

July 31, 2023

NWN OPUC Advice No. 23-21 / UG 488

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: Excess Deferred Income Taxes**

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:

Fourth Revision of Sheet 196-2	Schedule 196	Adjustment for Certain Excess Deferred Income Taxes Related to the 2017 Federal Tax Cuts and Jobs Act (continued)
Second Revision of Sheet 196-3	Schedule 196	Adjustment for Certain Excess Deferred Income Taxes Related to the 2017 Federal Tax Cuts and Jobs Act (continued)

Purpose

The purpose of this filing is to update the temporary amortization of non-plant gas reserves excess deferred income taxes (“EDIT”) approved pursuant to the Third Stipulation adopted by the Commission in Order No. 19-105 in docket UG 344 and Order No. 20-364 in docket UG 388 for inclusion in rates effective November 1, 2023. This filing sets the rates for non-plant gas reserves EDIT to zero, as the 3-year amortization has ended. In addition, the Company proposes to update rates for plant EDIT for updated billing determinants.

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.

The rate adjustments in Schedule 196 amortize deferred amounts reflecting the net benefit of EDIT associated with: 1) Non-Plant Gas Reserves and 2) Plant, that result from the 2017 federal Tax Cuts and Jobs Act. EDIT related to Non-Plant Gas Reserves are amortized over three years, on a

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.

temporary rate, beginning November 1, 2020 and ending October 31, 2023. EDIT related to Plant is currently amortizing \$3 million per year in base rates, prior to any revenue gross up.

Proposed Changes

The net effect of removing the current temporary adjustment for non-plant gas reserves EDIT and setting the rates to zero is an increase of \$3,274,500 in the Company's annual revenues, or 0.44%. There is no impact on the Company's revenues from the resulting updated rates reflecting updated billing determinants.

The monthly bill of the average residential customer served under Rate Schedule 2 using 56 therms will have an increase of \$0.28. The monthly increase for the average industrial Rate Schedule 3 customer using about 1,304 therms is \$9.39, the average industrial Rate Schedule 31 firm sales customer using 5,776 therms will see a monthly increase of about \$24.44, and the average industrial Rate Schedule 32 firm sales customer using about 18,823 therms will see a monthly increase of about \$49.34.

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, 61,984 commercial customers, and 845 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

Fourth Revision of Sheet 196-2
Cancels Third Revision of Sheet 196-2

SCHEDULE 196 ADJUSTMENT FOR CERTAIN EXCESS DEFERRED INCOME TAXES RELATED TO THE 2017 FEDERAL TAX CUTS AND JOBS ACT

(continued)

RATE ADJUSTMENTS:

Effective: November 1, 2023

(C)

The effect of this adjustment is included in the temporary rate and base rate for the Non-Plant Gas Reserves and Plant, respectively. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED

The volumetric adjustment applicable to each Rate Schedule is shown in the table below:

Non-Plant Gas Reserves:

Rate Schedule	Block	Temporary Adjustment (per therm)		Rate Schedule	Block	Temporary Adjustment (per therm)
2		\$0.00000		32 ITF	Block 1	\$0.00000
03 CSF		\$0.00000			Block 2	\$0.00000
03 ISF		\$0.00000			Block 3	\$0.00000
27		\$0.00000			Block 4	\$0.00000
31 CSF	Block 1	\$0.00000			Block 5	\$0.00000
	Block 2	\$0.00000			Block 6	\$0.00000
31 CTF	Block 1	\$0.00000		32 CSI	Block 1	\$0.00000
	Block 2	\$0.00000			Block 2	\$0.00000
31 ISF	Block 1	\$0.00000			Block 3	\$0.00000
	Block 2	\$0.00000			Block 4	\$0.00000
31 ITF	Block 1	\$0.00000			Block 5	\$0.00000
	Block 2	\$0.00000			Block 6	\$0.00000
32 CSF	Block 1	\$0.00000		32 ISI	Block 1	\$0.00000
	Block 2	\$0.00000			Block 2	\$0.00000
	Block 3	\$0.00000			Block 3	\$0.00000
	Block 4	\$0.00000			Block 4	\$0.00000
	Block 5	\$0.00000			Block 5	\$0.00000
	Block 6	\$0.00000			Block 6	\$0.00000
32 ISF	Block 1	\$0.00000		32 CTI	Block 1	\$0.00000
	Block 2	\$0.00000			Block 2	\$0.00000
	Block 3	\$0.00000			Block 3	\$0.00000
	Block 4	\$0.00000			Block 4	\$0.00000
	Block 5	\$0.00000			Block 5	\$0.00000
	Block 6	\$0.00000			Block 6	\$0.00000
32 CTF	Block 1	\$0.00000		32 ITI	Block 1	\$0.00000
	Block 2	\$0.00000			Block 2	\$0.00000
	Block 3	\$0.00000			Block 3	\$0.00000
	Block 4	\$0.00000			Block 4	\$0.00000
	Block 5	\$0.00000			Block 5	\$0.00000
	Block 6	\$0.00000			Block 6	\$0.00000
				33 (all)		\$0.00000

(1) (1)

(1) (1)

(continue to Sheet 196-3)

Issued July 31, 2023
NWN OPUC Advice No. 23-21

Effective with service on
and after November 1, 2023

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet 196-3
Cancels First Revision of Sheet 196-3

SCHEDULE 196 ADJUSTMENT FOR CERTAIN EXCESS DEFERRED INCOME TAXES RELATED TO THE 2017 FEDERAL TAX CUTS AND JOBS ACT

(continued)

Plant:

Rate Schedule	Block	Rate Adjustment (per therm)		Rate Schedule	Block	Rate Adjustment (per therm)
2		(\$0.00690)		32 ITF	Block 1	(\$0.00027)
03 CSF		(\$0.00562)			Block 2	(\$0.00023)
03 ISF		(\$0.00309)			Block 3	(\$0.00016)
27		(\$0.00665)			Block 4	(\$0.00009)
31 CSF	Block 1	(\$0.00297)			Block 5	(\$0.00005)
	Block 2	(\$0.00271)			Block 6	(\$0.00003)
31 CTF	Block 1	(\$0.00282)		32 CSI	Block 1	(\$0.00108)
	Block 2	(\$0.00258)			Block 2	(\$0.00091)
31 ISF	Block 1	(\$0.00207)			Block 3	(\$0.00064)
	Block 2	(\$0.00187)			Block 4	(\$0.00036)
31 ITF	Block 1	(\$0.00226)			Block 5	(\$0.00019)
	Block 2	(\$0.00204)			Block 6	(\$0.00007)
32 CSF	Block 1	(\$0.00211)		32 ISI	Block 1	(\$0.00035)
	Block 2	(\$0.00179)			Block 2	(\$0.00029)
	Block 3	(\$0.00125)			Block 3	(\$0.00020)
	Block 4	(\$0.00070)			Block 4	(\$0.00012)
	Block 5	(\$0.00032)			Block 5	(\$0.00006)
	Block 6	(\$0.00013)			Block 6	(\$0.00002)
32 ISF	Block 1	(\$0.00030)		32 CTI	Block 1	(\$0.00025)
	Block 2	(\$0.00025)			Block 2	(\$0.00021)
	Block 3	(\$0.00018)			Block 3	(\$0.00015)
	Block 4	(\$0.00010)			Block 4	(\$0.00009)
	Block 5	(\$0.00005)			Block 5	(\$0.00005)
	Block 6	(\$0.00002)			Block 6	(\$0.00003)
32 CTF	Block 1	(\$0.00038)		32 ITI	Block 1	(\$0.00025)
	Block 2	(\$0.00032)			Block 2	(\$0.00021)
	Block 3	(\$0.00023)			Block 3	(\$0.00015)
	Block 4	(\$0.00013)			Block 4	(\$0.00009)
	Block 5	(\$0.00008)			Block 5	(\$0.00005)
	Block 6	(\$0.00004)			Block 6	(\$0.00003)
				33 (all)		\$0.00000

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Issued July 31, 2023
NWN OPUC Advice No. 23-21

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
Excess Deferred Income Taxes

NWN OPUC Advice No. 23-21 / UG 488

July 31, 2023

NW NATURAL

EXHIBIT A

Supporting Materials

Non-Gas Cost Deferral Amortizations Excess Deferred Income Taxes

NWN OPUC ADVICE NO. 23-21 / UG 488

Description	Page
Effects on Average Bill by Rate Schedule	1
PGA Effects on Revenue	2
Calculation of Increments Allocated on the Equal Percentage of Margin Basis	3

NW Natural
Rates & Regulatory Affairs
2023-2024 PGA Filing - Oregon: August Filing
PGA Effects on Revenue
UG 488: EDIT

	Including Revenue Sensitive Amount
1	
2 <u>Temporary Increments</u>	
3	
4 <u>Removal of Current Temporary Increments</u>	
5 Gas Reserve EDIT Amortization Credits	<u>3,724,500</u>
6	
7 <u>Addition of Proposed Temporary Increments</u>	
8 Gas Reserve EDIT Amortization Credits (3-Year Amortization Ended)	<u>0</u>
9	
10	
11 TOTAL OF ALL COMPONENTS OF RATE CHANGES	<u><u>\$3,724,500</u></u>
12	
13 2022 Oregon Earnings Test Normalized Total Revenues	\$849,278,042
14	
15 Effect of this filing, as a percentage change (line 11 ÷ line 13)	0.44%

NW Natural
 Rates & Regulatory Affairs
 2022-23 PGA - Oregon: September Filing

Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS

ALL VOLUMES IN THERMS

											Sch 196 Plant EDIT Update Billing Determinants			
											(4,209,798) Plant EDIT already in rates			
											0.000% add revenue sensitive factor			
											(4,209,798) to all firm sales w/ updated billing determinants			
											Multiplier	Allocation to RS	Increment	
											M	N	O	
Schedule	Block	A	B	C	D	E=B-C-D	F = E * A	G	H	I	Proposed Amount: Revenue Sensitive Multiplier: Amount to Amortize:			
						E								
2R		425,261,320	\$1,43686	\$0.59247	\$0.16051	\$0.68388	\$290,827,712	\$8.00	636,785	\$351,959,072		1.0	(\$2,933,225)	(\$0.00690)
3C Firm Sales		180,723,276	\$1.18666	\$0.59247	\$0.03780	\$0.55639	\$100,552,623	\$15.00	59,172	\$111,203,583		1.0	(\$1,015,602)	(\$0.00562)
3I Firm Sales		5,242,606	\$1.13570	\$0.59247	\$0.10373	\$0.43950	\$2,304,125	\$15.00	335	\$2,364,425		1.0	(\$5,214)	(\$0.00309)
27 Dry Out		790,225	\$1.16589	\$0.59247	\$0.07702	\$0.49640	\$392,268	\$8.00	1,489	\$535,212		1.0	(\$5,257)	(\$0.00665)
31C Firm Sales	Block 1	10,541,198	\$0.85127	\$0.50676	\$0.04002	\$0.30449	\$6,414,403	\$325.00	653	\$8,961,103		1.0	(\$62,545)	(\$0.00297)
	Block 2	11,528,162	\$0.82424	\$0.50676	\$0.03949	\$0.27799						1.0		(\$0.00271)
31C Firm Trans	Block 1	1,150,855	\$0.28505	\$0.00000	\$0.01229	\$0.27276	\$718,332	\$575.00	59	\$1,125,432		1.0	(\$7,429)	(\$0.00282)
	Block 2	1,621,395	\$0.26119	\$0.00000	\$0.01176	\$0.24943						1.0		(\$0.00258)
31I Firm Sales	Block 1	3,851,855	\$0.84102	\$0.50676	\$0.10141	\$0.23285	\$2,752,651	\$325.00	183	\$3,466,351		1.0	(\$24,506)	(\$0.00207)
	Block 2	8,832,261	\$0.81786	\$0.50676	\$0.10099	\$0.21011						1.0		(\$0.00187)
31I Firm Trans	Block 1	153,988	\$0.24605	\$0.00000	\$0.01106	\$0.23499	\$113,434	\$575.00	7	\$161,734		1.0	(\$1,089)	(\$0.00226)
	Block 2	363,573	\$0.22309	\$0.00000	\$0.01062	\$0.21247						1.0		(\$0.00204)
32C Firm Sales ¹	Block 1	31,802,850	\$0.76861	\$0.50676	\$0.10105	\$0.16080	\$6,849,615	\$675.00	543	\$10,045,984		1.0	(\$89,955)	(\$0.00211)
	Block 2	10,782,597	\$0.74322	\$0.50676	\$0.10042	\$0.13604						1.0		(\$0.00179)
	Block 3	2,237,041	\$0.70109	\$0.50676	\$0.09940	\$0.09493						1.0		(\$0.00125)
	Block 4	1,038,828	\$0.65879	\$0.50676	\$0.09836	\$0.05367						1.0		(\$0.00070)
	Block 5	30,626	\$0.62840	\$0.50676	\$0.09761	\$0.02403						1.0		(\$0.00032)
	Block 6	0	\$0.61401	\$0.50676	\$0.09727	\$0.00998						1.0		(\$0.00013)
32I Firm Sales ¹	Block 1	7,308,477	\$0.73013	\$0.50676	\$0.09833	\$0.12504	\$1,921,317	\$675.00	83	\$1,962,082		1.0	(\$4,558)	(\$0.00030)
	Block 2	7,116,901	\$0.71078	\$0.50676	\$0.09815	\$0.10587						1.0		(\$0.00025)
	Block 3	2,428,784	\$0.67847	\$0.50676	\$0.09787	\$0.07384						1.0		(\$0.00018)
	Block 4	1,682,852	\$0.64624	\$0.50676	\$0.09757	\$0.04191						1.0		(\$0.00010)
	Block 5	210,463	\$0.62372	\$0.50676	\$0.09734	\$0.01962						1.0		(\$0.00005)
	Block 6	0	\$0.61239	\$0.50676	\$0.09723	\$0.00840						1.0		(\$0.00002)
32C Firm Trans	Block 1	2,586,658	\$0.13291	\$0.00000	\$0.00742	\$0.12549	\$633,055	\$925.00	26	\$952,026		1.0	(\$1,897)	(\$0.00038)
	Block 2	2,000,143	\$0.11396	\$0.00000	\$0.00721	\$0.10675						1.0		(\$0.00032)
	Block 3	713,689	\$0.08251	\$0.00000	\$0.00688	\$0.07563						1.0		(\$0.00023)
	Block 4	908,192	\$0.05102	\$0.00000	\$0.00656	\$0.04446						1.0		(\$0.00013)
	Block 5	22,758	\$0.03209	\$0.00000	\$0.00636	\$0.02573						1.0		(\$0.00008)
	Block 6	0	\$0.01952	\$0.00000	\$0.00620	\$0.01332						1.0		(\$0.00004)
32I Firm Trans	Block 1	11,491,095	\$0.13069	\$0.00000	\$0.00738	\$0.12331	\$5,621,582	\$925.00	99	\$5,960,962		1.0	(\$12,191)	(\$0.00027)
	Block 2	16,722,073	\$0.11214	\$0.00000	\$0.00721	\$0.10493						1.0		(\$0.00023)
	Block 3	10,683,887	\$0.08125	\$0.00000	\$0.00694	\$0.07431						1.0		(\$0.00016)
	Block 4	22,101,234	\$0.05039	\$0.00000	\$0.00667	\$0.04372						1.0		(\$0.00009)
	Block 5	23,116,595	\$0.03179	\$0.00000	\$0.00649	\$0.02530						1.0		(\$0.00005)
	Block 6	7,997,925	\$0.01948	\$0.00000	\$0.00636	\$0.01312						1.0		(\$0.00003)
32C Interr Sales	Block 1	4,812,286	\$0.74068	\$0.50676	\$0.09728	\$0.13664	\$2,138,838	\$675.00	39	\$2,454,738		1.0	(\$16,903)	(\$0.00108)
	Block 2	6,912,175	\$0.71933	\$0.50676	\$0.09690	\$0.11567						1.0		(\$0.00091)
	Block 3	3,915,818	\$0.68371	\$0.50676	\$0.09628	\$0.08067						1.0		(\$0.00064)
	Block 4	6,195,667	\$0.64806	\$0.50676	\$0.09565	\$0.04565						1.0		(\$0.00036)
	Block 5	3,369,903	\$0.62665	\$0.50676	\$0.09525	\$0.02464						1.0		(\$0.00019)
	Block 6	0	\$0.61101	\$0.50676	\$0.09497	\$0.00928						1.0		(\$0.00007)
32I Interr Sales	Block 1	4,976,544	\$0.72514	\$0.50676	\$0.09609	\$0.12229	\$2,165,663	\$675.00	67	\$2,708,363		1.0	(\$6,124)	(\$0.00035)
	Block 2	6,358,575	\$0.70622	\$0.50676	\$0.09592	\$0.10354						1.0		(\$0.00029)
	Block 3	3,824,879	\$0.67469	\$0.50676	\$0.09566	\$0.07227						1.0		(\$0.00020)
	Block 4	11,455,866	\$0.64312	\$0.50676	\$0.09538	\$0.04098						1.0		(\$0.00012)
	Block 5	6,274,793	\$0.62420	\$0.50676	\$0.09523	\$0.02221						1.0		(\$0.00006)
	Block 6	1,589,833	\$0.61033	\$0.50676	\$0.09510	\$0.00847						1.0		(\$0.00002)
32C Interr Trans	Block 1	787,487	\$0.12584	\$0.00000	\$0.00706	\$0.11878	\$470,528	\$925.00	3	\$503,828		1.0	(\$974)	(\$0.00025)
	Block 2	1,577,765	\$0.10802	\$0.00000	\$0.00693	\$0.10109						1.0		(\$0.00021)
	Block 3	946,128	\$0.07829	\$0.00000	\$0.00668	\$0.07161						1.0		(\$0.00015)
	Block 4	3,171,260	\$0.04854	\$0.00000	\$0.00643	\$0.04211						1.0		(\$0.00009)
	Block 5	663,407	\$0.03070	\$0.00000	\$0.00628	\$0.02442						1.0		(\$0.00005)
	Block 6	0	\$0.01883	\$0.00000	\$0.00617	\$0.01266						1.0		(\$0.00003)
32I Interr Trans	Block 1	6,332,023	\$0.12605	\$0.00000	\$0.00722	\$0.11883	\$5,297,225	\$925.00	71	\$6,085,325		1.0	(\$11,228)	(\$0.00025)
	Block 2	10,799,708	\$0.10821	\$0.00000	\$0.00708	\$0.10113						1.0		(\$0.00021)
	Block 3	7,423,918	\$0.07848	\$0.00000	\$0.00684	\$0.07164						1.0		(\$0.00015)
	Block 4	17,235,563	\$0.04873	\$0.00000	\$0.00661	\$0.04212						1.0		(\$0.00009)
	Block 5	38,975,154	\$0.03090	\$0.00000	\$0.00646	\$0.02444						1.0		(\$0.00005)
	Block 6	98,124,177	\$0.01900	\$0.00000	\$0.00634	\$0.01266						1.0		(\$0.00003)
33		0	\$0.00585	\$0.00000	\$0.00011	\$0.00574	\$0	\$38,000.00	0	\$0		1.0	\$0	\$0.00000

69	TOTALS	1,058,767,309					\$ 429,173,371			\$ 510,450,220		\$ 510,450,220	\$ (4,209,798)	
70	Sources for line 2 above:						\$ 37,400,768			\$ 46,752,353				
71	Inputs page											Line 67		
72	Tariff Schedules													
73	Rate Adjustment Schedule											Sched 196		

Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.
 * Since Billing Rates for all schedules above 31 do not include demand, column c for those schedules is WACOG only
¹Rate schedule 32 firm service includes as total margin the storage and distribution capacity charges and are derived using MDDV therm usages