

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS COMPANY  
dba NW NATURAL

For Authorization to Defer Certain Expenses  
or Revenues Associated with the 2018 U.S.  
Tax Cuts and Jobs Act.

**NORTHWEST NATURAL'S  
APPLICATION FOR  
ACCOUNTING  
ORDER**

**I. INTRODUCTION**

1 Pursuant to WAC 480-07-370(1)(b) and 480-90-203, Northwest Natural Gas Company (“NW Natural” or the “Company”) files this application (“Application”) with the Washington Utilities and Transportation Commission (the “Commission”) seeking authorization to use deferred accounting, from the date of this Application forward, for costs and benefits associated with the recent enactment of the federal tax reform act, originally known as the “Tax Cuts and Jobs Act” (“tax reform”). As described more fully below, NW Natural anticipates that tax reform will, overall, result in benefits 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 220 N.W. Second Avenue, Portland, Oregon, 97209-3991

3 Communications regarding this Application should be addressed to:

NW Natural  
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Portland, Oregon 97209-3991  
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220 NW Second Avenue  
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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](mailto:eFiling@nwnatural.com)

### III. REASONS FOR REQUEST FOR DEFERRED ACCOUNTING

5 Federal tax reform was enacted on December 22, 2017 and will be effective on January 1, 2018. The tax reform represents a major change to corporate tax policy, and given this extensive legislation, NW Natural is continuing to evaluate its full impact on the Company. The most significant provision is the lowering of the federal corporate income tax rate from 35% to 21% beginning January 1, 2018. Other effects include, but may not be limited to,

changes to deferred taxes, and impacts to state and local taxes to the extent those are tied to or affected by the federal taxing system. These changes will cause certain of NW Natural's expenses or net investment amounts to go up, and others to go down. Overall, on a net basis, NW Natural expects that the tax reform will allow NW Natural to reduce expense to customers. This Application seeks to defer all costs and benefits resulting from tax reform, so that an appropriate net adjustment can be made to customers' rates in the manner approved by the Commission in the future.

#### **IV. PROPOSED ACCOUNTING TREATMENT**

6           Beginning on December 31, 2017, NW Natural proposes to record deferred amounts in FERC Account 449.1 (Provision for Rate Refunds) crediting FERC Account 229 (Accumulated Provision for Rate Refund), and related income tax effects to FERC Account 190 – Accumulated Deferred Income Taxes, FERC Account 236 – Taxes Accrued, FERC Account 409.1 – Income Taxes-Utility Operating Income and FERC Account 411.1 – Provision for Deferred Income Taxes – Credit, Utility Operating income. In addition, if this application is approved, NW Natural proposes to record deferred amounts related to excess deferred income tax liabilities in FERC Account 254 – Other Regulatory Liabilities and FERC Account 182 – Other Regulatory Assets with offsetting amounts to FERC Account 190 – Accumulated Deferred Income Taxes, FERC Account 281 – Accumulated Deferred Income Taxes – Accelerated Amortization, FERC Account 282 – Accumulated Deferred Income Taxes – Other Property, and FERC Account 283 – Accumulated Deferred Income Taxes – Other. If this

application is denied, the changes related to excess deferred income tax liabilities will be recorded in FERC Account 190 – Accumulated Deferred Income Taxes, FERC Account 281 – Accumulated Deferred Income Taxes – Accelerated Amortization, FERC Account 282 – Accumulated Deferred Income Taxes – Other Property, FERC Account 283 – Accumulated Deferred Income Taxes – Other, FERC Account 410.1 – Provisions for Deferred Income Taxes, Utility Operating Income, and FERC Account 411.1 – Provision for Deferred Income Taxes – Credit, Utility Operating income.

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

#### **V.     ESTIMATED AMOUNTS SUBJECT TO DEFERRAL**

8           NW Natural is currently evaluating the overall impact of tax reform on customer rates. NW Natural will update the Commission and interested parties with an estimate when it becomes available. Additionally, NW Natural anticipates that this deferral application will be processed further through engagement with the WUTC Staff and other parties, and that some of the outcomes determined through those discussions, and subsequent determinations of the Commission, may affect the amounts of benefits determined appropriate to provide to customers, and the mechanics through which such benefits are provided. For these reasons, the Company is not able to provide an overall estimated amount at this time.

9           NW Natural respectfully requests that the Commission issue an order authorizing the Company to defer the costs described in this Application.

Dated this 29<sup>th</sup> day of December 2017.

Respectfully Submitted,

/s/ Zachary D. Kravitz

NW NATURAL

Zachary D. Kravitz

Associate Counsel

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