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**VIA ELECTRONIC FILING**

October 25 2018

Public Utility Commission of Oregon  
Attention: Filing Center  
201 High Street SE, Suite 100  
Post Office Box 1088  
Salem, Oregon 97301-1088

**Re: OPUC Docket UM 1798; 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 defer amounts relative to the Company’s Schedule 195 Weather Adjusted Rate Mechanism (“WARM”) pursuant to Commission Order No. 16-223 (“the Order”) issued in Docket UM 1750, for later recovery in rates coincident with the annual Purchased Gas Adjustment (“PGA”) process.

A Notice of this Application will be sent to all parties currently participating in the Company’s current general rate case, UG 344, and is attached hereto as Exhibit B.

A Certificate of Service is attached as Exhibit C.

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

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA  
Rates/Regulatory Analyst

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 deferred  
4 accounting pursuant to ORS 757.259 and OAR 860-27-300, for the 12-month period  
5 beginning November 1, 2018 through October 31, 2019, for amounts associated with  
6 NW Natural’s Schedule 195 Weather Adjusted Rate Mechanism (WARM), (“Schedule  
7 195”).

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  
14 maximum WARM adjustment credit applied to a monthly bill during the WARM Period

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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 will be twelve dollars (\$12.00), or twenty-five percent (25%) of the usage portion of that  
2 bill, whichever is less.

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

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

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

21 In support of this Application, NW Natural states:

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23 ///

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

5 **B. Statutory Authority.**

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

9 **C. Communications.**

10 Communications regarding this Application should be addressed to:

11 NW Natural  
12 e-Filing for Regulatory Affairs  
13 220 NW Second Avenue  
14 Portland, Oregon 97209-3991  
15 Telephone: (503) 226-4211, ext. 3589  
16 Facsimile: (503) 721-2516  
17 Email: eFiling@nwnatural.com;

18  
19 Zachary D. Kravitz (OSB# 152870)  
20 Director, Rates & Regulatory Affairs  
21 220 NW Second Avenue  
22 Portland, Oregon 97209-3991  
23 Phone: (503) 220-2379  
24 Email: zdk@nwnatural.com;

25  
26 and

27  
28 Kyle Walker, CPA  
29 Rates & Regulatory Affairs  
30 220 NW Second Avenue  
31 Portland, Oregon 97209-3991  
32 Phone: (503) 226-4211 Ext. 5858  
33 Email: Kyle.Walker@nwnatural.com

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1 **D. Description of the Expenses or Revenues for which Deferred Accounting is**  
2 **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 16-223.  
5 The deferred amounts may result in a charge or credit to customers depending on the  
6 variability in the weather during the WARM period.

7 **E. Reasons for Application for Reauthorization of Deferred Accounting – OAR**  
8 **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 match  
15 appropriately the costs borne by and benefits received by rate payers.” To determine  
16 whether an expense or revenue should be deferred, the Commission “utilizes a flexible,  
17 fact-specific approach that acknowledges the wide range of reasons why deferred  
18 accounting might be beneficial to customers.”<sup>3</sup> Of those reasons, the Commission has  
19 found that “encourag[ing] utility or customer behavior consistent with regulatory policy”  
20 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> *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).

<sup>4</sup> *Id.* at 2.

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

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

4 Beginning on November 1, 2018, and ending twelve months from this date, NW  
5 Natural proposes to account for the WARM deferral amounts by recording the deferral  
6 in Account 186 in two separate accounts (residential and commercial). In the absence  
7 of approval of deferred accounting, NW Natural would be precluded from recognizing  
8 the amounts as deferred, which would affect the Company's income statement either  
9 positively or negatively, and would be directly in contravention of Order 16-223. NW  
10 Natural would record the amounts in several accounts affecting the Company's income  
11 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 twelve-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 860-027-0300(4)(a)**

17 Exhibit A, which is attached, displays the residential and commercial accounts,  
18 which deferred with interest \$349,455 and \$544,369, respectively. The activity in these  
19 accounts represent the WARM adjustment outside the caps and floors.

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

21 NW Natural seeks continuation of this deferral to capture WARM adjustments  
22 that exceed the caps and floors of the WARM program. In addition, to be consistent  
23 with Commission Order No. 16-223.

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

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

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

8 Exhibit A includes the Summary Sheet which shows the amounts deferred  
9 and demonstrates the transfer of dollars from one account to another. Exhibit  
10 A was attached to our electronic 2018-19 PGA filing as a file entitled,  
11 "Proposed Temps Oregon 2018-19 PGA August filing.xlsx."

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

13 This application is for the 12-month period beginning November 1, 2018 and  
14 ending October 31, 2019.

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

16 Approval to use deferred accounting for revenues and expenses relative to  
17 Schedule 195, Weather Adjusted Rate Mechanism, was last granted on  
18 September 26, 2018, in Commission Order No. 18-356.

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

20 See Exhibit A.

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

22 The amount of amortization from November 1, 2017 through June 30, 2018  
23 was \$2,508,355 and \$1,839,980 for residential and commercial, respectively.

1 The amortization embedded in rates November 1, 2017 was approved in  
2 Order No. 17-408.

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

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

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

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

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

12 A notice of this Application has been served on the all parties participating in the  
13 Company's current general rate case, UG 344, and is attached to this Application.

14 WHEREFORE, NW Natural respectfully requests that the Commission issue an  
15 order reauthorizing the Company to defer the WARM adjustments that exceed the  
16 monthly cap and floor for all customers enrolled in WARM to ensure that the Company  
17 will be authorized to recover from, or credit back to customers those adjustments  
18 associated with its WARM Program, beginning on the date of this Application.

19 Dated this 25th day of October, 2018

20 Respectfully Submitted,

21 NW NATURAL

22 /s/ Kyle Walker, CPA

23 Kyle Walker, CPA  
24 Rates/Regulatory Analyst  
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/s/ Zachary D. Kravitz  
Zachary D. Kravitz (OSB# 152870)  
Director, Rates & Regulatory Affairs  
220 NW Second Avenue  
Portland, Oregon 97209-3991  
Phone: (503) 220-2379  
Email: zdk@nwnatural.com

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: OR Deferred WARM-Residential  
 Account Number: 186238  
 Docket UM 1798  
 Deferral authorization approved in Order 16-412

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Debit	(Credit)	Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance																						
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)																								
Beginning Balance																															
Nov-16	NEW	134.42				3.20%	0.18	134.60	134.60																						
Dec-16		157,691.68				3.20%	210.61	157,902.29	158,036.89																						
Jan-17		(2,243,841.02)				3.28%	(2,634.62)	(2,246,475.64)	(2,088,438.75)																						
Feb-17		(544,002.49)				3.28%	(6,451.87)	(550,454.36)	(2,638,893.11)																						
Mar-17		(45,594.24)				3.28%	(7,275.29)	(52,869.53)	(2,691,762.64)																						
Apr-17		5,429.12				3.28%	(7,350.06)	(1,920.94)	(2,693,683.58)																						
May-17		(13,331.21)				3.28%	(7,380.95)	(20,712.16)	(2,714,395.74)																						
Jun-17		261.83				3.28%	(7,418.99)	(7,157.16)	(2,721,552.90)																						
Jul-17		415.00				3.28%	(7,438.34)	(7,023.34)	(2,728,576.24)																						
Aug-17		166.48				3.28%	(7,457.88)	(7,291.40)	(2,735,867.64)																						
Sep-17		43.98				3.28%	(7,477.98)	(7,434.00)	(2,743,301.64)																						
Oct-17		1.37				3.28%	(7,498.36)	(7,496.99)	(2,750,798.63)																						
Nov-17	<b>1</b>	18.01	2,751,430.76			3.38%	1.81	2,751,450.58	651.95																						
Dec-17		7,702.20				3.38%	12.68	7,714.88	8,366.83																						
Jan-18		35,843.81				3.92%	85.88	35,929.69	44,296.52																						
Feb-18		396,966.48				3.92%	793.08	397,759.56	442,056.08																						
Mar-18		(135,860.53)				3.92%	1,222.14	(134,638.39)	307,417.69																						
Apr-18		(32,310.90)				3.92%	951.46	(31,359.44)	276,058.25																						
May-18		100,179.85				3.92%	1,065.42	101,245.27	377,303.52																						
Jun-18	<b>2</b>	795.28	(0.03)			3.92%	1,233.82	2,029.07	379,332.59																						
Jul-18						3.92%	1,239.15	1,239.15	380,571.74																						
Aug-18						3.92%	1,243.20	1,243.20	381,814.94																						
Sep-18						3.92%	1,247.26	1,247.26	383,062.20																						
Oct-18						3.92%	1,251.34	1,251.34	384,313.54																						

History truncated for ease of viewing

**Amount deferred during Jul 17 - Jun 18 with interest: 349,454.76**

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

**2** - Amount represents a true-up of the account.

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Amort WARM Residential  
 Account Number: 186239  
 Dockets UM 1798 and UG 333  
 Amortization of 2017 PUC fee approved in Order 17-408

Month/Year (a)	Note (b)	Amortization (c)	Transfers (d)	Interest Rate (e)	Interest (f)	Activity (g)	Balance (h)
1		Beginning Balance					
2	Nov-17	119,108.06	(2,751,430.76)	2.38%	(5,338.89)	(2,637,661.59)	(2,637,661.59)
3	Dec-17	444,791.29		2.38%	(4,790.28)	440,001.01	(2,197,660.58)
4	Jan-18	542,262.21		2.38%	(3,820.95)	538,441.26	(1,659,219.32)
5	Feb-18	399,029.20		2.38%	(2,895.08)	396,134.12	(1,263,085.20)
6	Mar-18	430,223.14		2.38%	(2,078.48)	428,144.66	(834,940.54)
7	Apr-18	313,562.01		2.38%	(1,345.02)	312,216.99	(522,723.55)
8	May-18	162,568.43		2.38%	(875.52)	161,692.91	(361,030.64)
9	Jun-18	96,810.41		2.38%	(620.04)	96,190.37	(264,840.27)
10	Jul-18	65,158.53		2.38%	(460.65)	64,697.88	(200,142.39)
11	Aug-18	65,008.33		2.38%	(332.48)	64,675.85	(135,466.54)
12	Sep-18	72,255.57		2.38%	(197.02)	72,058.55	(63,407.99)
13	Oct-18	189,803.68		2.38%	62.46	189,866.14	126,458.15
14							
15							
16							
17							
18							
19							

Amount amortized during Nov 17- Jun 18 with interest: 2,486,590.49

**Notes:**

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 UJM 1798  
 Deferral authorization approved in Order 16-412

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Debit	(Credit)	Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance																						
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)																								
Beginning Balance																															
Nov-16		56.89				3.20%	0.08	56.97	56.97																						
Dec-16		265,321.40				3.20%	353.91	265,675.31	265,732.28																						
Jan-17		(1,695,606.94)				3.28%	(1,590.99)	(1,697,197.93)	(1,431,465.65)																						
Feb-17		(553,393.48)				3.28%	(4,668.98)	(558,062.46)	(1,989,528.11)																						
Mar-17		(108,524.44)				3.28%	(5,586.36)	(114,110.80)	(2,103,638.91)																						
Apr-17		27,255.82				3.28%	(5,712.70)	21,543.12	(2,082,095.79)																						
May-17		(28,151.87)				3.28%	(5,729.54)	(33,881.41)	(2,115,977.20)																						
Jun-17		192.50				3.28%	(5,783.41)	(5,590.91)	(2,121,568.11)																						
Jul-17		63.74				3.28%	(5,798.87)	(5,735.13)	(2,127,303.24)																						
Aug-17		107.35				3.28%	(5,814.48)	(5,707.13)	(2,133,010.37)																						
Sep-17		20.85				3.28%	(5,830.20)	(5,809.35)	(2,138,819.72)																						
Oct-17		133.05				3.28%	(5,845.93)	(5,712.88)	(2,144,532.60)																						
Nov-17	<b>1</b>	127.82	2,144,859.19			3.38%	1.10	2,144,988.11	455.51																						
Dec-17		26,953.57				3.38%	39.24	26,992.81	27,448.32																						
Jan-18		84,543.35				3.92%	227.75	84,771.10	112,219.42																						
Feb-18		681,831.68				3.92%	1,480.24	683,311.92	795,531.34																						
Mar-18		(304,519.98)				3.92%	2,101.35	(302,418.63)	493,112.71																						
Apr-18		(76,677.00)				3.92%	1,485.60	(75,191.40)	417,921.31																						
May-18		146,006.25				3.92%	1,603.69	147,609.94	565,531.25																						
Jun-18	<b>2</b>	281.42	0.13			3.92%	1,847.86	2,129.41	567,660.66																						
Jul-18						3.92%	1,854.36	1,854.36	569,515.02																						
Aug-18						3.92%	1,860.42	1,860.42	571,375.44																						
Sep-18						3.92%	1,866.49	1,866.49	573,241.93																						
Oct-18						3.92%	1,872.59	1,872.59	575,114.52																						

History truncated for ease of viewing

**Amount deferred during Jul 17 - Jun 18 with interest: 544,369.45**

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

**2** - Amount represents a true-up of the account.

Company: Northwest Natural Gas Company  
 State: Oregon  
 Description: Amort WARM Commercial  
 Account Number: 186245  
 Dockets UM 1798 and UG 333  
 Amortization of 2017 PUC fee approved in Order 17-408

Month/Year (a)	Note (b)	Amortization (c)	Transfers (d)	Interest Rate (e)	Interest (f)	Activity (g)	Balance (h)
1							
2							
3							
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18							

Amount amortized during Nov 17- Jun 18 with interest: **1,839,980.35**

**Notes:**

**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**

October 25, 2018

**To All Parties Participating in UG 344:**

Please be advised that on October 25, 2018 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 ("WARM") 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 344, that a Reauthorization of Deferral Application was 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**  
**220 NW Second Ave**  
**Portland, Oregon 97209-3991**  
**Telephone: (503) 226-4211 Ext. 5858**  
**Email: Kyle.Walker@nwnatural.com**

**Public Utility Commission of Oregon**  
**Attn: Filing Center**  
**201 High Street SE, Suite 100**  
**PO Box 1088**  
**Salem, Oregon 97301-1088**  
**Telephone: (503) 373-0886**

Any person may submit to the Commission written comments on this matter by November 24, 2018. 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 October 25, 2018, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION OF DEFERRED ACCOUNTING FOR NORTHWEST NATURAL'S SCHEDULE 195 WEATHER ADJUSTED RATE MECHANISM ("WARM") upon all parties of record in docket UG 344, which is the Company's current general rate case.

**UG 344**

*OREGON CITIZENS UTILITY BOARD  
dockets@oregoncub.org*

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DATED October 25, 2018 Portland, OR.

*/s/ Erica Lee-Pella*  
Erica Lee-Pella  
Rates & Regulatory Affairs  
NW NATURAL  
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Portland, Oregon 97209-3991  
503.226.4211, extension 3589  
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