

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

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

DATE: October 3, 2023

TO: Public Utility Commission

FROM: Luz Mondragon

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

SUBJECT: NORTHWEST NATURAL:
(Docket No. UG 489/Advice No. 23-22)
Updates billing determinants for Schedule 175- Amortization of Horizon 1 Start-Up Cost Deferral, 182 – Environmental Cost Recovery, and 197 – Amortization of Pension Balancing Account.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (the Commission) approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) Advice No. 23-22, updating billing determinants for Schedule 175 – Amortization of Horizon 1 Start-Up Cost Deferral, 182 – Environmental Cost Recovery, and 197 – Amortization of Pension Balancing Account rendered on and after November 1, 2023.

DISCUSSION:

Issue

Whether the Commission should approve NW Natural's Advice No. 23-22, updating billing determinants for Schedules 175, 182, and 197. The proposed updates to the billing determinants will have no impact to the Company's annual Oregon revenues, as these schedules are already included in base 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. 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.

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.

Analysis

Background

Schedules 175, 197, and 182 are rate adjustment schedules that reflect base rate adjustments and have been in place since 2022, 2019 and 2015, respectively. In NW Natural's last general rate case in Docket No. UG 435, the Commission approved, in Order No. 22-388 (Order), a multi-party stipulation, that included, among other things, the updating of the billing determinants for Schedule 182 and Schedule 197.¹ Order No. 22-388 also authorized NWN to amortize the Horizon Phase I assets over a 10-year life and, under the first partial stipulation, allowed start-up costs to be amortized over 10 years, beginning November 1, 2022, through Schedule 175.

Consistent with the UG 435 multi-party stipulation, NW Natural proposed revised Schedules 182 and 197 to reflect updated billing determinants. The base rate adjustments for the commencement of the 10-year amortization of Schedule 175, the Horizon 1 Start-up Cost Deferral, are also reflected.

In response to the Order, NW Natural submitted its Compliance Filing Advice No. 23-22 on September 14, 2023 (Advice).

Original Sheet 175-1	Schedule 175	Amortization of Horizon 1 Start-Up Cost Deferral
Second Revision of Sheet 182-1	Schedule 182	Rate Adjustment for Environmental Cost Recovery
Second Revision of Sheet 197-2	Schedule 197	Amortization of Pension Balancing Account

¹ *In the Matter of Northwest Natural Gas Company, dba NW Natural, Request for General Rate Revision (UG 435), Advice No. 20-19, Schedule 198 Renewable Natural Gas Recovery Mechanism (ADV 215) (UG 411), Docket No. UG 423, Order No. 22-388, October 24, 2022.*

Analysis

Staff reviewed the Advice filing and finds it complies with the Order. In its review, Staff conducted the following:

- Confirm the revenue target is correctly calculated in the Company's revenue requirement work papers based on the Commission directed amounts found within the Order.
- Confirm from the rate spread and design spreadsheet and NW Natural work papers that the proposed tariff prices are calculated to produce revenues in accordance with the Commission's Order in this case.
- Confirm the calculation of rate spread for base schedules as found in Appendices of the Order, is properly reflected in the Company's rate spread and design work paper and resulting Tariff sheets.
- Confirm that NW Natural's inputs for pricing are consistent and accurate.
- Verify accurate implementation of all changes, including tariff language changes, authorized by the Commission, inclusive of verification of each of Commission determinations.
- Confirm that the tariff sheets are properly updated with the rates present in the rate Spread and design worksheet, advice number, revision number, date, and any other appropriate language changes.

Staff utilized the provided work papers, issued and reviewed Standard Information Request, and met with the Company on September 27, 2023, to discuss the filing.

Impacts on Customer Rates

In compliance with OAR 860-022-0025, the Company states that the number of customers affected by the proposed change in this filing is 636,785 residential customers and 62,829 commercial and industrial customers. Although the proposed updates to billing determinates causes a slight decrease to tariff schedules, NW Natural states that the effect of the proposed updates will have no impact on the Company's annual Oregon revenues.

Schedule	Therms	\$ change	% Change	
Residential	2	56	(\$0.05)	-0.01%
Commercial	3	255	(\$0.11)	0.0%
Residential	27	44	(\$0.01)	0.0%
Commercial	31	2,816	(\$1.76)	-0.1%
Industrial	32	18,823	(\$28)	-0.2%

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Conclusion

Staff concludes the proposed billing determinant update is fair, just, and reasonable.

Staff recommends the Commission approve the update. The Company has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

Approve NW Natural's Advice No. 23-22, updating billing determinants for Schedules 175, 182, and 197 in compliance with Order No. 22-388.

NWN UG 489 Advice No. 23-22 Billing determinants