



NW Natural®

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May 31, 2022

VIA ELECTRONIC FILING AND FEDEX

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301-3398

Re: Consolidated UG 435 / UG 411 / Application of NW Natural for a General Rate Revision/Schedule 198 Renewable Natural Gas Recovery Mechanism Multi-Party Stipulation

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), files herewith a Multi-Party Stipulation regarding revenue requirement, rate spread and certain other issues for the above-mentioned consolidated proceedings.

Please note, this filing contains highly confidential information that represents business-sensitive, non-public information and will be provided subject to Modified Protective Order No. 21-465.

Please address correspondence on this matter to me with copies to the following:

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Respectfully submitted,

NW Natural

/s/ Zachary Kravitz

Zachary Kravitz
Senior Director, Rates & Regulatory Affairs

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 435 AND UG 411

In the Matter of

NW NATURAL GAS COMPANY D/B/A
NW NATURAL

Request for a General Rate Revision
(UG 435), and

Advice 20-19, Schedule 198 Renewable
Natural Gas Recovery Mechanism
(ADV 1215) (UG 411).

**MULTI-PARTY STIPULATION
REGARDING REVENUE
REQUIREMENT, RATE SPREAD AND
CERTAIN OTHER ISSUES**

I. INTRODUCTION

1 The purpose of this Stipulation is to resolve certain issues including revenue
2 requirement and rate spread among Northwest Natural Gas Company d/b/a NW Natural
3 (“NW Natural” or the “Company”), Staff of the Public Utility Commission of Oregon
4 (“Staff”), the Oregon Citizens’ Utility Board (“CUB”), the Alliance of Western Energy
5 Consumers (“AWEC”), and the Small Business Utility Advocates (“SBUA”) (collectively,
6 the “Stipulating Parties”) in consolidated Dockets UG 435 and UG 411. The Stipulating
7 Parties expect that this Multi-Party Stipulation Regarding Revenue Requirement, Rate
8 Spread and Certain Other Issues (“Stipulation”) will address all issues among the
9 Stipulating Parties, except for those that are listed in Paragraph 14 of this Stipulation that
10 will continue to be litigated in these consolidated cases or, pending additional settlement
11 discussions, may be incorporated into a separate stipulated agreement entered into at a
12 later date. The “Coalition,” consisting of the Coalition of Communities of Color, Climate
13 Solutions, Verde, Columbia Riverkeeper, Oregon Environmental Council, Community

1 Energy Project, and Sierra Club, is also a party to these consolidated proceedings, but
2 does not join this Stipulation.

II. BACKGROUND

3 On December 17, 2021, NW Natural filed a request for a general rate increase (the
4 “Initial Filing”) to become effective November 1, 2022 (the “Rate Effective Date”). The
5 Company’s Initial Filing requested a revision to customer rates that would increase the
6 Company’s annual Oregon jurisdictional revenues by \$73.5 million which would have
7 resulted in an approximate 9.9 percent increase to current customer rates.¹
8 Administrative Law Judge (“ALJ”) Sarah Spruce convened a prehearing conference on
9 January 19, 2022. On February 28, 2022, NW Natural made an errata filing increasing
10 the revenue requirement to \$78.020 million (the “Errata Filing”).

11 On January 25, 2022, ALJ Spruce issued a Procedural Conference Memorandum
12 which, in addition to setting forth the schedule of UG 435, consolidated UG 411 with UG
13 435. On January 26, 2022, ALJ Spruce issued an Amended Procedural Conference
14 Memorandum. On February 18, 2022, the Company filed its Opening Testimony on
15 Schedule 198, Renewable Natural Gas Recovery Mechanism, in compliance with that
16 Amended Procedural Conference Memorandum.

17 On January 21, 2022, the parties held a settlement conference regarding cost of
18 capital, and on February 4, 2022, the parties held a workshop addressing TSA Security
19 Directive 2. Staff and intervenors filed their Opening Testimony on April 22, and
20 thereafter, the parties participated in settlement conferences on May 4, 2022, May 11,

¹ Initial Filing, NW Natural’s Executive Summary at 1.

1 2022, May 17, 2022, and May 20, 2022. As a result of the settlement discussions, the
2 Stipulating Parties reached a partial settlement of the issues in these consolidated cases,
3 resolving all issues among the Stipulating Parties except for those issues that are
4 specifically excluded per Paragraph 14 of this Stipulation. Additionally, the Stipulating
5 Parties understand that the Coalition intends to litigate certain issues included in this
6 Stipulation. This Stipulation memorializes the Stipulating Parties' agreements.

III. TERMS OF AGREEMENT

7 The Stipulating Parties agree to resolve all issues raised in these consolidated
8 cases as follows:

9 1. Revenue Requirement. The Stipulating Parties agree that the total increase
10 to NW Natural's annual Oregon revenue requirement amount is \$62.654 million, as
11 summarized in the table in Appendix A to this Stipulation, subject to certain potential
12 adjustments specifically identified below. The \$62.654 million annual revenue
13 requirement increase in these consolidated proceedings is based on the Stipulating
14 Parties' agreement that the Company's requested Oregon-allocated increase to annual
15 revenue requirement shall be reduced by a total of \$15.366 million from the February
16 28, 2022, Errata Filing amount of \$78.020 million, based on the following adjustments
17 to NW Natural's Initial Filing and Errata Filing:

18 a. U.S. All-Urban CPI Escalation. An increase to expense of \$67 thousand.
19 This adjustment results in an increase to revenue requirement of \$69
20 thousand.

21 b. Oregon Corporate Activity Tax. A reduction to revenue requirement of \$299
22 thousand.

- 1 c. Property Taxes. A reduction to revenue requirement of \$61 thousand.
- 2 d. OPUC Fee. This adjustment results in an increase to revenue requirement
3 of \$420 thousand, and reflects the higher OPUC fee rate established in
4 2022.
- 5 e. Federal Income Tax – ARAM EDIT. A reduction to revenue requirement of
6 \$141 thousand.
- 7 f. Materials and Supplies. A reduction to rate base of \$1.140 million. This
8 adjustment results in a reduction to revenue requirement of \$101 thousand.
- 9 g. Land & Structure Adjustment. An increase to expense of \$501 thousand
10 and an increase in rate base of \$2.755 million. These adjustments result in
11 an increase to revenue requirement of \$759 thousand.
- 12 h. Reduced Budget for District Regulators. A reduction to rate base of \$2.470
13 million. This adjustment results in a reduction to revenue requirement of
14 \$218 thousand.
- 15 i. Director and Officer Insurance Premiums and Meals & Entertainment
16 Expense. A reduction to expense of \$632 thousand. This adjustment
17 results in a reduction to revenue requirement of \$650 thousand.
- 18 j. Memberships & Dues. A reduction to expense of \$443 thousand. This
19 adjustment results in a reduction to revenue requirement of \$456 thousand.
- 20 k. Operations and Maintenance Expense and Administrative and General
21 Expense. A reduction to expense of \$972 thousand. This adjustment
22 results in a reduction to revenue requirement of \$1.0 million.

- 1 l. Advertising Expense. A reduction to expense of \$1.0 million. This
2 adjustment results in a reduction to revenue requirement of \$1.029 million.
- 3 m. Customer Account and Sales Expense. A reduction to expense of \$292
4 thousand. This adjustment results in a reduction to revenue requirement of
5 \$301 thousand.
- 6 n. Salary, Wages, Stock Expense, Incentives, and Medical Benefits. A
7 reduction to revenue requirement of \$5.25 million. In addition, Test Year
8 rate base will be reduced by \$4.5 million in recognition of all past capitalized
9 financial performance-based incentives. For regulatory purposes, this \$4.5
10 million rate base adjustment will be amortized over 15 years, with
11 amortization beginning on the effective date of rates ordered in this rate
12 case, and results in a Test Year reduction to revenue requirement of \$397
13 thousand. The rate base offset for capitalized incentives with a 15-year life
14 carries over to following rate cases. This additional adjustment resolves all
15 issues regarding past capitalization of incentives.
- 16 o. Pension and Post-Retirement Medical Expense. A reduction to expense of
17 \$3.4 million. This adjustment results in a \$3.499 million reduction to
18 revenue requirement.
- 19 p. Market Research/Survey and Focus Groups. A reduction to expense of \$26
20 thousand. This adjustment results in a \$27 thousand reduction to revenue
21 requirement.
- 22 q. Test Year Plant Additions. A reduction to rate base of \$28.061 million and
23 \$2.301 million of expense to reflect removal of projects that will not go into

1 service until after November 1, 2022, except that the Stipulating Parties
2 have agreed to include for the Test Year a portion of the capital additions
3 related to customer acquisitions. These adjustments result in a \$4.845
4 million reduction to revenue requirement.

5 In recognition of the capital associated with customer acquisitions
6 the Stipulating Parties agree to also include an addition of \$24.649 million
7 to rate base and \$676 thousand to expense to reflect the capital additions
8 associated with new customers added during the Test Year, which
9 increases revenue requirement by \$2.871 million. The Stipulating Parties
10 agree that the revenue requirement associated with:

11 i. Test Year capital additions related to customer acquisitions, and

12 ii. Revenues associated with new customers added in the Test Year
13 may be further increased or decreased as a result of ongoing settlement
14 discussions or litigation related to the Company's line extension allowance.
15 This clause does not create any presumptions about reasonableness of
16 costs recovery for line extensions or customer growth.

17 r. Cost of Capital. The Stipulating Parties agree to a Rate of Return of 6.836
18 percent, which is based on a 50.0 percent common equity and 50.0 percent
19 long-term debt capital structure, with a Return on Equity ("ROE") of 9.40
20 percent and a cost of long-term debt of 4.271 percent. This Cost of Capital
21 results in a reduction to revenue requirement of \$1.212 million.

1

Agreed Upon Cost of Capital

Component	Capital Structure	Component Cost	Weighted Cost
Cost of Long-Term (LT) Debt	50%	4.271%	2.136%
Return on Common Equity (ROE)	50%	9.40%	4.700%
Rate of Return			6.836%

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2. Rate Spread and Rate Design. The agreed upon rate spread for the revenue requirement is in Appendix B to this Stipulation.

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3. Attestation for Capital Projects.

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a. Attached to this Stipulation is an Appendix C, which contains an agreed-upon list of capital projects that are not completed as of the date this Stipulation is executed, but which the Company anticipates will be completed and in service by October 31, 2022. For any of the projects listed in Appendix C that are complete and in service by October 5, the Company agrees to file an attestation of a Company officer (“Officer Attestation”) by October 5, 2022, attesting these projects are complete and in-service. The Company will identify in the Officer Attestation which if any of the remaining projects in Appendix C the Company does not anticipate will be on-line by October 31, 2022. The Company will file a separate Officer Attestation by October 24, 2022, listing which of the remaining projects in Appendix C are completed as of that date and attesting that these projects are complete and in-service. The Company will also identify in the Officer Attestation the

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1 projects in Appendix C that are not complete as of October 24, 2022, but
2 which the Company anticipates will be complete and in-service by October
3 31, 2022, and which projects the Company anticipates will not be complete
4 and in-service October 31, 2022.

5 b. To facilitate the review of capital projects identified, Appendix C will list each
6 project as well as the forecasted final cost of each project. For the projects
7 related to TSA Security Directive 2, on or before June 15, 2022, NW Natural
8 will prepare a separate list of each project (“TSA Project List”) as well as the
9 forecasted final cost of each project that will be shared with parties that are
10 qualified to view the materials pursuant to the Modified Protective Order in
11 this docket, Order No. 21-465.

12 c. In the Officer Attestations filed October 5, 2022, and October 24, 2022, the
13 Company will specify the actual costs for each project in Appendix C
14 complete and in-service by that date. For the projects related to TSA
15 Security Directive 2, NW Natural will include with the attestation a list of
16 each project as the actual cost for each project complete and in-service by
17 that date.

18 d. The amounts added to rate base for each project in this rate case will be
19 the lower of the final actual cost in the Attestation or the forecasted amount
20 included in Appendix C to this Stipulation or the TSA Project List, as
21 applicable.

22 e. Cost of projects included in Appendix C that are not completed by October
23 31, 2022 (“Excluded Projects”), will be completely removed from rate base

1 for purposes of calculating the rates pursuant to this Stipulation, and rates
2 adjusted accordingly. In the event that an Excluded Project is included in
3 rates but is not placed in service by October 31, 2022, the Company will file
4 a supplemental compliance tariff on November 1, 2022, that reverses any
5 charges to ratepayers for the cost of service associated with the Excluded
6 Projects.

7 f. Revenue requirement reductions to rate base related for plant not in service
8 by the Rate Effective Date will be allocated to all rate schedules on an equal
9 percent of margin basis.

10 4. Depreciation Rates. The Stipulating Parties agree to adjust the Company's
11 depreciation rates subject to the resolution of the Company's depreciation study in
12 Docket UM 2214. The Company will include in its Officer Attestation filed no later than
13 October 24, 2022, (described in Paragraph 3 of this Stipulation), the change to
14 depreciation rates and adjust revenue requirement, accordingly. Any change to revenue
15 requirement will be allocated to all rate schedules on an equal percent of margin basis.

16 5. Horizon 1 Depreciation Rates. The Stipulating Parties recommend
17 approval of NW Natural's requested accounting order to authorize the Company to
18 amortize its Horizon 1 cloud-based assets over a ten-year life in Docket UM 2215.
19 Further, the Stipulating Parties agree that in the event that Horizon 1 is removed from
20 service prior to the end of the ten-year life, the Company will apply the modified blended
21 treasury ("MBT") rate to the remaining balance of the asset and defer the difference
22 between the Company's cost of capital and the MBT rate until such time that general

1 rates are changed in a subsequent rate case or at the end of Horizon’s ten-year life,
2 whichever comes earlier.

3 6. Horizon 1 Start-Up Cost Deferral. The Company will amortize the Horizon
4 1 Start-Up Cost Deferral over 10 years beginning November 1, 2022, subject to the
5 terms of the stipulation approved in Order No. 21-246. NW Natural will include in its
6 Attestation described in Paragraph 3 of this Stipulation a demonstration of compliance
7 with the terms of the stipulation approved in Order No. 21-246, and include a final
8 amortization schedule for the deferral.

9 7. TSA Security Directive Deferral. The Stipulating Parties recommend
10 approval of the TSA Security Directive 2 Deferral (filed by the Company on September
11 2, 2021, in Docket UM 2192) and agree to amortize the balance of the TSA Security
12 Directive 2 Deferral over four years at the MBT rate beginning November 1, 2022. NW
13 Natural will include in its Attestation described in Paragraph 3 of this Stipulation the
14 balance of the deferral by October 31, 2022. In the event that the amount of the actual
15 balance of the deferral is less than the amount proposed in the Initial Filing, NW Natural
16 will remove the excess amount from rates. These are temporary rates not to be included
17 in base rates.

18 8. Williams Pipeline Outage Deferral. The Company will remove its request in
19 this rate case to begin amortization of the Williams Pipeline Outage Deferral (Docket
20 UM 2139).

21 9. Update Billing Determinants for Amortization of Environmental Remediation
22 (Schedule 183) and Pension Balancing Account (Schedule 197). The Company will
23 update the billing determinants associated with the amortization of the Site Remediation

1 Recovery Mechanism (also referred to as Environmental Remediation) in Schedule 183
2 and the Pension Balancing Account in Schedule 197.

3 10. Update to Rule 11 of Tariff. The Company will revise Rule 11 of its Oregon
4 Tariff to include Commercial RS 3 customers with the same notice as residential
5 customers in the section titled “Notice of Disconnection of Service.”

6 11. Cost Study Analysis of Rate Schedule 3. The Company will develop a cost
7 study analysis examining whether to bifurcate Commercial RS 3 and present its findings
8 to the Stipulating Parties prior to the Company’s next general rate case. The Company
9 agrees to address whether to bifurcate Commercial RS 3 in its opening testimony in its
10 next general rate case. The Company will consult with SBUA prior to conducting cost
11 study.

12 12. Customer Charge for Multi-Family vs. Single-Family Dwellings. The
13 Company will host a workshop with the Stipulating Parties relating to the difference in
14 fixed cost for multi-family vs. single-family dwellings. In advance of the workshop, the
15 Company will confer with the Stipulating Parties regarding the scope of the workshop.

16 13. Tariffs. Subject to the approval of this Stipulation, NW Natural will file
17 revised rate schedules as a compliance filing in consolidated Dockets UG 435 and 411,
18 to be effective November 1, 2022, reflecting rates as agreed to in this Stipulation.

19 14. Issues Excluded From This Stipulation. The Stipulating Parties agree that
20 the following issues raised by the Stipulating Parties are not addressed by this
21 Stipulation and will continue to be litigated in these consolidated cases or, pending
22 additional settlement discussions, may be incorporated into a separate stipulated
23 agreement entered into at a later date.

- 1 a. Residential Customer Deposits (CUB/100);
- 2 b. Line Extension Allowance² (CUB/100);
- 3 c. Decoupling (Staff/1300);
- 4 d. RNG Automatic Adjustment Clause (NWN/1500; Staff/1700; AWEC/100;
- 5 CUB/200);
- 6 e. Cost Recovery and Rate Spread of the Lexington RNG Project and
- 7 Deferral (NWN/1100; CUB/200; Staff/1700; AWEC/100).
- 8 f. COVID-19 Deferral Amortization and Rate Spread (Staff/1500; CUB/200).
- 9 15. The Stipulating Parties agree that this Stipulation is in the public interest,

10 and will result in rates that are fair, just and reasonable, consistent with the standard in
11 ORS 756.040.

12 16. This Stipulation will be offered into the record as evidence pursuant to OAR
13 860-001-350(7). The Stipulating Parties agree to support this Stipulation throughout
14 these consolidated proceedings and any appeal, provide witnesses to sponsor this
15 Stipulation at hearing, and recommend that the Commission issue an order adopting
16 this Stipulation. The Stipulating Parties also agree to cooperate in drafting and
17 submitting joint testimony or a brief in support of this Stipulation in accordance with OAR
18 860-001-0350(7).

19 17. If this Stipulation is challenged, the Stipulating Parties agree that they will
20 continue to support the Commission's adoption of the terms of this Stipulation. The
21 Stipulating Parties agree to cooperate in cross-examination and put on such a case as
22 they deem appropriate to respond fully to the issues presented, which may include
23 raising issues that are incorporated in the settlements embodied in this Stipulation.

² Resolution of issue could affect total rate base in Paragraph 1.q. of this Stipulation, above.

1 18. The Stipulating Parties have negotiated this Stipulation as an integrated
2 document. If the Commission rejects all or any material portion of this Stipulation or
3 imposes additional material conditions in approving this Stipulation, any of the
4 Stipulating Parties are entitled to withdraw from this Stipulation or exercise any other
5 rights provided in OAR 860-001-0350(9).

6 19. By entering into this Stipulation, no Stipulating Party approves, admits, or
7 consents to the facts, principles, methods, or theories employed by any other Stipulating
8 Party in arriving at the terms of this Stipulation, other than those specifically identified
9 in the body of this Stipulation. No Stipulating Party shall be deemed to have agreed
10 that any provision of this Stipulation is appropriate for resolving issues in any other
11 proceeding, except as specifically identified in this Stipulation.

12 20. The substantive terms of this Stipulation are not enforceable by any
13 Stipulating Party unless and until adopted by the Commission in a final order. Each
14 Stipulating Party avers that it is signing this Stipulation in good faith and that it intends
15 to abide by the terms of this Stipulation unless and until this Stipulation is rejected or
16 adopted only in part by the Commission. The Stipulating Parties agree that the
17 Commission has exclusive jurisdiction to enforce or modify this Stipulation. If the
18 Commission rejects or modifies this Stipulation, the Stipulating Parties reserve the right
19 to seek reconsideration or rehearing of the Commission order under ORS 756.561 and
20 OAR 860-001-0720 or to appeal the Commission order under ORS 756.610.

21 21. This Stipulation may be executed in counterparts and each signed
22 counterpart shall constitute an original document.

- 1 This Stipulation is entered into by each Stipulating Party on the date entered below
- 2 such Stipulating Party's signature.

DATED this 31st day of May 2022

NW NATURAL COMPANY D/B/A NW
NATURAL

STAFF OF PUBLIC UTILITY
COMMISSION OF OREGON

By: /s/Zachary Kravitz

By: _____

Date: May 31, 2022

Date: _____

OREGON CITIZENS' UTILITY
BOARD

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By: _____

By: _____

Date: _____

Date: _____

SMALL BUSINESS UTILITY
ADVOCATES

By: _____

Date: _____

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2 such Stipulating Party's signature.

DATED this 31st day of May 2022

NW NATURAL COMPANY D/B/A NW
NATURAL

STAFF OF PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By: /s/Stephanie Andrus

Date: _____

Date: May 31, 2022

OREGON CITIZENS' UTILITY
BOARD

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By: _____

By: _____

Date: _____

Date: _____

SMALL BUSINESS UTILITY
ADVOCATES

By: _____

Date: _____

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DATED this ___ day of May 2022

NW NATURAL COMPANY D/B/A NW
NATURAL

STAFF OF PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

OREGON CITIZENS' UTILITY
BOARD

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By:  _____

By: _____

Date: 5/31/22 _____

Date: _____

SMALL BUSINESS UTILITY
ADVOCATES

By: _____

Date: _____

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2 such Stipulating Party's signature.

DATED this ___ day of May 2022

NW NATURAL COMPANY D/B/A NW
NATURAL

STAFF OF PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

OREGON CITIZENS' UTILITY
BOARD

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By: _____

By:  _____

Date: _____

Date: 05/31/2022

SMALL BUSINESS UTILITY
ADVOCATES

By: _____

Date: _____

1 This Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

DATED this ___ day of May 2022

NW NATURAL COMPANY D/B/A NW
NATURAL

STAFF OF PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

OREGON CITIZENS' UTILITY
BOARD

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By: _____

By: _____

Date: _____

Date: _____

SMALL BUSINESS UTILITY
ADVOCATES

By: *Diane Henkels*

Date: 5/31/22

**NW Natural
UG 435
Twelve Months Ended October 31, 2023
(000)**

	2021 Results Per Company Filing at Present Rates	2021 - Errata Results Per Company Filing at Present Rates (1)	(2)	2023 Results Per Company Filing (3)	Company Filed Required Change for Reasonable Return (4)	Company Filed 2023 Results at Reasonable Return (5)	Adjustments to Company 2023 Results (6)	Adjusted 2023 Company Results (3) + (6) (7)	Required Change for Reasonable Return (8)	Results at Reasonable Return (7) + (8) (9)	CAT Revenues & Expenses	Results at Reasonable Return w/ CAT	Staff Net Change to 2023 Results at Reasonable Return (9) - (5) (10)
SUMMARY SHEET													
Operating Revenues													
General Business	691,764	691,764	30,251	722,015	77,682	799,697	-	722,015	62,316	784,331	338	784,669	(15,366)
Transportation	16,953	16,953	57	17,010	-	17,010	-	17,010	-	17,010	-	17,010	-
Decoupling	(527)	(527)	527	-	-	-	-	-	-	-	-	-	-
WARM	6,165	6,165	(6,165)	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenues	3,648	3,648	(248)	3,400	-	3,400	-	3,400	-	3,400	-	3,400	-
Total Operating Revenues	718,003	718,003	24,422	742,425	77,682	820,107	-	742,425	62,316	804,741	338	805,079	(15,366)
Operating Expenses													
Gas Purchased	282,260	282,260	13,515	295,775	-	295,775	-	295,775	-	295,775	-	295,775	-
Transmission & Storage	9,951	9,951	290	10,241	-	10,241	-	10,241	-	10,241	-	10,241	-
Distribution	52,500	52,500	6,347	58,847	-	58,847	-	58,847	-	58,847	-	58,847	-
Customer Accounts	19,021	19,021	1,421	20,442	-	20,442	-	20,442	-	20,442	-	20,442	-
Customer Service	5,990	5,990	(67)	5,923	-	5,923	-	5,923	-	5,923	-	5,923	-
Sales	2,429	2,429	(318)	2,111	-	2,111	-	2,111	-	2,111	-	2,111	-
OPUC Fees	2,671	2,671	113	2,784	291.31	3,075	408	3,192	268	3,460	1	3,461	385
Franchise Fees	16,463	16,463	694	17,157	1,795	18,952	-	17,157	1,440	18,597	8	18,605	(355)
Uncollectibles	702	702	10	712	76	788	-	712	61	773	0	773	(15)
General Operations & Maintenance	5,069	5,069	350	5,419	-	5,419	(6,094)	(675)	-	(675)	-	-	(6,094)
Admin & General Expenses	79,733	79,733	11,488	91,221	-	91,221	(5,029)	86,192	-	86,192	-	-	(5,029)
Environmental Rider	5,000	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-	-	-
Total Operation & Maintenance	481,788	481,789	33,843	515,632	2,162	517,794	(10,715)	504,917	1,769	506,686	10	506,696	(11,108)
Depreciation & Amortization	93,084	93,084	18,576	111,660	-	111,660	(1,800)	109,860	-	109,860	-	109,860	(1,800)
Taxes Other than Income	31,120	31,120	3,768	34,888	-	34,888	(47)	34,841	-	34,841	328	35,169	(47)
Equity Floatation	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Taxes	22,402	22,117	(9,383)	12,734	20,393	33,128	3,122	15,856	16,350	32,206	-	32,206	(921)
Total Operating Expenses	628,394	628,111	46,804	674,914	22,556	697,470	(9,440)	665,475	18,119	683,593	338	683,931	(13,876)
Net Operating Revenues	89,609	89,892	(22,382)	67,511	55,126	122,637	9,440	76,950	44,197	121,147	-	121,147	(1,490)
Average Rate Base													
Utility Plant in Service	3,120,353	3,182,569	450,702	3,633,272	-	3,633,272	(49,809)	3,583,463	-	3,583,463	-	3,583,463	(49,809)
Accumulated Depreciation & Amortization	(1,334,884)	(1,351,426)	(151,156)	(1,502,582)	-	(1,502,582)	42,182	(1,460,400)	-	(1,460,400)	-	(1,460,400)	42,182
Accumulated Deferred Income Taxes	(412,539)	(412,539)	(9,669)	(422,208)	-	(422,208)	-	(422,208)	-	(422,208)	-	(422,208)	-
Accumulated Deferred Inv. Tax Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Utility Plant	1,372,930	1,418,604	289,877	1,708,481	-	1,708,481	(7,627)	1,700,854	-	1,700,854	-	1,700,854	(7,627)
Plant Held for Future Use	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Rate Base													
Aid in Advance of Construction	(5,629)	(5,629)	(1,639)	(7,268)	-	(7,268)	-	(7,268)	-	(7,268)	-	(7,268)	-
Customer Deposits	(1,084)	(1,084)	792	(292)	-	(292)	-	(292)	-	(292)	-	(292)	-
Gas Inventory	41,722	41,722	(3,524)	38,198	-	38,198	-	38,198	-	38,198	-	38,198	-
Materials & Supplies	14,170	14,170	2,366	16,536	-	16,536	(1,140)	15,396	-	15,396	-	15,396	(1,140)
Weatherization Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc. Deferred Debits & Credits	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc. Rate Base Additions/(Deductions)	-	-	-	-	-	-	-	-	-	-	-	-	-
EDIT; Leasehold Improv.	31,442	31,442	(6,135)	25,307	-	25,307	-	25,307	-	25,307	-	25,307	-
Total Average Rate Base	1,453,551	1,499,225	281,737	1,780,962	-	1,780,962	(8,767)	1,772,195	-	1,772,195	-	1,772,195	(8,767)
Rate of Return	6.165%	5.996%		3.791%		6.886%		4.342%		6.836%		6.836%	-0.050%
Implied Return on Equity	7.74%	7.40%		3.31%		9.500%		4.412%		9.400%		9.400%	-0.100%

NW Natural
Oregon Jurisdictional Rate Case
Test Year Twelve Months Ended October 31, 2023
Incremental Revenue Requirement Allocation by Rate Schedule - Combined Effects
Appendix B to UG 435 and UG 411 Multi-Party Stipulation Regarding Revenue Requirement, Rate Spread and Certain Other Issues

UG 435 and UG 411 Multi-Party Stipulation Revenue Requirement Impacts
 Combined Impacts of UG 435 Revenue Requirement Items (including Plant EDIT Amortization Credit), including:
 Williams Pipeline Outage, TSA Security Directive 2 Deferral, and Horizon 1 O&M Deferral

Line No.	Rate Schedule	Impact to -->		Revenue Requirement			EDIT Amortization Credit		Total: Rev. Req. Items		Williams Pipeline		TSA Security Directive 2		Horizon 1 O&M		Margin Revenue at Proposed Rates	Total Revenue at Proposed Rates	Combined Effects					
		Margin at Present Rates	Revenue at Present Rates	Margin (\$)	Margin (%)	Revenue (%)	Margin (\$)	Margin (%)	Margin (\$)	Margin (%)	Revenue Increase (\$)	Revenue Increase (%)	Margin Increase (\$)	Margin Increase (%)	Margin Increase (\$)	Margin Increase (%)			Margin Increase (\$)	Margin Increase (%)	Revenue Requirement Increase (\$)	Margin Revenue Increase (%)	Total Revenue Increase (%)	Average Bill Increase (%)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)			(16)	(17)	(18)	(19)	(20)	(21)
A	B	C	D	E	F	G	H = F+I	I	J	K	L	M	N	O	P	Q	R	S	T	U				
1	02R	\$ 302,743,546	\$ 468,913,370	\$ 46,600,997	15.4%	9.9%	\$ (2,942,709)	-1.0%	\$ 43,658,288	14.4%	\$ 0	0.00%	\$ 1,187,622	0.34%	\$ 770,130	0.22%	\$ 347,171,965	\$ 514,529,411	\$ 45,616,040	14.7%	9.7%	9.40%		
2	03C	\$ 92,803,627	\$ 162,351,317	\$ 16,134,942	17.4%	9.9%	\$ (1,019,567)	-1.1%	\$ 15,115,375	16.3%	\$ 0	0.00%	\$ 410,541	0.38%	\$ 268,039	0.25%	\$ 108,187,042	\$ 178,145,273	\$ 15,793,955	16.6%	9.7%	9.20%		
3	03I	\$ 2,141,772	\$ 4,226,612	\$ 257,579	12.0%	6.1%	\$ (16,273)	-0.8%	\$ 241,305	11.3%	\$ 0	0.00%	\$ 6,560	0.28%	\$ 4,272	0.18%	\$ 2,387,349	\$ 4,478,749	\$ 252,137	11.5%	6.0%	5.50%		
4	27R	\$ 471,508	\$ 796,163	\$ 83,516	17.7%	10.5%	\$ (5,274)	-1.1%	\$ 78,242	16.6%	\$ 0	0.00%	\$ 2,130	0.39%	\$ 1,386	0.25%	\$ 551,136	\$ 877,921	\$ 81,758	16.9%	10.3%	9.80%		
5	31CSF	\$ 8,261,800	\$ 17,117,489	\$ 993,567	12.0%	5.8%	\$ (62,724)	-0.8%	\$ 930,843	11.3%	\$ 0	0.00%	\$ 25,291	0.28%	\$ 16,389	0.18%	\$ 9,209,033	\$ 18,090,012	\$ 972,523	11.5%	5.7%	6.20%		
6	31CTF	\$ 981,292	\$ 981,292	\$ 118,019	12.0%	12.0%	\$ (7,450)	-0.8%	\$ 110,569	11.3%	\$ 0	0.00%	\$ 3,013	0.28%	\$ 1,953	0.18%	\$ 1,093,814	\$ 1,096,827	\$ 115,535	11.5%	11.8%	11.90%		
7	31SF	\$ 3,237,130	\$ 8,236,625	\$ 389,371	12.0%	4.7%	\$ (24,600)	-0.8%	\$ 364,771	11.3%	\$ 0	0.00%	\$ 9,946	0.28%	\$ 6,454	0.18%	\$ 3,608,355	\$ 8,617,796	\$ 381,171	11.5%	4.6%	4.90%		
8	31TF	\$ 143,836	\$ 143,836	\$ 17,300	12.0%	12.0%	\$ (1,093)	-0.8%	\$ 16,207	11.3%	\$ 0	0.00%	\$ 442	0.28%	\$ 286	0.18%	\$ 160,329	\$ 160,771	\$ 16,935	11.5%	11.8%	11.80%		
9	32CSF	\$ 11,882,484	\$ 30,465,691	\$ 1,429,055	12.0%	4.7%	\$ (90,315)	-0.8%	\$ 1,338,741	11.3%	\$ 0	0.00%	\$ 36,593	0.28%	\$ 23,619	0.18%	\$ 13,244,844	\$ 31,864,644	\$ 1,398,953	11.5%	4.6%	5.30%		
10	32ISF	\$ 2,462,192	\$ 8,156,582	\$ 72,402	2.9%	0.9%	\$ (4,574)	-0.2%	\$ 67,828	2.8%	\$ 0	0.00%	\$ 1,833	0.07%	\$ 1,183	0.05%	\$ 2,531,202	\$ 8,227,425	\$ 70,843	2.8%	0.9%	1.00%		
11	32CTF	\$ 1,024,698	\$ 1,024,698	\$ 30,143	2.9%	2.9%	\$ (1,909)	-0.2%	\$ 28,235	2.8%	\$ 0	0.00%	\$ 781	0.07%	\$ 504	0.05%	\$ 1,053,436	\$ 1,054,217	\$ 29,519	2.8%	2.9%	3.30%		
12	32ITF	\$ 6,584,741	\$ 6,584,741	\$ 193,831	2.9%	2.9%	\$ (12,272)	-0.2%	\$ 181,559	2.8%	\$ 0	0.00%	\$ 5,043	0.07%	\$ 3,322	0.05%	\$ 6,769,621	\$ 6,774,664	\$ 189,924	2.8%	2.9%	3.40%		
13	32CSI	\$ 2,232,839	\$ 10,222,297	\$ 268,568	12.0%	2.6%	\$ (16,986)	-0.8%	\$ 251,581	11.3%	\$ 0	0.00%	\$ 6,833	0.28%	\$ 4,398	0.18%	\$ 2,488,818	\$ 10,485,109	\$ 262,812	11.5%	2.6%	2.90%		
14	32ISI	\$ 3,307,718	\$ 14,833,805	\$ 97,263	2.9%	0.7%	\$ (6,141)	-0.2%	\$ 91,122	2.8%	\$ 0	0.00%	\$ 2,472	0.07%	\$ 1,646	0.05%	\$ 3,400,486	\$ 14,929,045	\$ 95,240	2.8%	0.6%	0.80%		
15	32CTI	\$ 525,889	\$ 525,889	\$ 15,477	2.9%	2.9%	\$ (993)	-0.2%	\$ 14,483	2.8%	\$ 0	0.00%	\$ 373	0.07%	\$ 251	0.05%	\$ 540,623	\$ 540,996	\$ 15,107	2.8%	2.9%	2.90%		
15	32ITI	\$ 6,064,679	\$ 6,064,679	\$ 178,677	2.9%	2.9%	\$ (11,741)	-0.2%	\$ 166,936	2.8%	\$ 0	0.00%	\$ 4,646	0.07%	\$ 3,150	0.05%	\$ 6,234,765	\$ 6,239,410	\$ 174,731	2.8%	2.9%	3.10%		
16	33T	\$ 0	\$ 0	\$ 0	0.0%	0.0%	\$ 0	0.0%	\$ 0	0.0%	\$ 0	0.00%	\$ 0	0.00%	\$ 0	0.00%	\$ 0	\$ 0	\$ 0	0.0%	0.0%	0.00%		
Total		\$ 444,869,752	\$ 740,645,087	\$ 66,880,707	15.0%	9.0%	\$ (4,224,621)	-0.9%	\$ 62,656,086	14.1%	\$ -	0.00%	\$ 1,704,120	0.34%	\$ 1,106,980	0.22%	\$ 508,632,817	\$ 806,112,272	\$ 65,467,185	14.33%	8.84%	(5)		

NOTE (1): Revenue Requirement spread based on the UG 435 and UG 411 Multi-Party Stipulation Regarding Revenue Requirement, Rate Spread and Certain Other Issues.
 NOTE (2): Plant excess deferred income taxes (EDIT) amortization credit spread to all rate schedules based on the revenue requirement spread noted above. The final credit amount will be updated with the UG 435 Compliance Filing.
 NOTE (3): The TSA Security Directive and Horizon 1 O&M Deferral costs are all spread based on a rate spread methodology agreed to in the Multi-Party Stipulation.
 NOTE (4): The proposed margin and revenue increment increases/decreases are based on volumetric billing rates rounded to the fifth decimal as necessitated by the Company's tariff. Therefore, there may be a small discrepancy with the indicated revenue requirement.
 NOTE (5): The average customer bill percentage impact figure calculation excludes pipeline capacity charges for RS 31 and RS 32 rate classes, and thus the bill rate impacts for these schedules are overstated.

NW Natural
UG 435 - Appendix C

Project Name	Dollars in Millions			Actual Completed Cost
	Expected In-Service Date	Forecasted Cost in GRC	Actual In-Service Date	
Horizon 1	Jul-22	\$ 63.7		
Kuebler Blvd Reinforcement	Oct-22	\$ 21.3		
Lincoln City Resource Center	Nov-22	\$ 14.2		
Astoria/Warrenton Resource Center	May-22	\$ 11.7		
Central Resource Center (Phase 1)	Oct-22	\$ 10.1		
M365 Implementation Program (Cloud Based)	Oct-22	\$ 6.6		
NLNG Pretreatment Regeneration Improvements	Oct-22	\$ 5.1		
Mist 300-400 Upgrade	May-22	\$ 3.5		
Enterprise System Integration Platform Implementation	Oct-22	\$ 3.5		
P31 - McMinnville	Dec-22	\$ 3.4		
Mist Well Rework 2022	Oct-22	\$ 3.3		
Mist Well Rework 2021	Oct-22	\$ 3.1		
IT&S Enterprise Foundations - Data Reporting & Analytics	Oct-22	\$ 2.9		
Tech Refresh - Voice Radio	May-22	\$ 2.9		
EO4 - 6 and 8 inch ILI Conversion	Oct-22	\$ 2.8		
Mist Corrossion Abatement 4	Jul-22	\$ 2.7		
Tualatin Sherwood Rd. Grading	Oct-22	\$ 2.6		
E15 - S. Eugene Trans	Jun-22	\$ 2.2		
Calvin Creek Electric Conductor Replacement	Jun-22	\$ 2.0		
Tech Refresh - Telemetry	Oct-22	\$ 1.7		
NLNG T-1 Foundation Heating	Oct-22	\$ 1.7		
Mist Electrical Systems Updates	Oct-22	\$ 1.7		
Natural Forces Projects	Oct-22	\$ 1.4		
E08 Springfield Trans 8 in. ILI	Oct-22	\$ 1.4		
Newport Switchgear Replacement	Oct-22	\$ 1.3		
Physical Security Enhancements Program	Oct-22	\$ 1.1		
PLNG Boil Off Compressor	Oct-22	\$ 1.1		
300-400 Cooler Replacement	Jul-22	\$ 0.8		
317th and Jackson Measurement	Oct-22	\$ 0.8		
202437 Mist GC 600 Compressor Rebuild	Aug-22	\$ 0.7		
300-400 Header Valve Automation	Aug-22	\$ 0.6		
TBD1845 Fire System Upgrade	Sep-22	\$ 0.6		
202438 Mist GC500 Compressor Rebuild	Jun-22	\$ 0.6		
Miller Station TI	Oct-22	\$ 0.5		
TBD52418 PLNG Glycol Heat Exchanger	Sep-22	\$ 0.5		
202286 Miller Station Level Controller Upgrade	Mar-22	\$ 0.5		
300-400 Heavy Piston Upgrade	Sep-22	\$ 0.4		
300-400 Suction and Recycle Control Valve	Sep-22	\$ 0.4		
GC500&GC600 Separator Dump Valve Upgrade	Oct-22	\$ 0.4		
TBD1843 300-400 Hot Start Rebuild	Sep-22	\$ 0.3		
202440 Als and Reichfold Becker valves	Dec-22	\$ 0.2		
202407 Delta & Green Acres Dist Reg	May-22	\$ 0.2		
202370 Mist GC 500 HMI and Controls Upgrade	Jul-22	\$ 0.2		



CERTIFICATE OF SERVICE
UG 435 / UG 411

I hereby certify that on May 31, 2022, I have served the unredacted, highly confidential version of APPENDIX C TO THE MULTI-PARTY STIPULATION upon parties of record in docket UG 435 by FedEx mail.

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DATED May 31, 2022, Portland, OR.

/s/ Erica Lee-Pella
Erica Lee-Pella
Rates & Regulatory Affairs, NW Natural