



250 SW Taylor Street
Portland, OR 97204

503-226-4211
nwnatural.com

July 31, 2023

NWN OPUC Advice No. 23-20 / UG 487

VIA ELECTRONIC FILING

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

Re: REQUEST FOR INCLUSION OF COSTS ASSOCIATED WITH RENEWABLE NATURAL GAS INVESTMENTS: Schedule 198 – Renewable Natural Gas Adjustment Mechanism

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith revisions and additions to its Tariff, P.U.C. Or. 25,¹ stated to become effective with service on and after November 1, 2023, as follows:

First Revision of Sheet 198-1	Schedule 198	Renewable Natural Gas Adjustment Mechanism
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Purpose

The purpose of this filing is to recover the forecasted revenue requirement, true-up deferral from last year’s forecast and the sharing deferral from the Company’s Lexington renewable natural gas project.

Background:

This filing is in compliance with ORS 757.259, which authorizes deferred utility expenses or revenues to be allowed (amortized) in rates to the extent authorized by the Public Utility Commission of Oregon (“Commission”) in a proceeding to change rates. The Schedule 198 automatic adjustment clause was authorized by the Commission in the Company’s last general rate case, UG 435, under Order No. 22-388.

Proposed Changes

The effect of this new tariff adjustment schedule is to increase the Company’s annual revenues by \$1,028,482 or about .12%.

The monthly increase for the average Rate Schedule 2 residential customer using 56 therms is \$0.16, or 0.1%. The monthly increase for the average Rate Schedule 3 commercial customer using 255 therms is \$0.63, or 0.2%, the monthly increase for the average Rate Schedule 27 customer using 44 therms is \$0.10, or 0.1% and the monthly increase for the average commercial Rate Schedule 31 firm sales customer using 2,816 therms is about \$6.97, or 0.2%. The average industrial Rate Schedule 32 firm sales customer using 18,823 therms will see a monthly increase of

¹ Tariff P.U.C. Or. 25 originated November 1, 2012 with docket UG 221; Order No. 12-408 as supplemented by Order No. 12-437 and was filed in accordance with ORS 767.205 and OAR 860-022-0005.

about \$46.50, or 0.3%. Work papers supporting the rate and bill impact calculations will be separately submitted in electronic format.

The number of customers affected by the proposed change is 636,785 residential customers, and 62,829 commercial and industrial customers.

Conclusion

In support of this filing, the Company includes supporting materials as part of this filing and will separately submit work papers in electronic format, all of which are incorporated herein by reference.

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

Please address correspondence on this matter to Lora Bourdo at lora.bourdo@nwnatural.com with copies to the following:

eFiling
Rates & Regulatory Affairs
NW Natural
250 SW Taylor Street
Portland, Oregon 97204
Fax: (503) 220-2579
Telephone: (503) 610-7330
eFiling@nwnatural.com

Sincerely,

NW NATURAL

/s/ Kyle Walker, CPA

Kyle Walker, CPA
Rates/Regulatory Senior Manager

Attachment: Exhibit A – Supporting Materials

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet 198-1
Cancels Original Sheet 198-1

SCHEDULE 198 RENEWABLE NATURAL GAS ADJUSTMENT MECHANISM

PURPOSE:

The purpose of this Schedule is to identify adjustments to rates in the Rate Schedules listed below for the recovery of the revenue requirement of qualified investments, as defined by ORS 757.392(5), in renewable natural gas (RNG) infrastructure.

This adjustment mechanism will recover the revenue requirement associated with the prudently incurred qualified investments that contribute to the Company meeting the targets set forth in ORS 757.396. For purposes of this Schedule, "qualified investment" has the meaning given that term in ORS 757.392. This Adjustment Schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210 and Oregon Senate Bill 98 (2019) codified as ORS 757.396.

APPLICABLE:

To All Customers on the Rate Schedules of this Tariff listed below:

Rate Schedule 2	Rate Schedule 31	Rate Schedule 60A/60	(N)
Rate Schedule 3	Rate Schedule 32		
Rate Schedule 27	Rate Schedule 33		

Application to Rates:

The per-therm Base Adjustment in the applicable Rate Schedules include the following adjustment:

	All Customers	Effective Date:	(C)
Schedule 198 amortization	\$0.00247	November 1, 2023	(C)(I)

SPECIAL CONDITIONS:

1. The Company will file this Schedule by August 1 of each year as necessary to update all charges already included on this schedule as needed. Updating of charges will include updating for the relevant vintage of the revenue requirement for previously included investments and a true-up for actual costs and volumes of previously included costs. This updating of charges will be supported by a deferral application (Schedule 198 Deferral) that will apply to costs recovered through this Schedule 198. The amortization of the Schedule 198 Deferral amount will be subject to an earnings test deadband. Per Order No. 22-388, the deadband is set at 50 basis points below and 50 basis points above authorized ROE. (T)
(T)

(continue to Sheet 198-2)

Issued July 31, 2023
NWN OPUC Advice No. 23-20

Effective with service on
and after November 1, 2023

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Inclusion of Costs Associated with
Renewable Natural Gas Investments

NWN OPUC Advice No. 23-20 / UG 487

July 31, 2023

NW NATURAL

EXHIBIT A

Supporting Materials

Inclusion of Costs Associated with Renewable Natural Gas Investments

NWN OPUC ADVICE NO. 23-20 / UG 487

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NW Natural
 Rates & Regulatory Affairs
 2023-24 PGA - Oregon: August Filing
 Calculation of Increments Allocated on the EQUAL CEN PER THERM BASIS
 ALL VOLUMES IN THERMS

		Lexington Project Initial Costs			RNG Adjustment Mechanism Deferral			Lexington Sharing Mechanism			Lexington Cost of Service			
		442,557 Permanent Increment			381,058 Permanent Increment			(157,207) Permanent Increment			2,074,875 Permanent Increment			
		N/A rev sensitive factor is built in			2.819% add revenue sensitive factor			2.819% add revenue sensitive factor			N/A rev sensitive factor is built in			
		to all classes and schedules (including SC)			to all classes and schedules (including SC)			(161,767) to all classes and schedules (including SC)			2,074,875 to all classes and schedules (including SC)			
Column F	Amount to Amortize:	442,557			392,111			(161,767)			2,074,875			
Schedule	Block	A	Multipliers	Volumes	Increment	Multipliers	Volumes	Increment	Multipliers	Volumes	Increment	Multipliers	Volumes	Increment
			AX	AY	AZ	BA	BB	BC	BD	BE	BF	BG	BH	BI
2R		425,261,320	1.0	425,261,320	\$0.00040	1.0	425,261,320	\$0.00035	1.0	425,261,320	(\$0.00015)	1.0	425,261,320	\$0.00187
3C Firm Sales		180,723,276	1.0	180,723,276	\$0.00040	1.0	180,723,276	\$0.00035	1.0	180,723,276	(\$0.00015)	1.0	180,723,276	\$0.00187
3I Firm Sales		5,242,606	1.0	5,242,606	\$0.00040	1.0	5,242,606	\$0.00035	1.0	5,242,606	(\$0.00015)	1.0	5,242,606	\$0.00187
27 Dry Out		790,225	1.0	790,225	\$0.00040	1.0	790,225	\$0.00035	1.0	790,225	(\$0.00015)	1.0	790,225	\$0.00187
31C Firm Sales	Block 1	10,541,198	1.0	10,541,198	\$0.00040	1.0	10,541,198	\$0.00035	1.0	10,541,198	(\$0.00015)	1.0	10,541,198	\$0.00187
	Block 2	11,528,162	1.0	11,528,162	\$0.00040	1.0	11,528,162	\$0.00035	1.0	11,528,162	(\$0.00015)	1.0	11,528,162	\$0.00187
31C Firm Trans	Block 1	1,150,855	1.0	1,150,855	\$0.00040	1.0	1,150,855	\$0.00035	1.0	1,150,855	(\$0.00015)	1.0	1,150,855	\$0.00187
	Block 2	1,621,395	1.0	1,621,395	\$0.00040	1.0	1,621,395	\$0.00035	1.0	1,621,395	(\$0.00015)	1.0	1,621,395	\$0.00187
31I Firm Sales	Block 1	3,851,855	1.0	3,851,855	\$0.00040	1.0	3,851,855	\$0.00035	1.0	3,851,855	(\$0.00015)	1.0	3,851,855	\$0.00187
	Block 2	8,832,261	1.0	8,832,261	\$0.00040	1.0	8,832,261	\$0.00035	1.0	8,832,261	(\$0.00015)	1.0	8,832,261	\$0.00187
31I Firm Trans	Block 1	153,988	1.0	153,988	\$0.00040	1.0	153,988	\$0.00035	1.0	153,988	(\$0.00015)	1.0	153,988	\$0.00187
	Block 2	363,573	1.0	363,573	\$0.00040	1.0	363,573	\$0.00035	1.0	363,573	(\$0.00015)	1.0	363,573	\$0.00187
32C Firm Sales	Block 1	31,802,850	1.0	31,802,850	\$0.00040	1.0	31,802,850	\$0.00035	1.0	31,802,850	(\$0.00015)	1.0	31,802,850	\$0.00187
	Block 2	10,782,597	1.0	10,782,597	\$0.00040	1.0	10,782,597	\$0.00035	1.0	10,782,597	(\$0.00015)	1.0	10,782,597	\$0.00187
	Block 3	2,237,041	1.0	2,237,041	\$0.00040	1.0	2,237,041	\$0.00035	1.0	2,237,041	(\$0.00015)	1.0	2,237,041	\$0.00187
	Block 4	1,038,828	1.0	1,038,828	\$0.00040	1.0	1,038,828	\$0.00035	1.0	1,038,828	(\$0.00015)	1.0	1,038,828	\$0.00187
	Block 5	30,626	1.0	30,626	\$0.00040	1.0	30,626	\$0.00035	1.0	30,626	(\$0.00015)	1.0	30,626	\$0.00187
	Block 6	0	1.0	0	\$0.00040	1.0	0	\$0.00035	1.0	0	(\$0.00015)	1.0	0	\$0.00187
32I Firm Sales	Block 1	7,308,477	1.0	7,308,477	\$0.00040	1.0	7,308,477	\$0.00035	1.0	7,308,477	(\$0.00015)	1.0	7,308,477	\$0.00187
	Block 2	7,116,901	1.0	7,116,901	\$0.00040	1.0	7,116,901	\$0.00035	1.0	7,116,901	(\$0.00015)	1.0	7,116,901	\$0.00187
	Block 3	2,428,784	1.0	2,428,784	\$0.00040	1.0	2,428,784	\$0.00035	1.0	2,428,784	(\$0.00015)	1.0	2,428,784	\$0.00187
	Block 4	1,682,852	1.0	1,682,852	\$0.00040	1.0	1,682,852	\$0.00035	1.0	1,682,852	(\$0.00015)	1.0	1,682,852	\$0.00187
	Block 5	210,463	1.0	210,463	\$0.00040	1.0	210,463	\$0.00035	1.0	210,463	(\$0.00015)	1.0	210,463	\$0.00187
	Block 6	0	1.0	0	\$0.00040	1.0	0	\$0.00035	1.0	0	(\$0.00015)	1.0	0	\$0.00187
32C Firm Trans	Block 1	2,586,658	1.0	2,586,658	\$0.00040	1.0	2,586,658	\$0.00035	1.0	2,586,658	(\$0.00015)	1.0	2,586,658	\$0.00187
	Block 2	2,000,143	1.0	2,000,143	\$0.00040	1.0	2,000,143	\$0.00035	1.0	2,000,143	(\$0.00015)	1.0	2,000,143	\$0.00187
	Block 3	713,689	1.0	713,689	\$0.00040	1.0	713,689	\$0.00035	1.0	713,689	(\$0.00015)	1.0	713,689	\$0.00187
	Block 4	908,192	1.0	908,192	\$0.00040	1.0	908,192	\$0.00035	1.0	908,192	(\$0.00015)	1.0	908,192	\$0.00187
	Block 5	22,758	1.0	22,758	\$0.00040	1.0	22,758	\$0.00035	1.0	22,758	(\$0.00015)	1.0	22,758	\$0.00187
	Block 6	0	1.0	0	\$0.00040	1.0	0	\$0.00035	1.0	0	(\$0.00015)	1.0	0	\$0.00187
32I Firm Trans	Block 1	11,491,095	1.0	11,491,095	\$0.00040	1.0	11,491,095	\$0.00035	1.0	11,491,095	(\$0.00015)	1.0	11,491,095	\$0.00187
	Block 2	16,722,073	1.0	16,722,073	\$0.00040	1.0	16,722,073	\$0.00035	1.0	16,722,073	(\$0.00015)	1.0	16,722,073	\$0.00187
	Block 3	10,683,887	1.0	10,683,887	\$0.00040	1.0	10,683,887	\$0.00035	1.0	10,683,887	(\$0.00015)	1.0	10,683,887	\$0.00187
	Block 4	22,101,234	1.0	22,101,234	\$0.00040	1.0	22,101,234	\$0.00035	1.0	22,101,234	(\$0.00015)	1.0	22,101,234	\$0.00187
	Block 5	23,116,595	1.0	23,116,595	\$0.00040	1.0	23,116,595	\$0.00035	1.0	23,116,595	(\$0.00015)	1.0	23,116,595	\$0.00187
	Block 6	7,997,925	1.0	7,997,925	\$0.00040	1.0	7,997,925	\$0.00035	1.0	7,997,925	(\$0.00015)	1.0	7,997,925	\$0.00187
32C Interr Sales	Block 1	4,812,286	1.0	4,812,286	\$0.00040	1.0	4,812,286	\$0.00035	1.0	4,812,286	(\$0.00015)	1.0	4,812,286	\$0.00187
	Block 2	6,912,175	1.0	6,912,175	\$0.00040	1.0	6,912,175	\$0.00035	1.0	6,912,175	(\$0.00015)	1.0	6,912,175	\$0.00187
	Block 3	3,915,818	1.0	3,915,818	\$0.00040	1.0	3,915,818	\$0.00035	1.0	3,915,818	(\$0.00015)	1.0	3,915,818	\$0.00187
	Block 4	6,195,667	1.0	6,195,667	\$0.00040	1.0	6,195,667	\$0.00035	1.0	6,195,667	(\$0.00015)	1.0	6,195,667	\$0.00187
	Block 5	3,369,903	1.0	3,369,903	\$0.00040	1.0	3,369,903	\$0.00035	1.0	3,369,903	(\$0.00015)	1.0	3,369,903	\$0.00187
	Block 6	0	1.0	0	\$0.00040	1.0	0	\$0.00035	1.0	0	(\$0.00015)	1.0	0	\$0.00187
32I Interr Sales	Block 1	4,976,544	1.0	4,976,544	\$0.00040	1.0	4,976,544	\$0.00035	1.0	4,976,544	(\$0.00015)	1.0	4,976,544	\$0.00187
	Block 2	6,358,575	1.0	6,358,575	\$0.00040	1.0	6,358,575	\$0.00035	1.0	6,358,575	(\$0.00015)	1.0	6,358,575	\$0.00187
	Block 3	3,824,879	1.0	3,824,879	\$0.00040	1.0	3,824,879	\$0.00035	1.0	3,824,879	(\$0.00015)	1.0	3,824,879	\$0.00187
	Block 4	11,455,866	1.0	11,455,866	\$0.00040	1.0	11,455,866	\$0.00035	1.0	11,455,866	(\$0.00015)	1.0	11,455,866	\$0.00187
	Block 5	6,274,793	1.0	6,274,793	\$0.00040	1.0	6,274,793	\$0.00035	1.0	6,274,793	(\$0.00015)	1.0	6,274,793	\$0.00187
	Block 6	1,589,833	1.0	1,589,833	\$0.00040	1.0	1,589,833	\$0.00035	1.0	1,589,833	(\$0.00015)	1.0	1,589,833	\$0.00187
32C Interr Trans	Block 1	787,487	1.0	787,487	\$0.00040	1.0	787,487	\$0.00035	1.0	787,487	(\$0.00015)	1.0	787,487	\$0.00187
	Block 2	1,577,765	1.0	1,577,765	\$0.00040	1.0	1,577,765	\$0.00035	1.0	1,577,765	(\$0.00015)	1.0	1,577,765	\$0.00187
	Block 3	946,128	1.0	946,128	\$0.00040	1.0	946,128	\$0.00035	1.0	946,128	(\$0.00015)	1.0	946,128	\$0.00187
	Block 4	3,171,260	1.0	3,171,260	\$0.00040	1.0	3,171,260	\$0.00035	1.0	3,171,260	(\$0.00015)	1.0	3,171,260	\$0.00187
	Block 5	663,407	1.0	663,407	\$0.00040	1.0	663,407	\$0.00035	1.0	663,407	(\$0.00015)	1.0	663,407	\$0.00187
	Block 6	0	1.0	0	\$0.00040	1.0	0	\$0.00035	1.0	0	(\$0.00015)	1.0	0	\$0.00187
32I Interr Trans	Block 1	6,332,023	1.0	6,332,023	\$0.00040	1.0	6,332,023	\$0.00035	1.0	6,332,023	(\$0.00015)	1.0	6,332,023	\$0.00187
	Block 2	10,799,708	1.0	10,799,708	\$0.00040	1.0	10,799,708	\$0.00035	1.0	10,799,708	(\$0.00015)	1.0	10,799,708	\$0.00187
	Block 3	7,423,918	1.0	7,423,918	\$0.00040	1.0	7,423,918	\$0.00035	1.0	7,423,918	(\$0.00015)	1.0	7,423,918	\$0.00187
	Block 4	17,235,563	1.0	17,235,563	\$0.00040	1.0	17,235,563	\$0.00035	1.0	17,235,563	(\$0.00015)	1.0	17,235,563	\$0.00187
	Block 5	38,975,154	1.0	38,975,154	\$0.00040	1.0	38,975,154	\$0.00035	1.0	38,975,154	(\$0.00015)	1.0	38,975,154	\$0.00187
	Block 6	98,124,177	1.0	98,124,177	\$0.00040	1.0	98,124,177	\$0.00035	1.0	98,124,177	(\$0.00015)	1.0	98,124,177	\$0.00187
33		0	0.0	0	\$0.00000	0.0	0	\$0.00000	0.0	0	(\$0.00000)	0.0	0	\$0.00000
Special Contracts		51,198,641	1.0	51,198,641	\$0.00040	1.0	51,198,641	\$0.00035	1.0	51,198,641	(\$0.00015)	1.0	51,198,641	\$0.00187
TOTALS		1,109,965,950		1,109,965,950	\$ 0.00040		1,109,965,950	\$ 0.00035		1,109,965,950	\$ (0.00015)		1,109,965,950	\$ 0.00187
Sources for line 2 above:														

NW Natural
Rates and Regulatory Affairs
2023-2024 PGA Filing - OREGON
Basis for Revenue Related Costs

	Twelve Months <u>Ended 06/30/23</u>		
1			
2			
3	Total Billed Gas Sales Revenues	\$ 977,383,649	
4	Total Oregon Revenues	\$ 981,971,599	
5			
6	Regulatory Commission Fees [1]	n/a	0.430% Statutory rate
7	City License and Franchise Fees	\$ 22,573,887	2.299% Line 7 ÷ Line 4
8	Net Uncollectible Expense [2]	<u>\$ 881,388</u>	<u>0.090%</u> Line 8 ÷ Line 4
9			
10	Total		<u><u>2.819%</u></u> Sum lines 8-9
11			
12			

13 **Note:**

- 14 [1] Dollar figure is set at statutory level of 0.275% times Total Oregon Revenues (line 4).
 15 Because the fee changed since our last general rate case, the difference between the previous fee of 0.375%
 16 and the new fee of 0.430%, as it affects our base rates, is being captured as a temporary deferral.
 17 [2] Represents the normalized net write-offs based on a three-year average.

NW Natural
Rates & Regulatory Affairs
2023-2024 PGA Filing - Oregon: August Filing
PGA Effects on Revenue
UG 487: Renewable Natural Gas Adjustment Mechanism

	Including Revenue Sensitive Amount
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	<u>Permanent Increments</u>	
	<u>Removal of Current Permanent Increments</u>	
	Schedule 198 Amounts	(\$1,719,294)
	<u>Addition of Proposed Permanent Increments</u>	
	Schedule 198 Amounts	2,747,776
	TOTAL OF ALL COMPONENTS OF RATE CHANGES	<u><u>\$1,028,482</u></u>
	2022 Oregon Earnings Test Normalized Total Revenues	\$849,278,042
	Effect of this filing, as a percentage change (line 11 ÷ line 14)	0.12%

NW Natural
Rates & Regulatory Affairs
2023-2024 PGA Filing - June Filing
Summary of Renewables Deferred Accounts Included in the PGA

	Balance 6/30/2023	Jul-Oct Estimated Activity	Jul-Oct Interest	Estimated Balance 10/31/2023	Interest Rate During Amortization	Estimated Interest During Amortization	Total Estimated Amount for (Refund) or Collection
Account A	B	C	D	E	F1	F2	G
				E = sum B thru D	5.13%		G = E + F2
RENEWABLES ADJUSTMENT MECHANISM DEFERRALS							
7							
8							
9	0	0	0	430,501	5.13%	12,056	442,557
10							
11							
12	224,351	0	5,156	229,507			
13	96,604	0	2,220	98,824			
14	41,395	0	951	42,346			
15	362,349	0	8,328	370,677	5.13%	10,381	381,058
16							
17							
18	(128,783)	0	(2,960)	(131,743)			
19	(20,705)	0	(476)	(21,181)			
20	0	0	0	0			
21	(149,488)	0	(3,436)	(152,924)	5.13%	(4,283)	(157,207)

*Reflects 3-year amortization

Company: Northwest Natural Gas Company
 State: Oregon
 Description: RNG Investment Deferral - Lexington Sharing
 Account Number: 151931
 Docket: UI 452, Order 22-211

Month/Year	Rates	Deferral	Transfers	Interest Rate	Interest	Activity	Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Nov-22	(6,025.77)		6.836%	(17.16)	(6,042.93)	(6,042.93)
2	Dec-22	(19,279.27)		6.836%	(89.34)	(19,368.61)	(25,411.54)
3	Jan-23	0.00		6.836%	(144.76)	(144.76)	(25,556.30)
4	Feb-23	0.00		6.836%	(145.59)	(145.59)	(25,701.89)
5	Mar-23	(50,959.75)		6.836%	(291.57)	(51,251.31)	(76,953.20)
6	Apr-23	0.00		6.836%	(438.38)	(438.38)	(77,391.58)
7	May-23	0.00		6.836%	(440.87)	(440.87)	(77,832.45)
8	Jun-23	(71,010.39)		6.836%	(645.65)	(71,656.03)	(149,488.48)
9	Jul-23			6.836%	(851.59)	(851.59)	(150,340.07)
10	Aug-23			6.836%	(856.44)	(856.44)	(151,196.51)
11	Sep-23			6.836%	(861.32)	(861.32)	(152,057.82)
12	Oct-23			6.836%	(866.22)	(866.22)	(152,924.05)
13		<u>(147,275.17)</u>			<u>(5,648.87)</u>		
14							
15							
16		<u>Sales</u>	<u>Transportation</u>	<u>Sp. Contracts</u>			
17		(21,800.15)	(3,504.89)				
18							
19							
20		(43,901.54)	(7,058.21)				
21							
22		-	-				
23		<u>(61,175.05)</u>	<u>(9,835.34)</u>				
24		(126,876.74)	(20,398.44)	-	(147,275.18)		
25		86.15%	13.85%				
26							
27	Interest allocation	(1,907)	(307)	-			
28	6/30/23 balance	(128,783)	(20,705)	-	(149,488)		
29	July - Oct 2023 interest	(2,960)	(476)	-			
30	10/31/23 balance	(131,743)	(21,181)	-	(152,924)		

Company: Northwest Natural Gas Company
 State: Oregon
 Description: LEXINGTON RNG PROJECT SURCHARGE
 Account Number: 151928
 Docket: UG 435, Order 22-388

Month/Year	Note	Deferral	Transfers	Interest Rate	Interest	Activity	Balance
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Beginning Balance						0.00
2	Jan-22			6.836%	-	0.00	0.00
3	Feb-22			6.836%	-	0.00	0.00
4	Mar-22			6.836%	-	0.00	0.00
5	Apr-22			6.836%	-	0.00	0.00
6	May-22			6.836%	-	0.00	0.00
7	Jun-22			6.836%	-	0.00	0.00
8	Jul-22			6.836%	-	0.00	0.00
9	Aug-22			6.836%	-	0.00	0.00
10	Sep-22			6.836%	-	0.00	0.00
11	Oct-22			6.836%	-	0.00	0.00
12	Nov-22			6.836%	-	0.00	0.00
13	Dec-22			6.836%	-	0.00	0.00
14	Jan-23			6.130%	-	0.00	0.00
15	Feb-23	881,091		6.130%	2,250.45	883,341.54	883,341.54
16	Mar-23			6.130%	4,512.40	4,512.40	887,853.94
17	Apr-23			6.130%	4,535.45	4,535.45	892,389.40
18	May-23			6.130%	4,558.62	4,558.62	896,948.02
19	Jun-23			6.130%	4,581.91	4,581.91	901,529.93
20	Jul-23			6.130%	4,605.32	4,605.32	906,135.24
21	Aug-23			6.130%	4,628.84	4,628.84	910,764.08
22	Sep-23			6.130%	4,652.49	4,652.49	915,416.57
23	Oct-23			6.130%	4,676.25	4,676.25	920,092.82
24							
25							
26							
27	As of 6/30/23	901,529.93					
28	Revenue Sensitive	34,893.62					
29	Return on investment	570,820					
30	Sharing (UI 452 mechanism)	(215,742)					
31	To amortize	<u>1,291,501.69</u>					

NW Natural
Determination of Cost of Service
UG 487 - Schedule 198 - Lexington RNG Year 2 Cost of Service

1		<u>Year 2</u>
2		
3	Depreciation	324,878
4	O&M	905,109
5	Property Taxes	127,126
6		
7	Taxes on Equity Return	
8	State and Federal Income Taxes	142,608
9	Total Taxes	<u>142,608</u>
10		
11	Return on Rate Base	
12	Debt and Equity Return	<u>518,272</u>
13	Total Return	518,272
14		
15	Subtotal Cost of Service	2,017,993
16	Revenue Sensitive Items	<u>56,882</u>
17		
18	Total Cost of Service - Annual	<u><u>\$2,074,875</u></u>

Combined Overall Tax Rate (OR & Fed)	27.004%		
Property Tax Rate	1.500%		
Franchise Taxes	2.299%		
Commission Fee	0.430%	2.819%	'--> (rev sens rate)
Uncollectible Rate	0.090%		
		Capital	
		Structure	Rates
			Post-Tax
Long-Term Debt	50.000%	4.271%	2.136%
Common Equity	50.000%	9.400%	4.700%
ROR			<u>6.836%</u>
Bonus Depreciation?	NO	0%	--> At 0%, no bonus depreciation.
Non-Bonus		100%	