

October 17, 2023

***VIA ELECTRONIC FILING***

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 that participated in the Company’s last general rate case, UG 435. A copy of the notice and the certificate date 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 Senior 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, 2023 through October 31, 2024, 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 1750<sup>1</sup>, 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

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<sup>1</sup> *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 Ryan Sigurdson (OSB# 201722)  
21 Regulatory Attorney  
22 250 SW Taylor Street  
23 Portland, Oregon 97204  
24 Phone: (503) 610-7570  
25 Email: ryan.sigurdson@nwnatural.com;

26  
27 and

28  
29 Kyle Walker, CPA  
30 Rates & Regulatory Senior Manager  
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.<sup>2</sup> 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.”<sup>3</sup> 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.<sup>4</sup>

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<sup>2</sup> *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).

<sup>3</sup> *Id.* at 5.

<sup>4</sup> *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, 2023, 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 Amounts 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, 2022 through June 30,  
20 2023 is (\$1,294,616) and (\$1,307,802), respectively. The activity in these accounts  
21 represent the WARM adjustment outside the caps and floors and include interest.

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 2023-24 PGA filing as a file  
15 entitled, "Proposed\_Temps\_Oregon\_2023-  
16 2024\_PGA\_updated\_thru\_6.30.2023.xlsx."

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

18 This application is for the 12-month period beginning November 1,  
19 2023 and ending October 31, 2024.

- 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, 2022, in  
23 Commission Order No. 22-391.

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, 2022  
5                 through June 30, 2023 was \$442,428 and \$416,534 for residential and  
6                 commercial accounts, respectively. The amortization embedded in rates  
7                 November 1, 2023 was approved in Order No. 22-405.

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 that participated in  
19                 the Company's last general rate case, UG 435, 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 17th of October 2023.

4 Respectfully Submitted,

5 NW NATURAL

6 /s/ Kyle Walker, CPA

7 Kyle Walker, CPA

8 Rates/Regulatory Senior Manager

9

10 /s/ Ryan Sigurdson

11 Ryan Sigurdson (OSB# 201722)

12 Regulatory Attorney

13 250 SW Taylor Street

14 Portland, Oregon 97204

15 Phone: (503) 610-7570

Email: ryan.sigurdson@nwnatural.com

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: OR Deferred WARM-Residential  
 Account Number: 151830  
 Docket UM 1798  
 Last authorization to defer granted in Order 22-391

1 Debit (Credit)

2  
 3  
 4  
 5  
 6

Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
7 Beginning Balance								
81	Nov-22	<b>1</b>	943.54	(401,080.03)	2.82%	1.29	(400,135.20)	1,024.40
82	Dec-22		(400,102.26)		2.82%	(467.71)	(400,569.97)	(399,545.57)
83	Jan-23		62,075.07		6.13%	(1,882.46)	60,192.61	(339,352.96)
84	Feb-23		(53,872.97)		6.13%	(1,871.13)	(55,744.10)	(395,097.06)
85	Mar-23		(614,187.66)		6.13%	(3,587.03)	(617,774.69)	(1,012,871.75)
86	Apr-23		(254,928.47)		6.13%	(5,825.22)	(260,753.69)	(1,273,625.44)
87	May-23		(8,378.72)		6.13%	(6,527.50)	(14,906.22)	(1,288,531.66)
88	Jun-23		575.59		6.13%	(6,580.78)	(6,005.19)	(1,294,536.85)
89	Jul-23				6.13%	(6,612.93)	(6,612.93)	(1,301,149.78)
90	Aug-23				6.13%	(6,646.71)	(6,646.71)	(1,307,796.49)
91	Sep-23				6.13%	(6,680.66)	(6,680.66)	(1,314,477.15)
92	Oct-23				6.13%	(6,714.79)	(6,714.79)	(1,321,191.94)

93

94 **History truncated for ease of viewing** **Amount deferred during Nov 22 - Jun 23 with interest: (1,294,616.42)**

95

96 **NOTES**

97 **1** -Transferred June balance plus July-October interest on June balance to account 151832 for amortization.

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Amort WARM Residential  
 Account Number: 151832  
 Dockets UM 1798 and UG 451  
 Amortization of 2021-22 WARM adjustment approved in Order 22-405

Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Beginning Balance						
66	Nov-22 Old rates	(62,385.91)		1.24%	58.81	(62,327.10)	25,777.63
67	Nov-22 New rates <b>(1)</b>	(23,116.24)	401,080.03	1.82%	590.77	378,554.56	404,332.19
68	Dec-22	(73,948.03)		1.82%	557.16	(73,390.87)	330,941.32
69	Jan-23	(70,648.18)		1.82%	448.35	(70,199.83)	260,741.49
70	Feb-23	(66,148.86)		1.82%	345.30	(65,803.56)	194,937.93
71	Mar-23	(63,798.42)		1.82%	247.28	(63,551.14)	131,386.79
72	Apr-23	(48,718.63)		1.82%	162.33	(48,556.30)	82,830.49
73	May-23	(24,103.35)		1.82%	107.35	(23,996.00)	58,834.49
74	Jun-23	(12,157.35)		1.82%	80.01	(12,077.34)	46,757.15
75	Jul-23 <i>Forecast</i>	<i>(9,426.87)</i>		1.82%	63.77	(9,363.10)	37,394.05
76	Aug-23 <i>Forecast</i>	<i>(9,392.45)</i>		1.82%	49.59	(9,342.86)	28,051.19
77	Sep-23 <i>Forecast</i>	<i>(10,343.87)</i>		1.82%	34.70	(10,309.17)	17,742.02
78	Oct-23 <i>Forecast</i>	<i>(27,123.07)</i>		1.82%	6.34	(27,116.73)	(9,374.71)
79							
80	<b>History truncated for ease of viewing</b>					<b>Amount amortized during Nov 22- Jun 23 with interest:</b>	<b>(442,427.61)</b>

82 **NOTES**

83 **1** - Transferred in authorized balance from account 151830 WARM-Res Deferral for amortization.

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: OR Deferred WARM-Commercial  
 Account Number: 151834  
 Other Info: Docket UM 1798  
 Last authorization to defer granted in Order 22-391

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)
7	Beginning Balance							
81	Nov-22	<b>1</b>	969.57	(451,778.85)	2.82%	1.40	(450,807.88)	1,081.91
82	Dec-22		(385,036.28)		2.82%	(449.88)	(385,486.16)	(384,404.25)
83	Jan-23		80,462.97		6.13%	(1,758.15)	78,704.82	(305,699.43)
84	Feb-23		(68,691.95)		6.13%	(1,737.07)	(70,429.02)	(376,128.45)
85	Mar-23		(574,102.52)		6.13%	(3,387.74)	(577,490.26)	(953,618.71)
86	Apr-23		(322,976.66)		6.13%	(5,696.34)	(328,673.00)	(1,282,291.71)
87	May-23		(12,625.09)		6.13%	(6,582.62)	(19,207.71)	(1,301,499.42)
88	Jun-23		455.95		6.13%	(6,647.33)	(6,191.38)	(1,307,690.80)
89	Jul-23				6.13%	(6,680.12)	(6,680.12)	(1,314,370.92)
90	Aug-23				6.13%	(6,714.24)	(6,714.24)	(1,321,085.16)
91	Sep-23				6.13%	(6,748.54)	(6,748.54)	(1,327,833.70)
92	Oct-23				6.13%	(6,783.02)	(6,783.02)	(1,334,616.72)

93

94

95 **History truncated for ease of viewing**

**Amount deferred during Nov 22 - Jun 23 with interest: (1,307,801.74)**

96

97 **1** -Transferred June balance plus July-October interest on June balance to account 151836 for amortization.

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Amort WARM Commercial  
 Account Number: 151836  
 Dockets UM 1798 and UG 451  
 Amortization of 2021-22 WARM adjustment approved in Order 22-405

Month/Year	Note	Amortization	Transfers	Interest Rate	Interest	Activity	Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Beginning Balance						
66	Nov-22 Old rates	(44,318.02)		1.24%	(51.80)	(44,369.81)	(72,337.84)
67	Nov-22 New rates <b>(1)</b>	(19,593.34)	451,778.85	1.82%	670.34	432,855.87	360,518.02
68	Dec-22	(68,862.52)		1.82%	494.56	(68,367.94)	292,150.08
69	Jan-23	(69,082.15)		1.82%	390.71	(68,691.42)	223,458.66
70	Feb-23	(62,915.44)		1.82%	291.20	(62,624.22)	160,834.44
71	Mar-23	(63,754.52)		1.82%	195.59	(63,558.91)	97,275.53
72	Apr-23	(48,271.79)		1.82%	110.93	(48,160.84)	49,114.68
73	May-23	(26,748.78)		1.82%	54.21	(26,694.55)	22,420.13
74	Jun-23	(15,165.81)		1.82%	22.50	(15,143.29)	7,276.84
75	Jul-23 <i>Forecast</i>	(12,437.70)		1.82%	1.60	(12,436.08)	(5,159.24)
76	Aug-23 <i>Forecast</i>	(12,421.30)		1.82%	(17.24)	(12,438.52)	(17,597.76)
77	Sep-23 <i>Forecast</i>	(12,788.80)		1.82%	(36.39)	(12,825.17)	(30,422.93)
78	Oct-23 <i>Forecast</i>	(25,096.95)		1.82%	(65.17)	(25,162.10)	(55,585.04)

79  
80  
81 **History truncated for ease of viewing** **Amount amortized during Nov 22- Jun 23 with interest: (416,534.13)**

82  
83 **Notes:**

84 **1** - Transferred in authorized balance from account 151834 WARM-Comm Deferral for amortization.



UM 1798

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

October 17, 2022

**To All Parties that Participated in UG 435:**

Please be advised that on October 17, 2023, 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).

**This is not a rate case.** The purpose of this Notice is to inform parties that participated in the Company's last 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  
Phone: (503) 610-7051**

**Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
PO Box 1088  
Salem, Oregon 97308-1088  
Phone: (503) 378-6678**

Any person may submit to the Commission written comments on this matter within 25 days of this notice. 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 1798**

I hereby certify that on October 17, 2023, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO CONTINUE DEFERRALS RELATIVE TO THE COMPANY'S SCHEDULE 195 WEATHER ADJUSTED RATE MECHANISM upon all parties of record for NW Natural's last general rate case, UG 435.

**UG 435**

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DATED October 17, 2023, Portland, Oregon.

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