87
46	Apr-21	(65,901.73)		2.63%	465.95	(65,435.78)	180,117.09
47	May-21	(33,948.67)		2.63%	357.55	(33,591.12)	146,525.97
48	Jun-21	(24,635.05)		2.63%	294.14	(24,340.91)	122,185.06
49	Jul-21 <i>forecast</i>	(15,110.69)		2.63%	251.23	(14,859.46)	107,325.60
50	Aug-21 <i>forecast</i>	(15,067.28)		2.63%	218.71	(14,848.57)	92,477.03
51	Sep-21 <i>forecast</i>	(16,598.28)		2.63%	184.49	(16,413.79)	76,063.24
52	Oct-21 <i>forecast</i>	(43,510.36)		2.63%	119.03	(43,391.33)	32,671.91

54 **History truncated for ease of viewing**

Amount amortized during Nov 20- Jun 21 with interest: (523,465.91)

56 **NOTES**

57 **1** - Transferred in authorized balance from account 186238 WARM-Res Deferral for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: OR Deferred WARM-Commercial
 Account Number: 186244
 Other Info: Docket UM 1798
 Last authorization to defer granted in Order 20-383

1 Debit (Credit)

2	3	4	5	6	7	8	9	10
Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
7	Beginning Balance							
56	Nov-20 1	(52.70)	(778,381.30)	3.63%	(1.12)	(778,435.12)	(398.29)	
57	Dec-20	32,991.86		3.63%	48.70	33,040.56	32,642.27	
58	Jan-21	857,547.89		2.24%	861.31	858,409.20	891,051.47	
59	Feb-21	(30,530.87)		2.24%	1,634.80	(28,896.07)	862,155.40	
60	Mar-21	(58,853.12)		2.24%	1,554.43	(57,298.69)	804,856.71	
61	Apr-21	(28,679.40)		2.24%	1,475.63	(27,203.77)	777,652.94	
62	May-21	347,985.94		2.24%	1,776.41	349,762.35	1,127,415.29	
63	Jun-21	(244.63)		2.24%	2,104.28	1,859.65	1,129,274.94	
64	Jul-21			2.24%	2,107.98	2,107.98	1,131,382.92	
65	Aug-21			2.24%	2,111.91	2,111.91	1,133,494.83	
66	Sep-21			2.24%	2,115.86	2,115.86	1,135,610.69	
67	Oct-21			2.24%	2,119.81	2,119.81	1,137,730.50	

68
 69 **History truncated for ease of viewing**

Amount deferred during Nov 20 - Jun 21 with interest: 1,129,619.41

70
 71 **1** -Transferred June balance plus July-October interest on June balance to account 186239 for amortization.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amort WARM Commercial
 Account Number: 186245
 Dockets UM 1798 and UG 407
 Amortization of 2020-21 WARM adjustment approved in Order 20-347

Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Beginning Balance						
40	Nov-20 old rates	5,092.50		3.74%	(124.95)	4,967.55	(37,668.91)
41	Nov-20 new rates (1)	(28,028.94)	778,381.30	2.63%	1,675.24	752,027.60	714,358.69
42	Dec-20	(102,563.30)		2.63%	1,453.24	(101,110.06)	613,248.63
43	Jan-21	(107,506.11)		2.63%	1,226.23	(106,279.88)	506,968.75
44	Feb-21	(109,403.40)		2.63%	991.22	(108,412.18)	398,556.57
45	Mar-21	(99,300.73)		2.63%	764.69	(98,536.04)	300,020.53
46	Apr-21	(74,586.19)		2.63%	575.81	(74,010.38)	226,010.15
47	May-21	(40,338.67)		2.63%	451.13	(39,887.54)	186,122.61
48	Jun-21	(31,802.28)		2.63%	373.07	(31,429.21)	154,693.40
49	Jul-21 <i>forecast</i>	(23,720.20)		2.63%	313.04	(23,407.16)	131,286.24
50	Aug-21 <i>forecast</i>	(23,661.10)		2.63%	261.81	(23,399.29)	107,886.95
51	Sep-21 <i>forecast</i>	(24,266.65)		2.63%	209.86	(24,056.79)	83,830.16
52	Oct-21 <i>forecast</i>	(47,808.86)		2.63%	131.34	(47,677.52)	36,152.64

54 **History truncated for ease of viewing**

Amount amortized during Nov 20- Jun 21 with interest:	(581,051.44)
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56 **Notes:**

57 **1** - Transferred in authorized balance from account 186244 WARM-Comm Deferral for amortization.



UM 1798

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

September 22, 2021

To All Parties Who Participated UG 388:

Please be advised that on September 22, 2021, Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to continue deferrals relative to the Company's Schedule 195 Weather Adjusted Rate 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 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 1798**

I hereby certify that on September 22, 2021, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER CERTAIN EXPENSES OR REVENUES RELATING TO SCHEDULE 195 WEATHER ADJUSTED RATE MECHANISM (WARM) upon all parties of record for the Company's last general rate case, UG 388.

UG 388

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DATED September 22, 2021, Troutdale, OR.

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