

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

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

**DATE:** October 5, 2023

**TO:** Public Utility Commission

**FROM:** Bret Stevens

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

**SUBJECT:** NORTHWEST NATURAL:  
(Docket No. UG 477/Advice No. 23-10)  
Revises Schedule 195, Weather Adjusted Rate Mechanism Program.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) Advice No. 23-10, revising Schedule 195 rates, reflecting amortization of the Weather Adjusted Rate Mechanism (WARM) Program for inclusion in rates for service rendered on and after November 1, 2023.

**DISCUSSION:**

Issue

Whether the Commission should approve NW Natural's Advice No. 23-10, updating Schedule 195 to amortize deferred amounts related to the WARM Program from Docket No. UM 1750 in rates.

Applicable Law

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. The Commission may require that amortization of deferred amounts be subject to refund. The Commission's final determination on the amount allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred. Under ORS 757.259(5) and OAR 860-027-0300, when subject to an automatic adjustment clause, a review of the utility's earnings may be required before deferred amounts are allowed in rates. With some exceptions, a

company's amortization of amounts deferred under ORS 757.259(5) cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. ORS 757.259(6).

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. Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes.

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.

## Analysis

### *Background*

NW Natural has filed Advice No. 23-10, docketed as UG 477, proposing to revise its Tariff PUC OR No. 25 to approve amortization of WARM adjustments through deferred accounts relating to Docket No. UM 1750, WARM Program. As described by NW Natural, WARM is intended to smooth out fluctuations in winter bills caused by weather variances. WARM calculates a bill adjustment that offsets the effect that colder or warmer-than-average winter temperatures have on customers' gas use. If weather is colder than average, WARM will lower the billing rate; if weather is warmer than average, WARM will increase the billing rate.

As described in Order No. 16-223, the WARM adjustment is subject to caps and floors when applied to the monthly bill. For residential customers, the maximum adjustment is \$12 or 25 percent, whichever is less. For commercial customers, the maximum increase is \$35 or 25 percent, which ever is less. Any amounts outside of these caps and floors are deferred and amortized on an equal cent per therm basis each year with the PGA. The Commission approved deferred accounting for the WARM program, Schedule 195 for the 12 months beginning November 1, 2022, in Order No. 22-391, Docket No. UM 1798.

The effect of the application of the new temporary adjustments is a net decrease to the

Company's annual revenues by \$3,598,366, or about 0.42 percent. In accordance with the Commission's order adopting the Parties' stipulation in Docket No. UM 1750, the amounts will be recovered on an equal-cents-per-therm basis to Schedule 2 (Residential) and Schedule 3 (Commercial) customers over 12 months. The proposed adjustments for the amortization of the WARM account are (\$0.00322) per therm for Residential customers and (\$0.00791) per therm for Commercial customers. The proposed rate adjustment will affect 636,785 residential customers and 59,172 commercial customers.

Table 1 illustrates the average monthly bill impact to NW Natural Residential and Commercial customers:

<b>Customer Type</b>	<b>Avg. monthly bill (current rates)</b>	<b>Avg. monthly bill (proposed rates)</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>
Residential	\$88.46	\$88.23	(\$0.23)	(0.3%)
Commercial	\$317.60	\$315.00	(\$2.60)	(0.8%)

Staff has reviewed the supporting materials provided by NW Natural and finds them to be in compliance with statutory requirements.

Staff does not find it necessary to conduct an earnings review prior to amortization given the nature of the WARM program. The proposed amortization will not exceed three percent of the company's gross revenues from the preceding year.

### Conclusion

After reviewing NW Natural's filing, Staff recommends approval for amortization of WARM adjustments through deferred accounts relating to Docket No. UM 1750, WARM Program.

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

### **PROPOSED COMMISSION MOTION:**

Approve NW Natural's Advice No. 23-10, requesting amortization of the WARM Program for inclusion in rates for service rendered on and after November 1, 2023.