



Oregon

Tina Kotek, Governor

Public Utility Commission

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October 26, 2023



BY EMAIL

Northwest Natural Gas Company

efiling@nwnatural.com

RE: Advice No. 23-06

At the public meeting on October 26, 2023, the Commission adopted Staff's recommendation in this matter docketed as UG 473. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: October 26, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** November 1, 2023

DATE: September 25, 2023

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Bryan Conway, Marc Hellman, Anna Kim, and Rawleigh White **SIGNED**

SUBJECT: NORTHWEST NATURAL:
(Docket No. UG 473/Advice No. 23-06)
Requests Amortization of Oregon Regulatory Fees; Revises
Schedule 181.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) Advice No. 23-06, requesting amortization of the Commission Regulatory Fee for inclusion in rates for service rendered on or after November 1, 2023.

DISCUSSION:

Issue

Whether to approve NW Natural's Advice No. 23-06, updating Schedule 181 to amortize deferred amounts related to the Commission Regulatory Fee in rates.

Applicable Rule or 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.

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation into rates. The overall average rate impact of the amortizations authorized under this section in any one year may not exceed three percent of the utility's gross revenues for the preceding calendar year.

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.

OAR 860-021-0034 sets forth the regulatory requirements and procedures for annual fees payable to the Commission by gas or steam heat utilities.

OAR 860-027-0300 sets forth the deferred accounting procedures for public utilities.

Analysis

Background

Pursuant to ORS 756.310 and OAR 860-021-0034, NW Natural must pay to the Commission a regulatory fee each year by April 1. The specific amount of the fee assessed for gas utilities is set by March 1 each year in Docket No. UM 1012. In 2022, per Order No. 22-062, the annual fee was increased from 0.375 percent to 0.43 percent of annual gross operating revenues.

The Company's requests to defer costs associated with incremental changes in the annual regulatory fee are filed in Docket No. UM 1766. The deferral allows the Company to collect any differences between the Commission regulatory fee collected in base rates in General Rate Case (GRC) and the Commission regulatory fee set annually in Docket No. UM 1012.

The Commission most recently approved a prior deferral reauthorization application in Order No. 22-392, for the 12-month period beginning March 23, 2022. The latest deferral application is for the 12-month period beginning March 23, 2023.

Discussion of Regulatory Fee Changes

The requested amortization is the difference between the 0.35 percent currently collected in NW Natural’s base rates, and the 0.43 percent the Company was billed for the Commission regulatory fee for January – December 2022. The effect of removing the current temporary increments and adding the proposed amortization of the OPUC fee results in a decrease to the Company’s annual revenues of \$210,670, or about 0.02 percent. The proposed rate adjustment will affect 699,614 total customers.

Customer Type	Count
Residential	636,785
Commercial	61,984
Industrial	845

Rate Spread/Design

The total amount estimated for collection in this PGA filing is \$375,461. After the addition of the revenue sensitive factor, this results in \$386,351. The following table illustrates the average monthly bill impact to NW Natural Residential (Rate Schedule 2), Commercial (Rate Schedule 3), and Industrial firm (Rate Schedule 32) customers.

Customer Type	Avg. Therms/month	Current Avg. Monthly Bill	Proposed Avg. Monthly Bill	Difference \$	Difference %
Residential (2)	56	\$88.46	\$88.45	(\$0.01)	<0.0%
Commercial (3)	255	\$317.60	\$317.52	(\$0.08)	<0.0%
Industrial (32)	7,043	\$6,088.29	\$6,087.16	(\$1.13)	<0.0%

Prudence Review

Staff reviewed the work papers provided by the Company and found the documents sufficient to demonstrate the validity of its calculations. Staff’s review consisted of verifying the accounting methodology employed by the Company to derive the final amortization balance. Staff further confirmed that, pursuant to ORS 757.259(6), this filing does not impose a rate increase greater than three percent of NWN’s gross revenues, as it is a rate decrease. An earnings test was not performed in this review as the Commission regulatory fee is not subject to an earnings test or sharing.

Conclusion

Staff concludes that the proposed rates are correctly calculated and applied. Staff did not conduct an earnings review on this deferral as the Commission regulatory fee is required per ORS 756.310 and OAR 860-021-0034 and the Company is subject to an annual earning review. Finally, pursuant to ORS 757.259(6), this filing does not impose a rate increase greater than three percent of NW Natural's gross revenues.

The Company has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

Approve NW Natural's Advice No. 23-06, requesting amortization of the Commission Regulatory Fee for inclusion in rates for service rendered on and after November 1, 2023.

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Seventh Revision of Sheet 181-1
Cancels Sixth Revision of Sheet 181-1

SCHEDULE 181 SPECIAL RATE ADJUSTMENT - REGULATORY FEE INCREASE

PURPOSE:

The purpose of this Schedule is to reflect the rate effects of the regulatory fee increase established by Commission Order 22-062.

APPLICABLE:

To the following Rate Schedules of this Tariff:

Rate Schedule 2 Rate Schedule 27 Rate Schedule 32
Rate Schedule 3 Rate Schedule 31 Rate Schedule 33

GENERAL TERMS:

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, any other schedules that by their terms or by the terms of this Schedule apply to service under this Schedule and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

APPLICATION TO RATE SCHEDULES: **Effective: November 1, 2023**

(C)

The Total Adjustment amount shown below is included in the Temporary Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Schedule	Block	Total Adjustment
2		\$0.00058
3 CSF		\$0.00046
3 ISF		\$0.00042
27		\$0.00050
31 CSF	Block 1	\$0.00036
	Block 2	\$0.00035
31 CTF	Block 1	\$0.00016
	Block 2	\$0.00015

(R)

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(continue to Sheet 181-2)

Issued July 31, 2023
NWN OPUC Advice No. 23-06

Received
Filing Center
JUL 31 2023

Effective with service on
and after November 1, 2023

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Seventh Revision of Sheet 181-2
 Cancels Sixth Revision of Sheet 181-2

SCHEDULE 181 SPECIAL RATE ADJUSTMENT - REGULATORY FEE INCREASE (continued)

APPLICATION TO RATE SCHEDULES:

Effective: November 1, 2023

(C)

The Total Adjustment amount shown below is included in the Temporary Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Schedule	Block	Total Adjustment	Schedule	Block	Total Adjustment
31 ISF	Block 1	\$0.00033	32 CSI	Block 1	\$0.00028
	Block 2	\$0.00032		Block 2	\$0.00027
31 ITF	Block 1	\$0.00013		Block 3	\$0.00026
	Block 2	\$0.00012		Block 4	\$0.00024
32 CSF	Block 1	\$0.00032		Block 5	\$0.00024
	Block 2	\$0.00031		Block 6	\$0.00023
	Block 3	\$0.00029	32 ISI	Block 1	\$0.00027
Block 4	\$0.00027	Block 2		\$0.00027	
Block 5	\$0.00026	Block 3		\$0.00025	
	Block 6	\$0.00026		Block 4	\$0.00024
32 ISF	Block 1	\$0.00028		Block 5	\$0.00024
	Block 2	\$0.00028		Block 6	\$0.00023
	Block 3	\$0.00026	32 CTI	Block 1	\$0.00005
	Block 4	\$0.00025		Block 2	\$0.00004
	Block 5	\$0.00024		Block 3	\$0.00003
	Block 6	\$0.00024		Block 4	\$0.00002
32 CTF	Block 1	\$0.00007		Block 5	\$0.00001
	Block 2	\$0.00006		Block 6	\$0.00001
	Block 3	\$0.00004	32 ITI	Block 1	\$0.00005
	Block 4	\$0.00003		Block 2	\$0.00004
	Block 5	\$0.00002		Block 3	\$0.00003
	Block 6	\$0.00001		Block 4	\$0.00002
32 ITF	Block 1	\$0.00006		Block 5	\$0.00001
	Block 2	\$0.00005		Block 6	\$0.00001
	Block 3	\$0.00004	33 (all)		\$0.00000
	Block 4	\$0.00002			
	Block 5	\$0.00001			
	Block 6	\$0.00001			

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