

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
SPECIAL PUBLIC MEETING DATE: October 26, 2021**

REGULAR  CONSENT  EFFECTIVE DATE November 1, 2021

**DATE:** October 7, 2021

**TO:** Public Utility Commission

**FROM:** Heather Cohen

**THROUGH:** Bryan Conway and John Crider **SIGNED**

**SUBJECT:** NORTHWEST NATURAL:  
(Docket No. UG 431/Advice No. 21-12)  
NW Natural Gain on Sale of Block 24 Property and Other Residual  
Balances Schedule 178.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve Northwest Natural Gas Company's (NW Natural or Company) Advice No. 21-12, related to residual account balances for service rendered on and after November 1, 2021.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's Advice No. 21-12, related to residual account balances.

Applicable Law

ORS 757.205 requires public utilities to file all rates, rules, and charges with the Commission. ORS 757.210 provides that the Commission may approve tariff changes if they are fair, just, and reasonable. Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes.

OAR 860-022-0025 requires that revised tariff filings include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.

OAR 860-022-0030 requires that tariff filings which result in increased rates include statements showing the number of customers affected, the annual revenue under existing schedules, the annual revenue under proposed schedules, the average monthly bills under existing and proposed schedules, and the reasons supporting the proposed tariff.

### Analysis

#### *Background*

In Order No. 18-400, the Commission approved NW Natural's Advice No. 18-05, related to residual account balances, for service rendered on and after November 1, 2018. At that time, Schedule 178 rates were set to zero.

In Order No. 19-312, the Commission authorized the sale of real property commonly known as Block 24 Couch's Addition to the City of Portland. At that time, the net gain from the transaction was estimated to be \$7,487,305, of which Oregon's state allocation would be approximately \$6,647,978. The Order also directs the Company to return one-half of the gain to customers on an equal percent of margin basis in the November 2020 Purchased Gas Adjustment (PGA), with the other half to be addressed per the terms of Order No. 19-312 in the company's next general rate case.

In Order No. 19-360, the Commission approved NW Natural Advice No. 19-12, Request for Amortization of Certain Non-Gas Cost Deferred Accounts Related to Storage Optimization Cost Study, Schedule 171, for service rendered on and after November 1, 2019.

In Order No. 19-361, the Commission approved NW Natural Advice No. 19-13, Credits to Customers Related to the North Mist Expansion Project, Schedule 170, for service rendered on and after November 1, 2019.

#### *Staff Discussion and Findings*

In this filing, NW Natural proposes to amortize three residual balances in the proposed Schedule 178. These residual balances include a general residual balance account and residual balances for the property sale gain related to the Company's sale of Block 24 property as well as a credit related to an EDIT true-up that was included in the 2020-2021 PGA filings.

The Company also proposes to cancel and reserve for future use Schedule 173 Credits to Customer Related to Holding Company Formation and Schedule 180 Rate Adjustment for True-Up of Excess Deferred Income Taxes related to the 2017 Federal Tax Cuts and Jobs Acts.

- In compliance with Stipulated Condition 44, adopted by the Commission in Order No. 17-526 in Docket UM 1804, NW Natural provided an annual rate credit of \$500,000 for three years with the final year ending on October 31, 2021. NW Natural proposes to cancel Schedule 173 and reserve the tariff for future use.
- In compliance with Order No. 20-364 in Docket UG 388, NW Natural amortized a credit related to an EDIT true-up through Schedule 180 during the 2020-2021 PGA year. Because the amortization for this credit will end on October 31, 2021, NW Natural proposes to cancel Schedule 180 and reserve the tariff for future use.

The net effect of the removal of the current temporary adjustments and the application of the new temporary adjustments increases the Company's annual revenues by \$4,580,066, or approximately .71 percent. The temporary increments proposed by the Company is a return to customers of \$125,407 for the Block 24 sale, a charge to customers for \$5,073 for the general residual balance account, and a credit to customers related to an EDIT True-up included in the 2020-2021 Purchase Gas Adjustment filings (\$58,299), as illustrated below.

Description	20-21 PGA	21-22 PGA
Block 24 Truck Lot Sale	(3,558,445)	(125,407)
Optimization Study	8,553	
North Mist Expansion	(84,577)	
Residual Deferral		5,073
Plant EDIT Rev Req True-up Amort		(37,765)
Gas Reserve EDIT Rev Req True Up Amort		(20,534)
Per UG 388, 1 year EDIT credit, 65%	(675,433)	
Per UG 388, 1 year EDIT credit, 35%	(363,776)	
Per UG 388, Gas Reserve WACOG Change	(85,021)	
<b>TOTAL</b>	<b>(4,758,699)</b>	<b>(178,633)</b>
Removal	4,758,699	
Addition		(178,633)
<b>Total Rate Change</b>		<b>4,580,066</b>

The monthly bill of the average residential customer served under Rate Schedule 2 using 54 therms will increase by .39 cents. The monthly increase for the average commercial Rate Schedule 3 customer using 242 therms per month is \$1.28 cents, and the monthly increase for average industrial Schedule 32 firm sales customer using 20,471 therms is about \$41.29.

The proposed adjustments for the amortization of the Block 24 Sale and other residual accounts are (\$0.00031) per therm for residential Rate Schedule 2 customers and (\$0.00024) per therm for commercial Rate Schedule 3 customers. The number of customers affected by the proposed change is 625,679 residential customers, 61,440 commercial customers, and 846 industrial customers.

### Conclusion

Staff concludes that the revisions filed by NW Natural are appropriate. Staff reviewed the proposed schedule changes to ensure that they were consistent with the rates approved by the Commission. Staff identified no issues or errors with the filing and recommends the Commission approve the tariff changes as filed, allowing the revisions to Schedule 178 to go into effect for service rendered on and after November 1, 2021.

### **PROPOSED COMMISSION MOTION:**

Approve NW Natural's Advice No. 21-12, as filed, for service effective on and after November 1, 2021.