

**PUBLIC UTILITY COMMISSION OF OREGON  
INTEROFFICE CORRESPONDENCE**

**DATE:** October 31, 2022  
**TO:** Bryan Conway through Marc Hellman  
**FROM:** Matt Muldoon, John Fox, Ishraq Ahmed, Ryan Bain, Julie Jent, Rose Pileggi, and Bret Stevens  
**SUBJECT:** Verification of NW Natural Gas Corporation, (NW Natural, NWN or Company) Tariff Rates Effective November 1, 2022, and Compliance Filing Advice Nos. 22-18 and 22-18A.

In Order No. 22-388 (Order) entered October 24, 2022, in Docket No. UG 435, the Commission modified the first of the three Stipulations for a downward adjustment of about \$356,000, while adopting the other two Stipulations without change.

The Order approved a \$62.7 million, or 8.48 percent increase for non-gas costs in UG 435. This is 8.87 percent of the Company’s 2021 revenues. In response to the Order, NW Natural submitted its Compliance Filing Advice No. 22-18 on October 26, 2022 (Advice). Staff’s review of Advice, work papers, and Order, along with CUB insisting on a rate base reduction due to a change in the Line Extension Allowance (LEA), resulted in a net downward adjustment of \$252,172 revenue requirement. NW Natural filed Advice No. 22-18A on October 31, 2022, to recognize this reduction.

In addition, the 13 dockets of the 2022 Purchase Gas Adjustment (PGA) further increase the Company’s revenue requirement by \$86 million, 12.2 percent of the Company’s 2021 revenues.

Staff reviewed the Compliance and finds it complies with the Order. The checks and analytic tasks required to affirm the accuracy of rates were:

- Confirm the revenue target is correctly calculated in the Company’s revenue requirement work papers based on the Commission directed amounts found within the Order, inclusive of PGA related dockets:

Docket	Advice	Order
UG 446	22-04-A	22-410
UG 447	22-05-A	22-409
UG 448	22-06-A	22-408
UG 449	22-07-A	22-407
UG 450	22-08-A	22-406
UG 451	22-09-A	22-405
UG 452	22-10-A	22-404

Docket	Advice	Order
UG 453	22-11-A	22-403
UG 454	22-12-A	22-402
UG 455	22-13-A	22-401
UG 456	22-14-B	22-400
UG 457	22-15-A	22-421
UG 458	22-16-A	22-399

- Confirm that the proper load forecast was used to generate the values in the Order.

- Confirm from the Rate Spread and Design spreadsheet and NW Natural work papers that the proposed tariff prices are calculated to produce revenues in accordance with the Commission's Order in this case. Staff confirmed that the rates and percentage increases to each customer class contained in the attachment to the Order match the values in the Company's work papers.
- Confirm the calculation of rate spread for base schedules as found in Appendices of the Order, is properly reflected in the Company's Rate Spread and Design work paper and resulting Tariff sheets.
- Confirm that NW Natural's inputs for pricing are consistent and accurate.
- Verify accurate implementation of all changes, including tariff language changes, authorized by the Commission, inclusive of verification of each of Commission determinations.
- Confirm that the tariff sheets are properly updated with the rates present in the Rate Spread and Design worksheet, advice number, revision number, date, and any other appropriate language changes.
- Confirm the notarized attestation of the Company has properly attested that all capital projects included in rate base in this case have been completed and placed in service, and that this general rate case reflects the actual cost of each such project.

Staff verified that the specific impacts authorized by the Order will be achieved by the changed tariff pages as filed and where necessary amended. Staff utilized the provided work papers and discussions with the Company on October 25 thru 31 to verify the accuracy of the tariffs, including translation of work paper unit rounding to tariff rate units. Staff verified that NW Natural's amended Advice No. 22-18A correctly reflected said reduction.

Staff also detected some minor scrivener errors in the Order, which it shared with Hearings.

Staff will also work with NW Natural to clarify the language in Schedule No. 198 to comply with the Order No. 22-388 requirement that the Company file a revised Schedule 198 by November 23, 2022. A meeting for this discussion is scheduled for Thursday, November 3, 2022.

Staff recommends that an acknowledgement letter be sent, and the tariff sheets as currently filed be allowed to go into effect for service on and after November 1, 2022. Further, Staff asks that the 14 work papers provided by the Company on October 26, 2022, and single supplement thereto provided on October 31, 2022, be treated as compliance filings to Order 22-338. The Company agrees with Staff's approach to these materials.