

**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.

<b>Customer Type</b>	<b>Count</b>
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.

<b>Customer Type</b>	<b>Avg. Therms/month</b>	<b>Current Avg. Monthly Bill</b>	<b>Proposed Avg. Monthly Bill</b>	<b>Difference \$</b>	<b>Difference %</b>
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.