

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS COMPANY
dba NW NATURAL

Petition for an Accounting Order Associated with
COVID-19 Public Health Emergency

DOCKET NO. UG-200264

AMENDMENT TO PETITION
OF NW NATURAL

I. INTRODUCTION

1 Pursuant to WAC 480-07-370(3)(b) and 480-90-203, Northwest Natural Gas Company (“NW Natural” or the “Company”) files this Amendment to Petition with the Washington Utilities and Transportation Commission (the “Commission”) seeking authorization for an accounting order to allow the use of deferred accounting, beginning March 24, 2020 forward, for costs associated with the recent COVID-19 public health emergency.¹ As described more fully below, NW Natural anticipates that the emergency, overall, will result in costs to customers that the Company seeks to defer for later rate-making treatment.

II. BACKGROUND

2 NW Natural is a natural gas utility and public service company doing business in the State of Washington and is subject to the jurisdiction of the Commission regarding rates, service, and accounting practices. The Company’s principal place of business is 250 SW Taylor Street, Portland, Oregon 97204-3038.

¹ NW Natural filed its Petition on March 24, 2020, with a replacement page filed on September 4, 2020. Subsequent to the initial filing, the Company participated in docket U-200281 where extensive discussion occurred relating to the direct costs and benefits that would be tracked according to the proposed deferred accounting petitions filed by NW Natural and the other energy utilities. Those changes are reflected in this Amendment to Petition.

III. COMMUNICATIONS

3 Communications regarding this Petition should be addressed to:

NW Natural
e-Filing for Regulatory Affairs
250 SW Taylor Street
Portland, Oregon 97204-3038
Phone: (503) 610-7330
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4 In addition, NW Natural respectfully request that all data requests be addressed to:

e-Filing for Regulatory Affairs
eFiling@nwnatural.com

IV. REASONS FOR REQUEST FOR DEFERRED ACCOUNTING

5 On February 29, 2020, Washington Governor Inslee declared a state of emergency over the COVID-19 pandemic. NW Natural has suspended all service disconnections and late payment fees in order to help limit the impact on customers as they navigate these difficult economic times. The public health emergency is expected to drive significant accounts receivable write-off expense. NW Natural also expects to experience other costs related to the emergency that the Company is currently unable to predict. NW Natural will document all costs known to be incurred by the COVID-19 public health emergency.

6 Due to the unpredictable and unprecedented nature of the emergency, these costs are not currently recovered in rates, are outside normal business risk, and, accordingly, NW Natural requests to recover these expenses through deferred accounting.

V. PROPOSED ACCOUNTING TREATMENT

7 Beginning on March 24, 2020, NW Natural proposes to account for the expenses incurred as
a result of COVID-19 by recording a deferral in Account 186. In the absence of approval of
deferred accounting, NW Natural would record costs associated with the COVID-19 public
health emergency to various expense accounts.

8 NW Natural may determine, as it works through the accounting specifics, that other accounts
will also be used.

9 In response to the COVID-19 pandemic, on October 20, 2020, the Commission issued Order
01 in docket U-200281 to extend the suspension of disconnection of energy services for
nonpayment and adopt related requirements. Order 01 approved a comprehensive term sheet
proposed by Commission Staff, with minor modifications as discussed at the Commission's
October 15, 2020 open meeting and identified within the order.

10 Through the course of the discussions in U-200281 and this docket, several parties, including
Commission Staff, requested that each utility, including NW Natural, provide itemized detail
into the costs, revenues and savings being deferred in response to COVID-19. Staff's term
sheet in U-200281 included Staff's position on the types of costs, revenues and savings for
which Staff would support deferral treatment. While Staff's itemization request was not
ultimately included in the Commission's Order 01 in U-200281, NW Natural supports Staff's
position, and now amends its Petition to specify those in the deferral for future recovery in
rates, as follows:

1. Direct costs for reasonable measures taken by the Company in response to the
COVID-19 pandemic, including incremental costs associated with: personal
protective equipment, cleaning supplies and services, contact tracing, medical testing,

- financing costs to secure liquidity, information technology updates, equipment needed for remote work options, and the administrative needs to implement the term sheet components accepted by the Commission. Direct costs are net of savings, credits, payments, or other benefits received by the Company from a federal, state, or local government that are directly related to a COVID-19 direct cost, including federal, state, or local tax credits or benefits.
2. Any amount of bad debt expense accrued in 2020, 2021 and 2022 above the bad debt baseline as defined below. While NW Natural will defer the bad debt expense that is accrued above the baseline being collected from customers today, it will not collect any amount above the actual amount that is written-off. The bad debt expense baseline is the amount that is currently being collected from customers for bad debt, as determined in the Company's last general rate proceeding as of October 1, 2020.
 3. For calendar year 2020 the average annual amount of late payment fees collected over the previous five years (2015-2019) less the actual amount collected by the Company from January 1, 2020 through March 1, 2020 for calendar year 2020. For 2021, the Company may defer the average annual amount of late payment fees collected from 2015-2019, prorated on a monthly basis for the period of January 1, 2021 through the Resumption date plus 180 days.² If the Resumption date plus 180 days extends into 2022, the Company may defer late payment fees using the same formula as described for 2021 in 2022.
 4. For calendar year 2020 the average annual amount of reconnection charges collected over the previous five years (2015-2019) less the actual amount collected by the

² Resumption Date is April 1, 2021. *See In the Matter of Response to the COVID-19 Pandemic*, Docket No. U-200281, Order 01, at ¶ 12 (Oct. 20, 2020).

Company from January 1, 2020 through March 1, 2020 for calendar year 2020. For 2021, NW Natural may defer the average annual amount of reconnection charges collected from 2015-2019, prorated on a monthly basis for the period of January 1, 2021 through the Resumption date plus 180 days. If the Resumption date plus 180 days extends into 2022, the Company may defer reconnection charges using the same formula as described for 2021 in 2022.

5. Costs to fund a COVID-19 bill payment assistance program, as described in the *Additional Funding for Customer Programs* section in Order 01 of docket U-200281.

VI. ESTIMATED AMOUNTS SUBJECT TO DEFERRAL

- 11 NW Natural is unable to predict an estimate of incurred expense related to COVID-19 while the emergency is still fluid and changing rapidly.

VII. CONCLUSION

- 12 NW Natural respectfully requests that the Commission issue an accounting order authorizing the Company to defer the costs described in its Petition and this Amendment to Petition.

Dated this 5th day of November 2020.

Respectfully Submitted,

/s/ Zachary D. Kravitz

NW NATURAL

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Director, Rates and Regulatory Affairs

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