

July 31, 2023

NWN OPUC Advice No. 23-08 / UG 475
(UM 1420)**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 AMORTIZATION OF CERTAIN NON-GAS COST DEFERRED
ACCOUNTS RELATING TO: UM 1420 - Industrial Demand Side Management**

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:

Eleventh Revision of Sheet 188-1	Schedule 188	Industrial Demand Side Management (DSM) Program Cost Recovery
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Purpose

The purpose of this filing is to request amortization of amounts deferred under docket UM 1420 Industrial Demand Side Management Programs implemented in accordance with ORS 757.262 for inclusion in rates effective November 1, 2023. The Company last adjusted rates for this purpose effective November 1, 2022.

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. All of the deferrals included in this filing occurred with appropriate application by Commission authorization, as rate orders or under approved tariffs.

Proposed Changes

The net effect of removing the temporary adjustment applied to rates effective November 1, 2022 and the application of the new temporary adjustment is an increase to the Company's annual revenues by \$1,003,712, or 0.12%.

The monthly bill of the average industrial customer served under Rate Schedule 3 using 1,304 therms per month is an increase of \$11.24. The monthly increase for the average industrial Rate Schedule 31 firm sales customer using 5,776 therms per month is \$49.79, and the monthly increase

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

for the average industrial Rate Schedule 32 firm sales customer using 18,823 therms per month is \$162.26.

The proposed adjustment for the amortization of the Industrial DSM account is \$0.04655 per therm.

In compliance with OAR 860-022-0025 the Company states that the number of customers affected by the proposed change is 668 industrial customers and 582 commercial customers; 335 Rate Schedule 3 customers, 183 Rate Schedule 31 customers, and 732 Rate Schedule 32 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

Attachments: Exhibit A – Supporting Materials

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Eleventh Revision of Sheet 188-1
Cancels Tenth Revision of Sheet 188-1

SCHEDULE 188 INDUSTRIAL DEMAND SIDE MANAGEMENT (DSM) PROGRAM COST RECOVERY

PURPOSE:

This Schedule recovers the costs of the Company's Industrial Energy Efficiency Program offered under **Schedule 360** "Industrial Demand side Management (DSM) Programs."

APPLICABILITY:

This Schedule applies to Industrial Sales Service Customers taking service under **Rate Schedule 3**, **Rate Schedule 31**, or **Rate Schedule 32**, and to Commercial Sales Service Customers taking service under **Rate Schedule 32**.

Application To Rates:

Effective: November 1, 2023 (C)

The Temporary Adjustments in the applicable Rate Schedules include the adjustment shown below. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

\$0.04655 per therm (I)

GENERAL TERMS:

Service under this Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this, 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.

Issued July 31, 2023,
NWN OPUC Advice No. 23-08

Effective with service on
and after November 1, 2023

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Non-Gas Cost Deferral Amortizations
Industrial Demand Side Management
UM 1420

NWN OPUC Advice No. 23-08/ UG 475

July 31, 2023

NW NATURAL

EXHIBIT A

Supporting Materials

Non-Gas Cost Deferral Amortizations

Industrial Demand Side Management

NWN OPUC ADVICE NO. 23-08 / UG 475

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Effects on Average Bill by Rate Schedule	2
Basis for Revenue Related Costs	3
PGA Effects on Revenue	4
Summary of Deferred Accounts Included in the PGA	5
151818 Deferral of Industrial DSM Costs	6
151820 Amortization of Industrial DSM Costs	7

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

ALL VOLUMES IN THERMS

			Industrial DSM			
1			6,434,573	Temporary Increment		
2	Oregon PGA	Proposed Amount:	2.819%	add revenue sensitive factor		
3	Volumes page,	Revenue Sensitive Multiplier:	6,621,209	to C32 Sales and all Industrial Sales		
4	Column F	Amount to Amortize:				
			Multiplier	Volumes	Increment	
			Z	AA	AB	
5	Schedule	Block	A			
6	2R		425,261,320	0.0	0	\$0.00000
7	3C Firm Sales		180,723,276	0.0	0	\$0.00000
8	3I Firm Sales		5,242,606	1.0	5,242,606	\$0.04655
9	27 Dry Out		790,225	0.0	0	\$0.00000
10	31C Firm Sales	Block 1	10,541,198	0.0	0	\$0.00000
11		Block 2	11,528,162	0.0	0	\$0.00000
12	31C Firm Trans	Block 1	1,150,855	0.0	0	\$0.00000
13		Block 2	1,621,395	0.0	0	\$0.00000
14	31I Firm Sales	Block 1	3,851,855	1.0	3,851,855	\$0.04655
15		Block 2	8,832,261	1.0	8,832,261	\$0.04655
16	31I Firm Trans	Block 1	153,988	0.0	0	\$0.00000
17		Block 2	363,573	0.0	0	\$0.00000
18	32C Firm Sales	Block 1	31,802,850	1.0	31,802,850	\$0.04655
19		Block 2	10,782,597	1.0	10,782,597	\$0.04655
20		Block 3	2,237,041	1.0	2,237,041	\$0.04655
21		Block 4	1,038,828	1.0	1,038,828	\$0.04655
22		Block 5	30,626	1.0	30,626	\$0.04655
23		Block 6	0	1.0	0	\$0.04655
24	32I Firm Sales	Block 1	7,308,477	1.0	7,308,477	\$0.04655
25		Block 2	7,116,901	1.0	7,116,901	\$0.04655
26		Block 3	2,428,784	1.0	2,428,784	\$0.04655
27		Block 4	1,682,852	1.0	1,682,852	\$0.04655
28		Block 5	210,463	1.0	210,463	\$0.04655
29		Block 6	0	1.0	0	\$0.04655
30	32C Firm Trans	Block 1	2,586,658	0.0	0	\$0.00000
31		Block 2	2,000,143	0.0	0	\$0.00000
32		Block 3	713,689	0.0	0	\$0.00000
33		Block 4	908,192	0.0	0	\$0.00000
34		Block 5	22,758	0.0	0	\$0.00000
35		Block 6	0	0.0	0	\$0.00000
36	32I Firm Trans	Block 1	11,491,095	0.0	0	\$0.00000
37		Block 2	16,722,073	0.0	0	\$0.00000
38		Block 3	10,683,887	0.0	0	\$0.00000
39		Block 4	22,101,234	0.0	0	\$0.00000
40		Block 5	23,116,595	0.0	0	\$0.00000
41		Block 6	7,997,925	0.0	0	\$0.00000
42	32C Interr Sales	Block 1	4,812,286	1.0	4,812,286	\$0.04655
43		Block 2	6,912,175	1.0	6,912,175	\$0.04655
44		Block 3	3,915,818	1.0	3,915,818	\$0.04655
45		Block 4	6,195,667	1.0	6,195,667	\$0.04655
46		Block 5	3,369,903	1.0	3,369,903	\$0.04655
47		Block 6	0	1.0	0	\$0.04655
48	32I Interr Sales	Block 1	4,976,544	1.0	4,976,544	\$0.04655
49		Block 2	6,358,575	1.0	6,358,575	\$0.04655
50		Block 3	3,824,879	1.0	3,824,879	\$0.04655
51		Block 4	11,455,866	1.0	11,455,866	\$0.04655
52		Block 5	6,274,793	1.0	6,274,793	\$0.04655
53		Block 6	1,589,833	1.0	1,589,833	\$0.04655
54	32C Interr Trans	Block 1	787,487	0.0	0	\$0.00000
55		Block 2	1,577,765	0.0	0	\$0.00000
56		Block 3	946,128	0.0	0	\$0.00000
57		Block 4	3,171,260	0.0	0	\$0.00000
58		Block 5	663,407	0.0	0	\$0.00000
59		Block 6	0	0.0	0	\$0.00000
60	32I Interr Trans	Block 1	6,332,023	0.0	0	\$0.00000
61		Block 2	10,799,708	0.0	0	\$0.00000
62		Block 3	7,423,918	0.0	0	\$0.00000
63		Block 4	17,235,563	0.0	0	\$0.00000
64		Block 5	38,975,154	0.0	0	\$0.00000
65		Block 6	98,124,177	0.0	0	\$0.00000
66	Special Contracts		51,198,641	0.0	0	\$0.00000
67						
68						
69	TOTALS	1,109,965,950		142,252,478	\$	0.04655
70	Sources for line 2 above:					
71	Inputs page			Line 49		
72	Tariff Schedules					
73	Rate Adjustment Schedule			Sched 188		

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	\$ 977,383,649	
4	\$ 981,971,599	
5		
6	n/a	0.430% Statutory rate
7	\$ 22,573,887	2.299% Line 7 ÷ Line 4
8	<u>\$ 881,388</u>	<u>0.090% Line 8 ÷ Line 4</u>
9		
10		<u>2.819%</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 475: Industrial DSM

			Including Revenue Sensitive Amount
1			
2	<u>Temporary Increments</u>		
3			
4	<u>Removal of Current Temporary Increments</u>		
5	Amortization of Industrial DSM		(5,617,497)
6			
7	<u>Addition of Proposed Temporary Increments</u>		
8	Amortization of Industrial DSM		6,621,209
9			
10			
11	TOTAL OF ALL COMPONENTS OF RATE CHANGES		<u><u>\$1,003,712</u></u>
12			
13			
14			
15	2022 Oregon Earnings Test Normalized Total Revenues		\$849,278,042
16			
17	Effect of this filing, as a percentage change (line 11 ÷ line 15)		0.12%

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

Account	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	Amounts Excluded from PGA Filing	Amounts Included in PGA Filing
A	B	C	D	E	F1	F2	G	H	I
				E = sum B thru D	5.13%		G = E + F2		Excl. Rev Sens
34 Miscellaneous Amortizations									
43 151818 INDUSTRIAL DSM DEFERRAL	6,284,940	0	0	6,284,940					
44 151820 INDUSTRIAL DSM AMORTIZATION	1,256,258	(1,285,966)	4,051	(25,657)					
45 Total	7,541,198	(1,285,966)	4,051	6,259,283	5.13%	175,290	6,434,573		6,434,573

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Industrial DSM Costs
 Account Number: 151818
 Docket: Docket UM 1420
 Last deferral reauthorization was approved in Order 22-395

1 Debit (Credit) *Deferrals are authorized on a program year (Mar - Feb). The total balance is broken down into separate deferral years for convenience of review*

2

3

4	Month/Year	Note	Deferral	Transfers	TOTAL Interest	Interest Rate	Mar 22- Feb 23 Interest	Mar 23- Feb 24 Interest	Total Activity	TOTAL Balance	Mar 22-Feb 23 Balance	Mar 23- Feb 24 Balance
5	(a)	(b)	(c)	(d)	(e)	(e1)	(e12)	(e12)	(f)	(g)	(g12)	(g12)
6												
7	Beginning Balance											
164	Mar-22		1,500,000.00		4,353.13	6.965%	4,353.13		1,504,353.13	7,106,850.03	1,504,353.13	
165	Apr-22		0.00		8,731.52	6.965%	8,731.52		8,731.52	7,115,581.55	1,513,084.65	
166	May-22		0.00		8,782.20	6.965%	8,782.20		8,782.20	7,124,363.75	1,521,866.85	
167	Jun-22		2,000,000.00		14,637.34	6.965%	14,637.34		2,014,637.34	9,139,001.09	3,536,504.19	
168	Jul-22		0.00		20,526.46	6.965%	20,526.46		20,526.46	9,159,527.55	3,557,030.65	
169	Aug-22		0.00		20,645.60	6.965%	20,645.60		20,645.60	9,180,173.15	3,577,676.25	
170	Sep-22		0.00		20,765.43	6.965%	20,765.43		20,765.43	9,200,938.58	3,598,441.68	
171	Oct-22		0.00		20,885.96	6.965%	20,885.96		20,885.96	9,221,824.54	3,619,327.64	
172	Nov-22	1	2,531,586.00	(5,602,496.90)	27,828.90	6.836%	27,828.90		(3,043,082.00)	6,178,742.54	6,178,742.54	
173	Dec-22		0.00		35,198.24	6.836%	35,198.24		35,198.24	6,213,940.78	6,213,940.78	
174	Jan-23		0.00		35,398.75	6.836%	35,398.75		35,398.75	6,249,339.53	6,249,339.53	
175	Feb-23		0.00		35,600.40	6.836%	35,600.40		35,600.40	6,284,939.93	6,284,939.93	
176	Mar-23		0.00		0.00	6.836%		0.00	-	6,284,939.93	6,284,939.93	
177	Apr-23		0.00		0.00	6.836%		0.00	-	6,284,939.93	6,284,939.93	-
178	May-23		2,000,000.00		5,696.67	6.836%		5,696.67	2,005,696.67	8,290,636.60	6,284,939.93	2,005,696.67
179	Jun-23		0.00		11,425.79	6.836%		11,425.79	11,425.79	8,302,062.39	6,284,939.93	2,017,122.46
180	Jul-23					6.836%		0.00	-	8,302,062.39	6,284,939.93	2,017,122.46
181	Aug-23					6.836%		0.00	-	8,302,062.39	6,284,939.93	2,017,122.46
182	Sep-23					6.836%		0.00	-	8,302,062.39	6,284,939.93	2,017,122.46
183	Oct-23					6.836%		0.00	-	8,302,062.39	6,284,939.93	2,017,122.46

184

185 **History truncated for ease of viewing**

186

187 **NOTES**

188 **1** - Transferred February balance of prior program year to 151820 Amort Industrial DSM for amortization (see note above).

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of Industrial DSM Costs
 Account Number: 151820
 Docket: Dockets UM 1420, UG 449
 Amortization of 2021-22 deferral approved in Order 22-407

1	Debit	(Credit)						
2								
3					TOTAL	Interest		TOTAL
4	Month/Year	Note	Amortization	Transfers	Interest	Rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
7	Beginning Balance							
165	Nov-22	Old rates	(76,280.32)		(320.94)	1.24%	(76,601.26)	(349,049.13)
166	Nov-22	New rates (1)	(348,032.28)	5,602,496.90	8,233.20	1.82%	5,262,697.82	4,913,648.69
167	Dec-22		(602,536.74)		6,995.44	1.82%	(595,541.30)	4,318,107.39
168	Jan-23		(611,706.18)		6,085.25	1.82%	(605,620.93)	3,712,486.46
169	Feb-23		(580,173.87)		5,190.64	1.82%	(574,983.23)	3,137,503.23
170	Mar-23		(615,163.41)		4,292.05	1.82%	(610,871.36)	2,526,631.87
171	Apr-23		(532,214.38)		3,428.46	1.82%	(528,785.92)	1,997,845.95
172	May-23		(411,826.62)		2,717.76	1.82%	(409,108.86)	1,588,737.09
173	Jun-23		(334,634.83)		2,155.82	1.82%	(332,479.01)	1,256,258.08
174	Jul-23	<i>forecasted</i>	<i>(286,926.12)</i>		1,687.74	1.82%	<i>(285,238.38)</i>	971,019.70
175	Aug-23	<i>forecasted</i>	<i>(282,187.11)</i>		1,258.72	1.82%	<i>(280,928.39)</i>	690,091.31
176	Sep-23	<i>forecasted</i>	<i>(294,273.17)</i>		823.48	1.82%	<i>(293,449.69)</i>	396,641.62
177	Oct-23	<i>forecasted</i>	<i>(422,579.32)</i>		281.12	1.82%	<i>(422,298.20)</i>	(25,656.58)

History truncated for ease of viewing

NOTES

1 - Transferred in authorized balance from account 151818 Deferral of Industrial DSM.