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Portland, OR 97204

503-226-4211
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July 31, 2023

NWN OPUC Advice No. 23-14/UG 481

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 RESIDUAL TEMPORARY BILL CREDITS
ASSOCIATED WITH RESIDENTIAL RATE MITIGATION FOR THE 2022/2023 WINTER
HEATING SEASON**

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:

| | | |
|--------------------------|--------------|-----------------------------|
| Second Revision of 166-1 | Schedule 166 | Residential Rate Mitigation |
|--------------------------|--------------|-----------------------------|

Purpose

The purpose of this filing is to request inclusion in rates the residual amounts from the temporary bill credits associated with residential rate mitigation from the 2022/2023 winter heating season.

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. In 2022, the Commission approved a rate mitigation deferral that would lower customer bills in the winter months, via credits, and recover those back, via surcharges, during the non-winter months. The Company under forecasted customer usage in February and March of 2023, causing an under recovery of the rate mitigation deferral. The Company proposes amortization of residual amounts that are forecasted to not be fully amortized by October 31, 2023 with a rate effective date of November 1, 2023.

Proposed Changes

The net effect of the removal of the current temporary adjustments applied to rates effective March 15, 2023, and the application of the new temporary adjustments decrease the Company’s annual revenues by \$8,427,139, or about 0.99%.

The monthly bill of the average residential customers served under Rate Schedule 2 using 56 therms will see a decrease of \$4.87.

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.

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.

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

Second Revision of Sheet 166-1
Cancels First Revision of Sheet 166-1

SCHEDULE 166 RESIDENTIAL RATE MITIGATION

PURPOSE:

To temporarily mitigate residential customer rates due to high natural gas prices and the Company's approved general rate case, UG 435.

APPLICABLE:

To the following Rate Schedules of this Tariff:

Residential:
Rate Schedule 2

ADJUSTMENT TO RATE SCHEDULES:

Effective: November 1, 2023

(C)

The Temporary Adjustments for Residential Customers taking service on the above-listed Rate Schedules includes the following adjustment that sunsets on the date listed and is therefore not applicable for service after the Rate Sunset Date:

\$0.01427 per therm

(D)

(D) (R)

GENERAL TERMS:

Service under this Rate Schedule is governed by the terms of this Rate Schedule, the General Rules and Regulations contained in this Tariff, any other schedules that by their terms or by the terms of the 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. 23-14

Effective with service on
and after November 1, 2023

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

NW NATURAL SUPPORTING MATERIALS

Inclusion of Temporary Bill Credits Associated with
Residential Rate Mitigation for 2022/2023 Winter Heating Season

NWN OPUC Advice No. 23-14/UG 481

July 31, 2023

NW NATURAL

EXHIBIT A

Supporting Materials

Inclusion of Temporary Bill Credits Associated with Residential Rate Mitigation for 2022/2023 Winter Heating Season

NWN OPUC ADVICE NO. 23-14/UG 481

| Description | Page |
|---|-------------|
| Calculation of Increments Allocated on Equal Cent per Therm Basis | 1 |
| 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 |
| 151912 OR Rate Mitigation Amortization | 6 |

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

| | | | | Rate Mitigation | | |
|------------------------------|---------|-------------------------------|------------|-------------------------------------|---------------------|---------|
| Oregon PGA | | Proposed Amount: | | 5,898,440 | Temporary Increment | |
| Volumes page, | | Revenue Sensitive Multiplier: | | 2.819% add revenue sensitive factor | | |
| Column F Amount to Amortize: | | | | 6,069,525 to residential | | |
| Schedule | Block | A | Multiplier | Volumes | Increment | |
| | | | N | O | P | |
| 2R | | 425,261,320 | 1.0 | 425,261,320 | \$0.01427 | |
| 3C Firm Sales | | 180,723,276 | 0.0 | 0 | \$0.00000 | |
| 3I Firm Sales | | 5,242,606 | 0.0 | 0 | \$0.00000 | |
| 27 Dry Out | | 790,225 | 0.0 | 0 | \$0.00000 | |
| 31C Firm Sales | Block 1 | 10,541,198 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 11,528,162 | 0.0 | 0 | \$0.00000 | |
| 31C Firm Trans | Block 1 | 1,150,855 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 1,621,395 | 0.0 | 0 | \$0.00000 | |
| 31I Firm Sales | Block 1 | 3,851,855 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 8,832,261 | 0.0 | 0 | \$0.00000 | |
| 31I Firm Trans | Block 1 | 153,988 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 363,573 | 0.0 | 0 | \$0.00000 | |
| 32C Firm Sales | Block 1 | 31,802,850 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 10,782,597 | 0.0 | 0 | \$0.00000 | |
| | Block 3 | 2,237,041 | 0.0 | 0 | \$0.00000 | |
| | Block 4 | 1,038,828 | 0.0 | 0 | \$0.00000 | |
| | Block 5 | 30,626 | 0.0 | 0 | \$0.00000 | |
| | Block 6 | 0 | 0.0 | 0 | \$0.00000 | |
| 32I Firm Sales | Block 1 | 7,308,477 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 7,116,901 | 0.0 | 0 | \$0.00000 | |
| | Block 3 | 2,428,784 | 0.0 | 0 | \$0.00000 | |
| | Block 4 | 1,682,852 | 0.0 | 0 | \$0.00000 | |
| | Block 5 | 210,463 | 0.0 | 0 | \$0.00000 | |
| | Block 6 | 0 | 0.0 | 0 | \$0.00000 | |
| 32C Firm Trans | Block 1 | 2,586,658 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 2,000,143 | 0.0 | 0 | \$0.00000 | |
| | Block 3 | 713,689 | 0.0 | 0 | \$0.00000 | |
| | Block 4 | 908,192 | 0.0 | 0 | \$0.00000 | |
| | Block 5 | 22,758 | 0.0 | 0 | \$0.00000 | |
| | Block 6 | 0 | 0.0 | 0 | \$0.00000 | |
| 32I Firm Trans | Block 1 | 11,491,095 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 16,722,073 | 0.0 | 0 | \$0.00000 | |
| | Block 3 | 10,683,887 | 0.0 | 0 | \$0.00000 | |
| | Block 4 | 22,101,234 | 0.0 | 0 | \$0.00000 | |
| | Block 5 | 23,116,595 | 0.0 | 0 | \$0.00000 | |
| | Block 6 | 7,997,925 | 0.0 | 0 | \$0.00000 | |
| 32C Interr Sales | Block 1 | 4,812,286 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 6,912,175 | 0.0 | 0 | \$0.00000 | |
| | Block 3 | 3,915,818 | 0.0 | 0 | \$0.00000 | |
| | Block 4 | 6,195,667 | 0.0 | 0 | \$0.00000 | |
| | Block 5 | 3,369,903 | 0.0 | 0 | \$0.00000 | |
| | Block 6 | 0 | 0.0 | 0 | \$0.00000 | |
| 32I Interr Sales | Block 1 | 4,976,544 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 6,358,575 | 0.0 | 0 | \$0.00000 | |
| | Block 3 | 3,824,879 | 0.0 | 0 | \$0.00000 | |
| | Block 4 | 11,455,866 | 0.0 | 0 | \$0.00000 | |
| | Block 5 | 6,274,793 | 0.0 | 0 | \$0.00000 | |
| | Block 6 | 1,589,833 | 0.0 | 0 | \$0.00000 | |
| 32C Interr Trans | Block 1 | 787,487 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 1,577,765 | 0.0 | 0 | \$0.00000 | |
| | Block 3 | 946,128 | 0.0 | 0 | \$0.00000 | |
| | Block 4 | 3,171,260 | 0.0 | 0 | \$0.00000 | |
| | Block 5 | 663,407 | 0.0 | 0 | \$0.00000 | |
| | Block 6 | 0 | 0.0 | 0 | \$0.00000 | |
| 32I Interr Trans | Block 1 | 6,332,023 | 0.0 | 0 | \$0.00000 | |
| | Block 2 | 10,799,708 | 0.0 | 0 | \$0.00000 | |
| | Block 3 | 7,423,918 | 0.0 | 0 | \$0.00000 | |
| | Block 4 | 17,235,563 | 0.0 | 0 | \$0.00000 | |
| | Block 5 | 38,975,154 | 0.0 | 0 | \$0.00000 | |
| | Block 6 | 98,124,177 | 0.0 | 0 | \$0.00000 | |
| Special Contracts | | 51,198,641 | 0.0 | 0 | \$0.00000 | |
| TOTALS | | 1,109,965,950 | | 425,261,320 | \$ | 0.01427 |

| | | |
|----|---------------------------|-----------|
| 70 | Sources for line 2 above: | |
| 71 | Inputs page | |
| 72 | Tariff Schedules | |
| 73 | Rate Adjustment Schedule | Sched 166 |

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] | \$ 881,388 | 0.090% Line 8 ÷ Line 4 |
| 9 | | | |
| 10 | Total | | 2.819% 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 - 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 |
|----------------|-------------------------------------|------------------------------|---|-----------------------------|---|--|---|--|
| A | | B | C | D | E | F1 | F2 | G |
| 51 | 151912 RATE MITIGATION AMORTIZATION | 10,753,010 | (5,170,832) | 153,428 | 5,735,606 | 5.13% | | |
| 52 | Total | 10,753,010 | (5,170,832) | 153,428 | 5,735,606 | 5.20% | 162,834 | 5,898,440 |

E = sum B thru D

G = E + F2

Company: Northwest Natural Gas Company
 State: Oregon
 Description: OR RATE MITIGATION AMORT
 Account Number: 151912
 Docket: ADV 1488, Allowed by OPUC on 3/7/23

Debit (Credit)

| Month/Year | Note | Amortization | Transfers | Interest Rate | Interest | Activity | Balance |
|------------|--------------------------|--------------|----------------|---------------|----------|------------|----------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 1 | Beginning Balance | | | | | | |
| 2 | Mar-23 | 1 | (1,066,605.63) | 18,582,656.01 | 4.770% | (2,119.88) | 17,513,930.50 |
| 3 | Apr-23 | | (3,605,157.46) | | 5.000% | 65,463.97 | (3,539,693.49) |
| 4 | May-23 | | (2,210,317.87) | | 5.180% | 55,551.52 | (2,154,766.35) |
| 5 | Jun-23 | | (1,115,261.91) | | 5.200% | 48,801.31 | (1,066,460.60) |
| 6 | Jul-23 <i>Forecasted</i> | | (866,015.10) | | 5.200% | 44,720.01 | (821,295.09) |
| 7 | Aug-23 <i>Forecasted</i> | | (862,853.47) | | 5.200% | 41,167.92 | (821,685.55) |
| 8 | Sep-23 <i>Forecasted</i> | | (950,256.83) | | 5.200% | 37,417.90 | (912,838.93) |
| 9 | Oct-23 <i>Forecasted</i> | | (2,491,706.70) | | 5.200% | 30,122.46 | (2,461,584.24) |

Notes:

1 - Transfer represents the balance of the rate mitigation balance to be amortized through the remainder of the 2022-23 PGA year.

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