



April 30, 2021

NWN OPUC Advice No. 20-19B

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Post Office Box 1088
Salem, Oregon 97308-1088

Re: ADV 1215 / NWN OPUC Advice No. 20-19B Schedule 198 – Renewable Natural Gas Recovery Mechanism

On December 4, 2020, Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), filed with the Public Utility Commission of Oregon Advice No. 20-19 proposing new Schedule 198, Renewable Natural Gas Recovery Mechanism, with a requested effective date of March 30, 2021. On March 12, 2021, NW Natural submitted a revised effective date for Schedule 198 from March 30, 2021, to May 19, 2021.

After further discussion with Staff and other stakeholders, NW Natural submits this replacement filing with the changes summarized below, and changes the requested effective date to July 1, 2021.

- Sheet 198-1 - Insert November 1 as the effective date for amortization of the RNG Project Deferral
- Sheet 198-2 - Add Special Conditions as follows:
 - For each project proposed, NW Natural will include a draft procedural schedule to allow for stakeholder review and feedback. There also may be a technical workshop if the size of the project is warranted.
 - November 1 will be the effective date of new projects unless NW Natural can demonstrate it is in public interest to propose an alternative effective date.
 - NW Natural will propose a cost allocation methodology for each project to reflect cost causation principles.
 - Establish a threshold of \$5 million to be eligible for Schedule 198.
 - NW Natural will host a workshop for the parties in this docket to conduct a comprehensive review of Schedule 198 within three years of the effective date of the tariff.

The enclosed proposed tariff sheets reflect the new requested effective date of July 1, 2021, and replace the previous tariff sheets filed March 12, 2021, in their entirety.

Please address correspondence on this matter to me with copies to the following:

eFiling
NW Natural Rates & Regulatory Affairs
250 SW Taylor Street
Portland, Oregon 97204
Fax: (503) 220-2579
Telephone: (503) 610-7330
eFiling@nwnatural.com

Natasha Siores
Manager, Rates & Regulatory Affairs
NW Natural
250 SW Taylor Street
Portland, Oregon 97204
Telephone: (503) 610-7074
natasha.siores@nwnatural.com

Respectfully submitted,

/s/ Zachary Kravitz

Zachary Kravitz
Director, Rates & Regulatory Affairs
NW Natural
250 SW Taylor Street
Portland, Oregon 97204
(503) 610-7617
zachary.kravitz@nwnatural.com

**SCHEDULE 198
RENEWABLE NATURAL GAS ADJUSTMENT MECHANISM**

(N)

PURPOSE:

The purpose of this Schedule is to identify adjustments to rates in the Rate Schedules listed below for the recovery of the revenue requirement of qualified investments, as defined by ORS 757.392(5), in renewable natural gas (RNG) infrastructure.

This adjustment mechanism will recover the revenue requirement associated with the prudently incurred qualified investments that contribute to the Company meeting the targets set forth in ORS 757.396. For purposes of this Schedule, "qualified investment" has the meaning given that term in ORS 757.392. This Adjustment Schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210 and Oregon Senate Bill 98 (2019) codified as ORS 757.396.

APPLICABLE:

To Sales Service Customers on the Rate Schedules of this Tariff listed below:

Rate Schedule 2	Rate Schedule 31
Rate Schedule 3	Rate Schedule 32
Rate Schedule 27	

Application to Rates:

The Base Adjustment in the applicable Rate Schedules include the following adjustment:

		Effective Date:
Schedule 198 ongoing	\$0.00000 per therm	November 1, 20xx
Schedule 198 amortization of RNG Project Deferral	\$0.00000 per therm	November 1, 20xx
Total Schedule 198 adjustment	\$0.00000 per therm	

SPECIAL CONDITIONS:

1. The Company will file this Schedule by August 1 of each year as necessary to update all charges already included on this schedule as needed. Updating of charges will include updating for the relevant vintage of the revenue requirement for previously included investments and a true-up for actual costs and volumes of previously included costs. This updating of charges will be supported by a deferral application (Schedule 198 Deferral) that will apply to costs recovered through this Schedule 198. The amortization of the Schedule 198 Deferral amount will not be subject to the provisions of ORS 757.259(5).

(N)

(continue to Sheet 198-2)

SCHEDULE 198
RENEWABLE NATURAL GAS ADJUSTMENT MECHANISM

(continued)

(N)

2. In addition, the Company will file this Schedule as necessary for proposed charges relating to new qualified investments in anticipation of the expected in-service date of the RNG project and providing time for stakeholder review. When the Company anticipates that a new qualified investment will commence operation, the Company may file a deferral request by the in-service date (RNG Project Deferral). The RNG Project Deferral will include any start-up operating and maintenance costs incurred prior to the project being placed in service and the revenue requirements of the qualified investment beginning on the project's in-service date. Amounts will be deferred until the qualified investment can be placed in base rate adjustment under Schedule 198. NW Natural will make a filing to amortize these deferred amounts under this Schedule 198. The amortization of the RNG Project Deferral amount will not be subject to the provisions of ORS 757.259(5).
3. The Company will provide in its Schedule 198 RNG project application filings a draft procedural schedule to accommodate stakeholder review and feedback, and may also include a technical workshop, depending on the size and complexity of the RNG project.
4. NW Natural will change rates under this schedule concurrent with annual Purchased Gas Adjustment on November 1, except in the event NW Natural can demonstrate it is in the public interest to propose an alternative rate effective date.
5. NW Natural will propose a cost allocation methodology consistent with ORS 757.390 through ORS 757.398
6. For purposes of this Schedule, only applications for RNG Project(s) exceeding \$5 million individually or in aggregate will be eligible for recovery under this mechanism.
7. Within three years of the effective date of this tariff, NW Natural will convene a meeting with the parties in docket ADV 1215 to meet and confer in good faith regarding a comprehensive review of Schedule 198. Any changes in Schedule 198 as a result of this review would apply prospectively to new RNG projects.
8. The provisions listed in the special conditions above may be modified if approved by the Commission.

QUALIFIED INVESTMENT COST RECOVERY:

The revenue requirement associated with qualified investments in RNG includes incremental depreciation expense, property and other taxes, return on investment, income taxes, operating and maintenance costs, and other costs relating to the Company's qualified investment. The capital structure and the cost of capital to be used in the calculation of return on rate base will be that adopted by the Commission in the Company's most recent general rate case.

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(continue to Sheet 198-3)

SCHEDULE 198
RENEWABLE NATURAL GAS ADJUSTMENT MECHANISM

(continued)

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GENERAL TERMS:

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

(N)

Issued April 30, 2021
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Effective with service on
and after July 1, 2021

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Ninth Revision of Sheet v
Cancels Eighth Revision of Sheet v

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