



250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

VIA ELECTRONIC FILING

October 14, 2021

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

Re: UM 2123 – NW Natural’s Application for Reauthorization to Defer Net Curtailment and Entitlement Revenues

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith an Application for Reauthorization (“Application”) to use deferred accounting for amounts associated with net curtailment and entitlement revenues.

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
Phone: (503) 610-7330
Fax: (503) 220-2579
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Manager

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2123

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 amounts
5 associated with net curtailment and entitlement revenues, in furtherance of
6 Commission Order No. 20-364 in the Company’s last general rate case, UG 388.
7 This request is for the 12-month period beginning November 1, 2021 through
8 October 31, 2022.

9 In support of this Application, NW Natural states:

10 **A. NW Natural.**

11 NW Natural is a public utility in the State of Oregon and is subject to the
12 jurisdiction of the Commission regarding rates, service, and accounting practices.
13 NW Natural also provides retail natural gas service in the States of Oregon and
14 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
4 later inclusion in rates.

5 **C. Communications.**

6 Communications regarding this Application should be addressed to:

7 e-Filing
8 NW Natural Rates & Regulatory Affairs
9 250 SW Taylor Street
10 Portland, Oregon 97204
11 Phone: (503) 610-7330
12 Fax: (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
22 and

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

30 **D. Description of the Expenses or Revenues for which Deferred**

31 **Accounting is Requested – OAR 860-027-0300(3)(a).**

32 In this Application, the Company is requesting reauthorization to defer
33 amounts associated with net curtailment and entitlement revenues. Curtailment
34 revenue is revenue that NW Natural receives when an interruptible customer does

1 not follow the Company's order to curtail service. Entitlement revenue is revenue
2 that NW Natural receives when a transportation service customer does not follow the
3 Company's order to control gas usage to be within a specified threshold percentage
4 as detailed in its Tariff.

5 Specifically, NW Natural requests to defer amounts, net of incremental costs,
6 to the extent they are collected. For background, in the Company's last general rate
7 case UG 388, the Commission issued Order No. 20-364 approving a Stipulation by
8 which the parties agreed that NW Natural, beginning in 2021, will credit net
9 curtailment and entitlement revenues to firm sales customers through the Purchased
10 Gas Adjustment ("PGA") on an equal percent of margin basis.¹ To effectuate this
11 agreement, NW Natural filed a new tariff schedule, Schedule 168 Temporary Rate
12 Adjustment – Net Curtailment and Entitlement, in compliance with Order No. 20-364.

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

15 ORS 757.259 is a "statutorily authorized exception to the general prohibition
16 against retroactive ratemaking" that allows a "means to address utility expenses or
17 revenues outside of the utility's general rate case proceeding."² Under ORS
18 757.259(2)(e), the Commission has discretion to authorize a deferral of "[i]dentifiable
19 utility expenses or revenues, the recovery or refund of which the commission finds
20 should be deferred in order to minimize the frequency of rate changes . . . or to

¹ UG 388, Order No. 20-364 (entered October 16, 2020), pages 17-18, approving Comprehensive Stipulation (dated July 31, 2020), Terms of Agreement, paragraph 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).

1 match appropriately the costs borne by and benefits received by rate payers.” To
2 determine whether an expense or revenue should be deferred, the Commission
3 “utilizes a flexible, fact-specific approach that acknowledges the wide range of
4 reasons why deferred accounting might be beneficial to customers.”³ Of those
5 reasons, the Commission has found that “encourag[ing] utility or customer behavior
6 consistent with regulatory policy” is appropriate for deferred accounting.⁴

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

8 Beginning on November 1, 2021, and ending 12 months from this date, NW
9 Natural proposes to account for the amounts associated with curtailment and
10 entitlement revenues by recording the deferral in Account 186. NW Natural will
11 credit net curtailment and entitlement revenues to firm sales customers through the
12 PGA on an equal percent of margin basis; however, the amount of revenues to be
13 credited to firm sales customers will be offset by identifiable incremental costs that
14 arise from customer curtailment or entitlement orders. In the absence of approval of
15 deferred accounting, NW Natural would record the amounts in several accounts
16 affecting the Company’s income statement and balance sheet.

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

18 Curtailment and entitlement revenues are infrequent and therefore the
19 Company cannot estimate the amount to be recorded in the deferred account.

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 **H. Description of Entries in Deferred Account Under UM 2123 - OAR 860-**
2 **027-0300(4)(a)**

3 The entries being deferred would reflect the incremental difference in the net
4 curtailment and entitlement revenues embedded in rates and any new revenues net
5 of costs collected from interruptible and transportation service customers as result of
6 curtailment and entitlement event(s).

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

8 NW Natural seeks continuation of this deferral to credit firm sales customers
9 for the Oregon share of curtailment and entitlement revenues received by NW
10 Natural net of incremental costs related to curtailment and entitlement orders as
11 adopted by Commission Order No. 20-364 in Docket UG 388 entered on October
12 16, 2020.

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

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

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

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

22 Exhibit A was attached to our electronic 2021-22 PGA filing as a file

1 entitled, "Proposed_Temps_Oregon_2021-
2 2022_PGA_update_thru_6.30.2021-updated_9.13.21.xlsx."

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

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

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

7 Approval to use deferred accounting for amounts associated with net
8 curtailment and entitlement revenues was last granted on May 18, 2021,
9 in Commission Order No. 21-155.

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

11 \$321,104 was deferred during the last deferral year of November 1, 2020
12 through October 31, 2021. This amount includes \$15,133 of interest
13 estimated through October 31, 2021.

14 **5. The interest rate that will apply to the accounts.**

15 The interest rate for deferral accounts is 6.9565%

16 **6. An estimate of the upcoming PGA-period deferral and/or
17 amortization.**

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

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

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

4 NW Natural respectfully requests that the Commission issue an order
5 reauthorizing the Company to use deferred accounting for amounts associated with
6 net curtailment and entitlement revenues as described in this Application, beginning
7 on November 1, 2021.

8 Dated this 14th day of October 2021.

9 Respectfully Submitted,

10 NW NATURAL

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

14
15 /s/ Eric W. Nelsen
16 Eric W. Nelsen (OSB# 192566)
17 Senior Regulatory Attorney
18 250 SW Taylor Street
19 Portland, Oregon 97204
20 Phone: (503) 610-7618
21 Email: eric.nelsen@nwnatural.com
22

Company: Northwest Natural Gas Company
 State: Oregon
 Description: OR Curtailment & Entitlement Revenue Deferral
 Account Number: 254312
 Docket UG 388
 Deferral authorized in Order No. 20-364

Debit (Credit)

| | Month/Year | Note | Deferral | Transfers | Interest Rate | Interest | Activity | Balance |
|----|-------------------|----------|--------------|------------|---------------|------------|--------------|--------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 1 | Beginning Balance | | | | | | | |
| 2 | Nov-20 | | 0.00 | | 6.965% | - | 0.00 | 0.00 |
| 3 | Dec-20 | | 0.00 | | 6.965% | - | 0.00 | 0.00 |
| 4 | Jan-21 | | 0.00 | | 6.965% | - | 0.00 | 0.00 |
| 5 | Feb-21 | 1 | (204,431.25) | | 6.965% | (593.28) | (205,024.53) | (205,024.53) |
| 6 | Mar-21 | | 0.00 | | 6.965% | (1,190.00) | (1,190.00) | (206,214.53) |
| 7 | Apr-21 | | 0.00 | | 6.965% | (1,196.90) | (1,196.90) | (207,411.43) |
| 8 | May-21 | | 0.00 | | 6.965% | (1,203.85) | (1,203.85) | (208,615.28) |
| 9 | Jun-21 | | 0.00 | | 6.965% | (1,210.84) | (1,210.84) | (209,826.12) |
| 10 | Jul-21 | | 0.00 | | 6.965% | (1,217.87) | (1,217.87) | (211,043.99) |
| 11 | Aug-21 | | 0.00 | | 6.965% | (1,224.93) | (1,224.93) | (212,268.92) |
| 12 | Sep-21 | 2 | (101,539.93) | (3,892.91) | 6.965% | (1,549.32) | (106,982.16) | (319,251.08) |
| 13 | Oct-21 | | 0.00 | | 6.965% | (1,852.99) | (1,852.99) | (321,104.07) |

Amount deferred during Nov 20- Oct 21 with interest: \$ (321,104.07)

Notes:

- 1 - Due to a cold weather event in February, NWN curtailed all interruptible sales customers and placed entitlement limits for others. Total revenues deferred to utility customers' benefit was \$324,466. This was offset by \$120,035 of incremental wacog losses incurred (NWN's 10% share) for the gas that those curtailed and entitled customers took after restrictions were put into place.
- 2 - Upon further analysis, NWN's 10% share of the WACOG losses incurred should have been less than originally calculated, resulting in an additional amount owed back to customers. The amount in the transfer column is the additional interest that would have accrued on the additional deferral.



UM 2123

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO
DEFER NET CURTAILMENT AND ENTITLEMENT REVENUES**

October 14, 2021

To All Parties Who Participated UG 388:

Please be advised that on October 14, 2021, Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), applied for reauthorization to continue using deferred accounting for amounts associated with net curtailment and entitlement revenues.

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
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 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 2123**

I hereby certify that on October 14, 2021, I have served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER NET CURTAILMENT AND ENTITLEMENT REVENUES upon all parties of record for the Company's last general rate case, UG 388.

UG 388

| | |
|---|--|
| OREGON CITIZENS' UTILITY BOARD dockets@oregoncub.org | WILLIAM GEHRKE OREGON CITIZENS' UTILITY BOARD will@oregoncub.org |
| MICHAEL GOETZ OREGON CITIZENS' UTILITY BOARD mike@oregoncub.org | LISA RACKNER MCDOWELL RACKNER & GIBSON PC dockets@mrg-law.com |
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DATED October 14, 2021, Troutdale, OR.

/s/Erica Lee-Pella
Erica Lee-Pella
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