



Oregon

Kate Brown, Governor

Public Utility Commission

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May 19, 2020



BY EMAIL

Northwest Natural Gas Company, dba NW Natural

Rebecca Brown

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RE: Advice No. 20-05

At the public meeting on May 19, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1108. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 19, 2020**

REGULAR CONSENT EFFECTIVE DATE June 1, 2020

DATE: May 11, 2020

TO: Public Utility Commission

FROM: Sabrina Soldavini

THROUGH: Bryan Conway, Michael Dougherty, John Crider, and Marianne Gardner **SIGNED**

SUBJECT: NORTHWEST NATURAL:
(ADV 1108/Advice No. 20-05)
Updates Schedule 185 – Special Annual Interstate and Intrastate Storage and Transportation Credit and Schedule 186 – Special Annual Core Pipeline Capacity Optimization Credit.

STAFF RECOMMENDATION:

Approve Northwest Natural’s (NWN or Company) Advice No. 20-05, which updates Schedule 185 and Schedule 186, to reflect the per-term credit for a lump sum credit payment to customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32, respectively, effective for service on and after June 1, 2020.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (OPUC or Commission) should approve NWN’s proposal to revise its Schedule 185 and Schedule 186 to return funds to customers served under Rate Schedules 2 and 3, and under the Sales Services option of Schedules 31 and 32.

Applicable Law or Rule

ORS 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to

ORS 757.210, the Commission may approve tariff changes if they are deemed to be 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.
ORS 757.220.

Analysis

Background

On April 13, 2020, Northwest Natural filed Advice No. 20-05 requesting revisions to Schedule 185, Special Annual Interstate Storage and Transportation Credit, and Schedule 186, Special Annual Core Storage and Pipeline Capacity Optimization Credit, to credit customers served under applicable schedules for (a) the Oregon share of revenues received by Northwest Natural for interstate storage and related transportation service activities under FERC Regulations, 18 C.F.R. 294.224, and (b) the Oregon share of revenues received from the Company's core pipeline capacity optimization activities.

The amounts of the credits are reflected in Northwest Natural's 2019 Annual Report of Interstate and Intrastate Gas Storage and Optimization Activities filed on March 30, 2019.

The lump sum June bill credit will be applied to customer bills beginning with the first billing cycle in June 2020 and ending with the last billing cycle in June 2020. Each customer's bill credit will be calculated based on their applicable rate schedule and their actual billed gas usage between January 1, 2019 and December 31, 2019.

Schedule 185 – Special Annual Interstate and Intrastate Storage and Transportation Credit

The Company's proposed Schedule 185 credit represents the refund to customers of the Company's Oregon share of revenues received for interstate storage and related transportation service activities under a Limited Jurisdictional Blanket Certificate granted under FERC Regulations, 18 C.F.R. 294.224.

The 2020 refund total is \$2,822,995 (before revenue sensitive effects) and is comprised of two parts:

- \$2,791,276 in revenues from 2019 activity, plus
- \$31,719 from a remaining residual balance from the June 2019 credits.

For comparison, the 2019 Schedule 185 credit amount of \$3,466,908 approved by the Commission was comprised of:

- \$3,440,744 in revenues from 2018 activity, plus
- \$26,164 from a remaining residual balance from the June 2018 credits.

Schedule 186 – Special Annual Core Pipeline Capacity Optimization Credit

NWN proposes to revise Schedule 186 by applying a per therm refund credit to customer bills for Oregon's share of revenues received from the Company's core pipeline capacity for optimization activities. The Schedule 186 credit applies across all sales-based rate schedules.

The 2020 refund total of \$14,271,975 (before revenue sensitive effects) is comprised of:

- \$14,111,616 in revenues from 2019 activity, plus
- \$160,359 from a remaining residual balance from the June 2019 credits.

For comparison purposes, the 2019 Schedule 186 refund amount approved by the Commission was \$12,787,219 and was comprised of:

- \$12,690,715 in revenues from 2018 activity, plus
- \$96,504 from a remaining residual balance from the June 2018 credits.

Effects of Filing

The combined effects of the proposed changes to Schedule 185 and Schedule 186 result in a refund to customers of \$17,094,970 (before revenue sensitive effects), which is comprised of \$16,902,892 from revenues for 2019 activity plus \$192,078 that is the residual remaining balance from the June 2019 credits. The average bill effects of the combined 2020 Schedule 185 and 186 credits are as follows:

- The average Schedule 2 Residential customer will see a bill credit of approximately \$16.88.
- The average Schedule 3 Commercial customer will see a bill credit of approximately \$77.09.
- The average Schedule 31 Commercial Firm Sales customer will see a bill credit of approximately \$815.47.
- The average Schedule 32 Industrial Firm Sales customer will see a bill credit of approximately 4,977.12.
- The average Schedule 32 Industrial Interruptible Sales customer will see a bill credit of approximately \$9,320.00.

Staff requested and received electronic versions of the Company's workpapers used to determine the proposed incremental changes to Schedule 185 and Schedule 186. Staff reviewed the Company's workpapers and finds the calculations used to prepare this filing are accurate and consistent.

Conclusion

Based on Staff's analysis of NWN's application, the workpapers associated with the filing, and the Company's 2019 Annual Report of Interstate and Intrastate Gas Storage and Optimization Activities,¹ Staff finds the proposed changes to Schedule 185 and Schedule 186 to result in rates that are fair, just, and reasonable.

PROPOSED COMMISSION MOTION:

Approve NWN's Advice No. 20-05, which updates Schedule 185 and Schedule 186, to reflect the per-therm credit for a lump sum credit payment to customers served under Rate Schedules 2 and 3, and under the Sales Service option of Schedules 31 and 32, respectively, effective for service on and after June 1, 2020.

NWN ADV 1108/Advice No. 20-05

¹ Docket No. RG 32, as filed with the Commission on March 30, 2020.

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Ninth Revision of Sheet 185-1
 Cancels Eighth Revision of Sheet 185-1

**SCHEDULE 185
 SPECIAL ANNUAL INTERSTATE AND INTRASTATE
 STORAGE AND TRANSPORTATION CREDIT**

PURPOSE:

To credit customers served under the below-listed Rate Schedules for the Oregon share of revenues received by NW Natural for (a) interstate storage and related transportation service provided under a Limited-Jurisdiction Blanket Certificate from FERC granted under FERC Regulations, 18 C.F.R. § 284.224 (hereafter referred to as § 284.224 service), (b) core storage optimization activities; and (c) intrastate storage activities under **Rate Schedule 80** and **Rate Schedule 91**.

APPLICABLE:

The credit under this Schedule shall apply to customer bills issued during the June billing cycle of each calendar year, or such other time period as the Commission may approve. The credit shall apply to the following Sales Service Rate Schedules of this Tariff: **Schedule 2; Schedule 3, and; Schedules 31 and 32 – Firm Sales only.**

CREDIT: **Effective Billing Cycle: June 2020**

The bill credit to be applied to Customer bills during the effective billing cycle will be calculated by multiplying the following per therm credit by the customer's actual gas usage billed during the period January 1, 2019 through December 31, 2019:

(T)

(T)

| Rate Schedule/Class | Block | Temporary Adjustments | | Schedule | Block | Temporary Adjustmnet |
|----------------------------|--------------|------------------------------|--|-----------------|--------------|-----------------------------|
| 2 | | (\$0.00544) | | | | |
| 03 CSF | | (\$0.00377) | | | | |
| 03 ISF | | (\$0.00324) | | | | |
| | | | | | | |
| 31 CSF | Block 1 | (\$0.00262) | | 31 ISF | Block 1 | (\$0.00216) |
| | Block 2 | (\$0.00233) | | | Block 2 | (\$0.00195) |
| | | | | | | |
| 32 CSF | Block 1 | (\$0.00181) | | 32 ISF | Block 1 | (\$0.00129) |
| | Block 2 | (\$0.00154) | | | Block 2 | (\$0.00110) |
| | Block 3 | (\$0.00109) | | | Block 3 | (\$0.00077) |
| | Block 4 | (\$0.00064) | | | Block 4 | (\$0.00045) |
| | Block 5 | (\$0.00036) | | | Block 5 | (\$0.00026) |
| | Block 6 | (\$0.00018) | | | Block 6 | (\$0.00013) |

(C)

(C)

(continue to Sheet 185-2)

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 04/13/2020

Issued April 13, 2020
 NWN OPUC Advice No. 20-05

Effective with service on
 and after June 1, 2020

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Ninth Revision of Sheet 186-1
Cancels Eighth Revision of Sheet 186-1

SCHEDULE 186 SPECIAL ANNUAL CORE PIPELINE CAPACITY OPTIMIZATION CREDIT

PURPOSE:

To credit Sales Service Customers served under the below-listed Rate Schedules for the Oregon share of revenues received by NW Natural for the optimization of core customer Pipeline and Storage capacity.

APPLICABLE:

This credit shall apply to customer bills issued during the June billing cycle of each calendar year, or such other time period as the Commission may approve. The credit shall apply to the following Sales Service Rate Schedules of this Tariff:

| | | |
|-----------------|----------------------|----------------------|
| Rate Schedule 2 | Rate Schedule 31 ISF | Rate Schedule 32 ISF |
| Rate Schedule 3 | Rate Schedule 31 CSF | Rate Schedule 32 CSI |
| | Rate Schedule 32 CSF | Rate Schedule 32 ISI |

CREDIT: **Effective Billing Cycle: June 2020**

The bill credit to be applied to Customer bills during the effective billing cycle will be calculated by multiplying the following per therm credit by the customer's actual gas usage billed during the period January 1, 2019 through December 31, 2019:

(\$0.02104)

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(T)

(C)

SPECIAL CONDITIONS:

1. NW Natural will share with customers served under the Rate Schedules listed above, the amount of net margin revenue that is attributable to optimization of core customer Pipeline and Storage capacity on an 90/10 basis; 10% will be retained by NW Natural, and 90% will be shared with customers through the credit provided for in this Schedule. For this purpose, net margin is defined as revenues less incremental operating and maintenance (O&M) expense.
2. The annual credit shall be based on the net margin as described in paragraph 1 above, and as filed with the Commission. This credit shall be applied to customers' bills, or placed in an interest bearing deferred account, on June 1 of each year, or at a date other than June 1 for reasons and on terms as the Commission may approve.
3. If the net margin for the year is negative (a loss) then the credit will be zero.
4. As provided under "OUT-OF-CYCLE TRANSFERS" provision set forth in Rate Schedules 31 and 32 a Customer that exercises the Capacity Release Option may only be eligible to receive one-half of the above-listed credit.

PRIOR YEAR BALANCES:

The Company will include any remaining balance from the prior year's credit in the calculation of the current year's credit.

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.

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and after June 1, 2020