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December 15, 2022

NWN OPUC Advice No. 22-23

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE, Suite 100
PO Box 1088
Salem, Oregon 97308-1088

RE: Schedule H – Large Volume Non-Residential High Pressure Gas Service (HPGS) Rider

NW Natural Gas Company, dba NW Natural (NW Natural or Company), files the enclosed tariff sheet and respectfully requests to extend its compressed natural gas (CNG) program which is currently set to expire January 31, 2023. The enclosed proposed tariff sheet is stated to become effective on and after February 1, 2023.

Third Revision to Schedule H-1	Schedule H	Large Volume Non-Residential High Pressure Gas Service (HPGS) Rider
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Purpose

NW Natural respectfully requests to extend its current service of providing compressed natural gas to interested customers from January 31, 2023 to January 31, 2025.

Background

NW Natural first proposed Schedule H with Advice No. 13-10 on July 27, 2013 (docket UG 266). The Commission approved Schedule H, effective February 1, 2014, in Order No. 14-014, which originally stated the program term for Schedule H to be through January 31, 2016. On December 14, 2015, NW Natural filed Advice No. 15-19 requesting a two-year extension of its Schedule H term. Order No. 16-013 approved NW Natural's request extending Schedule H term through January 31, 2018. On December 21, 2017, NW Natural filed Advice No. 17-21 requesting a five-year extension of its Schedule H, through January 31, 2023. The Commission approved the five-year extension in Order No. 18-043, on the condition that Staff perform a market condition review by February 1, 2020. At the time, Staff concluded that there was no legitimate competitive market for CNG vehicle fueling stations in Oregon. On December 2, 2019, NW Natural filed the Report on Compressed Natural Gas (CNG) Market Conditions and proposed the program maintain the expiration date through January 31, 2023.

Order No. 18-043 stated the report should include a discussion of the current state of the CNG market, as well as the following:

1. The number of new and existing entrants within and outside of NWN's service territory;
2. The current number of customers enrolled and beginning the process of enrolling in the HPGS program; and
3. Other outside factors affecting the development of a competitive market.

On January 8, 2020, Staff filed correspondence stating no further Commission action was necessary and the expiry date of January 31, 2023, remained in place.

NW Natural submits its proposal to extend the expiry date for offering high pressure gas services and gives a current CNG Market Conditions Summary.

Summary of Current Market Conditions

The CNG market in the region has experienced modest growth over the past few years, largely coming from existing fleets adding more CNG vehicles in lieu of diesel. There has been one new CNG fleet entrant since the City of Portland started its operations in 2018. The City of Wilsonville expanded their fleet of CNG buses to 12, complementing their fleet of four electric buses. The City of Wilsonville installed a new CNG station under Schedule H to serve their expansion of CNG buses.

NW Natural also is working with two other companies that are testing out CNG fueling for their vehicles using temporary CNG fueling equipment supplied by the customer. It is NW Natural's understanding that each company will evaluate the costs/benefits of CNG fleet conversions to decide whether to expand CNG fleet fueling and whether to construct permanent CNG fueling stations on site.

There continues to be significant interest for diesel fleets to move to CNG, especially with the influx of renewable natural gas (RNG) being offered by RNG producers; these producers and the fleets can share in the revenues created from the Oregon Clean Fuels Program. The most significant barrier to moving forward is the lack of state incentives to help with the incremental vehicle costs and fueling infrastructure investment. The City of Wilsonville had received a grant to offset the infrastructure costs for the increased capacity project under Schedule H.

Conclusion

Given the current market conditions and continued interest in CNG, NW Natural is proposing to extend the Schedule H program through January 31, 2025.

The Company respectfully requests that the tariff sheets filed herein be approved to become effective with service on and after February 1, 2023.

In compliance with OAR 860-022-0025 the Company states that the tariff changes proposed in this filing will affect those customers that elect to participate in the Schedule H program; therefore, the number of customers affected is not known at this time. There is no impact to NW Natural's annual revenue resulting from the proposed tariff change.

In accordance with ORS 757.205, copies of this letter and the filing made herewith are available for public inspection in the Company's main office in Portland, Oregon and on its website at www.nwnatural.com.

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

eFiling
Rates & Regulatory Affairs
NW Natural
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Sincerely,

/s/ Rebecca Trujillo

Rebecca Trujillo
Regulatory Compliance

Attachment

**RATE SCHEDULE H
LARGE VOLUME NON-RESIDENTIAL
HIGH PRESSURE GAS SERVICE (HPGS) RIDER**

PURPOSE:

To provide Company-owned and maintained high pressure gas infrastructure sited on a Customer’s Premise where the Company’s standard Distribution System operating pressures are insufficient to meet Customer’s requirements for fueling motor vehicles.

SERVICE APPLICABILITY:

Service under this Rate Schedule Rider is available to a Customer who:
(1) has an approved Service Election under Rate Schedule 3, Rate Schedule 31, or Rate Schedule 32 for service to the High Pressure Gas facilities (“HPGS Facilities”); (2) has entered into a High Pressure Gas Service Agreement (“HPGS Agreement”) under this Rate Schedule Rider for a minimum initial term of ten years; and (3) has satisfied the prerequisites for service commencement set forth in the Customer’s HPGS Agreement.

PROGRAM TERM:

HPGS shall remain in effect until January 31, 2025 or until such other time as the Commission may approve.

(C)

SERVICES PROVIDED:

Service under this Rate Schedule Rider includes High Pressure Gas Service (“HPGS”), Scheduled Maintenance, Unscheduled Maintenance, and Back-Up Service.

HPGS Facilities - The Company will design, plan, engineer, permit, construct, install, inspect, test, and maintain all Standard HPGS Facilities installed in accordance with this rider. NW Natural reserves the right to designate the location of all Distribution Facilities and HPGS Facilities required for such service.

Standard HPGS Facilities – Standard HPGS Facilities include the following:

- Compression system, which includes remote monitoring equipment
- Main distribution panel
- Remote feeder panel
- Transformer pad
- Compressor pad
- Remote Power Panel Pad
- Dispenser pad
- Transformer pad
- Trenches
- Compressor skid
- Dryers
- Regeneration pad
- Storage vessel(s)
- Priority panel
- Protective traffic bollards
- Fast fill meter/dispenser(s) (does not include hanging hardware)
- ASME Cascade Buffer – one three pack installed on the roof
- Control System and remote power panel

(continue to Sheet H-2)