



Introduction to Energy Utility Rate Cases

Marc Hellman - February 2022

NW Natural Proposed/Potential Changes in Rates

Scenario		Residential Average Bill	Residential Average Bill	Residential Average Bill	
			Current	Proposed	Proposed
			11/1/2021	11/1/2021	Change
					%
1. Company Proposal	\$73.5 million	\$62.96	\$69.76	10.80%	
2. Company Proposal plus all riders and deferrals	\$81.8 million	\$62.96	\$70.38	11.80%	
3. Total Revenue increase of (2) above plus depreciation filing	\$88.5 million	\$62.96	\$71.00	12.80%	

Public Utility Commission of Oregon (PUC)

- The PUC is charged with ensuring safe and reliable utility service at just and reasonable rates, while protecting customers of a public utility.
- Rates set by the Commission allows the utility the opportunity, but not a guarantee, to earn a Commission-authorized rate of return.
 - This is the return that allows it to attract capital and is equal to that of comparable businesses.
- In exchange for Commission regulation, energy utilities have exclusive service territories and some customers, like residential, have limited competitive alternatives

Key Issues in NW Naturals Filings (Rate Case and Depreciation)

- First case to include costs from a Renewable Natural Gas Project (Lexington)
- Separate Docketed Depreciation Rate Filing
 - How and when to include change in costs—Company proposes to implement new rates November 1, 2023.
- Review of Capital Expenditures
 - Key drivers:
 - safety and reliably operate distribution system
 - modernize computer systems for utility operations
 - relocate regional resource centers to be more seismically secure

What this General Rate Case is not Anticipated to Address

- Low Income Programs and Design
 - Handled in separate proceedings and Company Low-Income Needs Assessment process (LINA)
 - Company Plan is to have low-income offerings in place November 1, 2022—same effective date as general rate case
- Broad State Environmental Programs
 - Exception is Renewable Natural Gas Program and small experimentation with hydrogen gas
 - Establishing a new State Cost of Carbon emissions is not an issue, fuel switching not an issue

About Staff

- Work in teams and also individually on rate case issues.
 - Accountants
 - Financial Analysts (like MBAs)
 - Economists
 - Engineers
 - Other Skills
- Paired with AAG from DOJ

Staff Role

- Analyze Company filing
- Send requests for information
- Submit and defend written testimony
- Review all testimony submitted by other parties and assess reasonableness
- Develop settlement positions
 - Other parties get advance notice to any settlement meeting staff intends to attend
- Cross examine other witnesses
- Submit legal briefs

Questions about Oregon Utility Rate Cases

- I am happy to answer questions about rate cases.
- Dr. Marc Hellman, Ph.D. Economics
PUC Administrator – Rates Finance and Audit (RFA) Division