



Oregon

Tina Kotek, Governor

Public Utility Commission

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October 26, 2023



BY EMAIL

Northwest Natural Gas Company

efiling@nwnatural.com

RE: Advice No. 23-21

At the public meeting on October 26, 2023, the Commission adopted Staff's recommendation in this matter docketed as UG 488. 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
SPECIAL PUBLIC MEETING DATE: October 26, 2023**

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

DATE: October 4, 2023

TO: Public Utility Commission

FROM: Rawleigh White

THROUGH: Bryan Conway, Marc Hellman, and Anna Kim **SIGNED**

SUBJECT: NORTHWEST NATURAL:
(Docket No. UG 488/Advice No. 23-21)
Updates Schedule 196, Excess Deferred Income Taxes

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) Advice No. 23-21, revising its Schedule 196 rates to reflect setting rates to zero, as the 3-year amortization for Excess Deferred Income Taxes (EDIT) has ended.

DISCUSSION:

Issue

Whether the Commission should approve NW Natural's Advice No. 23-21, revising its Schedule 196 rates. This filing sets the rates for non-plant gas reserves Excess Deferred Income Taxes (EDIT) to zero, as the 3-year amortization has ended. In addition, the Company proposes to update the rates for plant EDIT for updated billing determinants.

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.

Analysis

Background

In Order No. 19-105, the Commission adopted a comprehensive stipulation among which the parties agreed that the Company would return Non-Plant Gas Reserves EDIT over five years through a separate tariff rider beginning on the April 1, 2019.¹

In Order No. 20-364, the Commission adopted a comprehensive stipulation among which the parties agreed that the Company would include all historical amortization of EDIT related to gas reserves in the annual PGA filing. The amount of annual amortization was adjusted to align with the PGA year and agreed among the parties to be \$3,724,500 per year through October 2023.^{2,3}

Analysis

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 \$3,275,500 in the Company's annual revenues, or 0.44%. There is no impact on the Company's revenues from the resulting updated rates reflecting the 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.

¹ See *In the Matter of NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL, Request for a General Rate Revision*, Docket No. UG 344 Phase II, Order No. 19-105, March 25, 2019, at 4.

² See *In the Matter of NORTHWEST NATURAL GAS COMPANY, dba NW NATURAL, Request for a General Rate Revision*, Docket No. UG 388, Order No. 20-364, October 16, 2020, at 20.

³ Staff notes that the \$3,724,500 amount reflects amortization of \$2,641,514 plus a gross up factor of 1.41. See UG 388 – NW Natural/1000, Walker/WP5 for details.

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October 4, 2023
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Conclusion

Staff concludes the proposed tariff adjustment is fair, just, and reasonable. Staff recommends the Commission approve it. There is no earnings test applicable for this filing. The Company has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

Approve NW Natural's Advice No. 23-21, revising its Schedule 196 rates to reflect setting rates to zero, as the 3-year amortization for Excess Deferred Income Taxes (EDIT) has ended. In addition, approve the update to the billing determinants for plant EDIT rates.

UG 488 EDIT

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

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(continue to Sheet 196-3)

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

Received
Filing Center
JUL 31 2023

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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