



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. 23-22

At the public meeting on October 26, 2023, the Commission adopted Staff's recommendation in this matter docketed as UG 489. 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** X **EFFECTIVE DATE** November 1, 2023

DATE: October 3, 2023

TO: Public Utility Commission

FROM: Luz Mondragon

THROUGH: Bryan Conway, Marc Hellman, and Rawleigh White **SIGNED**

SUBJECT: NORTHWEST NATURAL:
(Docket No. UG 489/Advice No. 23-22)
Updates billing determinants for Schedule 175- Amortization of Horizon 1 Start-Up Cost Deferral, 182 – Environmental Cost Recovery, and 197 – Amortization of Pension Balancing Account.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (the Commission) approve Northwest Natural Gas Company's (NW Natural, NWN, or Company) Advice No. 23-22, updating billing determinants for Schedule 175 – Amortization of Horizon 1 Start-Up Cost Deferral, 182 – Environmental Cost Recovery, and 197 – Amortization of Pension Balancing Account rendered on and after November 1, 2023.

DISCUSSION:

Issue

Whether the Commission should approve NW Natural's Advice No. 23-22, updating billing determinants for Schedules 175, 182, and 197. The proposed updates to the billing determinants will have no impact to the Company's annual Oregon revenues, as these schedules are already included in base rates.

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.

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.

Analysis

Background

Schedules 175, 197, and 182 are rate adjustment schedules that reflect base rate adjustments and have been in place since 2022, 2019 and 2015, respectively. In NW Natural's last general rate case in Docket No. UG 435, the Commission approved, in Order No. 22-388 (Order), a multi-party stipulation, that included, among other things, the updating of the billing determinants for Schedule 182 and Schedule 197.¹ Order No. 22-388 also authorized NWN to amortize the Horizon Phase I assets over a 10-year life and, under the first partial stipulation, allowed start-up costs to be amortized over 10 years, beginning November 1, 2022, through Schedule 175.

Consistent with the UG 435 multi-party stipulation, NW Natural proposed revised Schedules 182 and 197 to reflect updated billing determinants. The base rate adjustments for the commencement of the 10-year amortization of Schedule 175, the Horizon 1 Start-up Cost Deferral, are also reflected.

In response to the Order, NW Natural submitted its Compliance Filing Advice No. 23-22 on September 14, 2023 (Advice).

Original Sheet 175-1	Schedule 175	Amortization of Horizon 1 Start-Up Cost Deferral
Second Revision of Sheet 182-1	Schedule 182	Rate Adjustment for Environmental Cost Recovery
Second Revision of Sheet 197-2	Schedule 197	Amortization of Pension Balancing Account

¹ *In the Matter of Northwest Natural Gas Company, dba NW Natural, Request for General Rate Revision (UG 435), Advice No. 20-19, Schedule 198 Renewable Natural Gas Recovery Mechanism (ADV 215) (UG 411), Docket No. UG 423, Order No. 22-388, October 24, 2022.*

Analysis

Staff reviewed the Advice filing and finds it complies with the Order. In its review, Staff conducted the following:

- Confirm the revenue target is correctly calculated in the Company's revenue requirement work papers based on the Commission directed amounts found within the Order.
- Confirm from the rate spread and design spreadsheet and NW Natural work papers that the proposed tariff prices are calculated to produce revenues in accordance with the Commission's Order in this case.
- Confirm the calculation of rate spread for base schedules as found in Appendices of the Order, is properly reflected in the Company's rate spread and design work paper and resulting Tariff sheets.
- Confirm that NW Natural's inputs for pricing are consistent and accurate.
- Verify accurate implementation of all changes, including tariff language changes, authorized by the Commission, inclusive of verification of each of Commission determinations.
- Confirm that the tariff sheets are properly updated with the rates present in the rate Spread and design worksheet, advice number, revision number, date, and any other appropriate language changes.

Staff utilized the provided work papers, issued and reviewed Standard Information Request, and met with the Company on September 27, 2023, to discuss the filing.

Impacts on Customer Rates

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 and 62,829 commercial and industrial customers. Although the proposed updates to billing determinates causes a slight decrease to tariff schedules, NW Natural states that the effect of the proposed updates will have no impact on the Company's annual Oregon revenues.

Schedule	Therms	\$ change	% Change	
Residential	2	56	(\$0.05)	-0.01%
Commercial	3	255	(\$0.11)	0.0%
Residential	27	44	(\$0.01)	0.0%
Commercial	31	2,816	(\$1.76)	-0.1%
Industrial	32	18,823	(\$28)	-0.2%

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Conclusion

Staff concludes the proposed billing determinant update is fair, just, and reasonable.

Staff recommends the Commission approve the update. The Company has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

Approve NW Natural's Advice No. 23-22, updating billing determinants for Schedules 175, 182, and 197 in compliance with Order No. 22-388.

NWN UG 489 Advice No. 23-22 Billing determinants

**SCHEDULE 175
AMORTIZATION OF HORIZON 1 START-UP COST DEFERRAL**

PURPOSE:

The purpose of this Schedule is to reflect the rate effects of the amortization of Horizon 1 Start-Up cost deferral (deferral docket UM 2132) over 10 years beginning November 1, 2022, subject to the terms of the stipulation approved in Order No. 21-246 with a rate spread as shown in Exhibit B of the Multi-Party Stipulation approved in Order No. 22-388 in dockets UG 435 and UG 411. These rates are included as Base Rate Adjustments in the rate schedules listed below and were first included in rates November 1, 2022, as filed with the Company's compliance filing in UG 435.

APPLICABLE:

To all Customers served under the following Rate Schedules of this Tariff:

Rate Schedule 2	Rate Schedule 3	Rate Schedule 27
Rate Schedule 32	Rate Schedule 33	Rate Schedule 31

APPLICATION TO RATE SCHEDULES: Effective: November 1, 2023

The adjustment amounts shown below are embedded in the Base Rate reflected in the respective Rate Schedules listed above. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Rate Schedule/Class	Block	Adjustment	Rate Schedule/Class	Block	Adjustment
2		\$0.00165	31 CSF	Block 1	\$0.00071
03 CSF		\$0.00134		Block 2	\$0.00065
03 ISF		\$0.00074	31 CTF	Block 1	\$0.00067
27		\$0.00159		Block 2	\$0.00062
			31 ISF	Block 1	\$0.00049
				Block 2	\$0.00045
			31 ITF	Block 1	\$0.00054
				Block 2	\$0.00049
32 CSF	Block 1	\$0.00050	32 CSI	Block 1	\$0.00026
	Block 2	\$0.00043		Block 2	\$0.00022
	Block 3	\$0.00030		Block 3	\$0.00015
	Block 4	\$0.00017		Block 4	\$0.00009
	Block 5	\$0.00008		Block 5	\$0.00005
	Block 6	\$0.00003		Block 6	\$0.00002
32 ISF	Block 1	\$0.00007	32 ISI	Block 1	\$0.00008
	Block 2	\$0.00006		Block 2	\$0.00007
	Block 3	\$0.00004		Block 3	\$0.00005
	Block 4	\$0.00002		Block 4	\$0.00003
	Block 5	\$0.00001		Block 5	\$0.00001
	Block 6	\$0.00000		Block 6	\$0.00001
32 CTF	Block 1	\$0.00009	32 CTI	Block 1	\$0.00006
	Block 2	\$0.00008		Block 2	\$0.00005
	Block 3	\$0.00005		Block 3	\$0.00004
	Block 4	\$0.00003		Block 4	\$0.00002
	Block 5	\$0.00002		Block 5	\$0.00001
	Block 6	\$0.00001		Block 6	\$0.00001
32 ITF	Block 1	\$0.00006	32 ITI	Block 1	\$0.00006
	Block 2	\$0.00005		Block 2	\$0.00005
	Block 3	\$0.00004		Block 3	\$0.00004
	Block 4	\$0.00002		Block 4	\$0.00002
	Block 5	\$0.00001		Block 5	\$0.00001
	Block 6	\$0.00001		Block 6	\$0.00001
			33		\$0.00000

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Issued September 14, 2023
NWN OPUC Advice No. 23-22

Effective with service on
and after November 1, 2023

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet 182-1
Cancels First Revision of Sheet 182-1

SCHEDULE 182 RATE ADJUSTMENT FOR ENVIRONMENTAL COST RECOVERY

PURPOSE:

The purpose of this Schedule is to reflect the rate effects of the collection of \$5.0 million per year for the recovery of costs related to environmental remediation expenses, in accordance with Order No. 15-049 in Docket UM 1635 and UM 1706 entered by the Public Utility Commission of Oregon on February 20, 2015.

APPLICABLE:

To all Customers served under the following Rate Schedules of this Tariff:

Rate Schedule 2	Rate Schedule 3	Rate Schedule 27
Rate Schedule 32	Rate Schedule 33	Rate Schedule 31

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APPLICATION TO RATE SCHEDULES: Effective: November 1, 2023

The Adjustment amounts shown below are calculated based on equal percent of margin by Rate Schedule and Customer class, and the rate allocation adopted in Docket UG 221. The adjustment amount is embedded in the Base Rate reflected in the respective Rate Schedules listed above. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Rate Schedule/Class	Block	Base Rate Adjustment		Schedule	Block	Base Rate Adjustment
2		\$0.00834		31 CSF	Block 1	\$0.00429
03 CSF		\$0.00620			Block 2	\$0.00391
03 ISF		\$0.00455		31 ISF	Block 1	\$0.00431
27		\$0.00683			Block 2	\$0.00394
				31 CTF	Block 1	\$0.00296
					Block 2	\$0.00267
				31 ITF	Block 1	\$0.00338
					Block 2	\$0.00305
32 CSF	Block 1	\$0.00238		32 CSI	Block 1	\$0.00158
	Block 2	\$0.00201			Block 2	\$0.00134
	Block 3	\$0.00140			Block 3	\$0.00093
	Block 4	\$0.00079			Block 4	\$0.00053
	Block 5	\$0.00036			Block 5	\$0.00029
	Block 6	\$0.00015			Block 6	\$0.00011
32 ISF	Block 1	\$0.00129		32 ISI	Block 1	\$0.00154
	Block 2	\$0.00109			Block 2	\$0.00131
	Block 3	\$0.00076			Block 3	\$0.00091
	Block 4	\$0.00043			Block 4	\$0.00052
	Block 5	\$0.00020			Block 5	\$0.00028
	Block 6	\$0.00009			Block 6	\$0.00011
32 CTF	Block 1	\$0.00190		32 CTI	Block 1	\$0.00128
	Block 2	\$0.00162			Block 2	\$0.00109
	Block 3	\$0.00115			Block 3	\$0.00077
	Block 4	\$0.00067			Block 4	\$0.00045
	Block 5	\$0.00039			Block 5	\$0.00026
	Block 6	\$0.00020			Block 6	\$0.00014
32 ITF	Block 1	\$0.00132		32 ITI	Block 1	\$0.00138
	Block 2	\$0.00112			Block 2	\$0.00117
	Block 3	\$0.00079			Block 3	\$0.00083
	Block 4	\$0.00047			Block 4	\$0.00049
	Block 5	\$0.00027			Block 5	\$0.00028
	Block 6	\$0.00014			Block 6	\$0.00015
				33 (all)		\$0.00007

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P.U.C. Or. 25

Second Revision of Sheet 197-2
Cancels First Revision of Sheet 197-2

SCHEDULE 197 AMORTIZATION OF PENSION BALANCING ACCOUNT (continued)

RATE ADJUSTMENTS (continued):

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

Rate Schedule	Block	Adjustment		Rate Schedule	Block	Adjustment
2		\$0.01190		31 CSF	Block 1	\$0.00612
03 CSF		\$0.00885			Block 2	\$0.00558
03 ISF		\$0.00648		31 ISF	Block 1	\$0.00422
27		\$0.00974			Block 2	\$0.00380
				31 CTF	Block 1	\$0.00614
					Block 2	\$0.00562
				31 ITF	Block 1	\$0.00482
					Block 2	\$0.00435
32 CSF	Block 1	\$0.00339		32 CSI	Block 1	\$0.00225
	Block 2	\$0.00287			Block 2	\$0.00191
	Block 3	\$0.00200			Block 3	\$0.00133
	Block 4	\$0.00113			Block 4	\$0.00075
	Block 5	\$0.00051			Block 5	\$0.00041
	Block 6	\$0.00021			Block 6	\$0.00015
32 ISF	Block 1	\$0.00184		32 ISI	Block 1	\$0.00220
	Block 2	\$0.00155			Block 2	\$0.00186
	Block 3	\$0.00108			Block 3	\$0.00130
	Block 4	\$0.00062			Block 4	\$0.00074
	Block 5	\$0.00029			Block 5	\$0.00040
	Block 6	\$0.00012			Block 6	\$0.00015
32 CTF	Block 1	\$0.00271		32 CTI	Block 1	\$0.00183
	Block 2	\$0.00231			Block 2	\$0.00156
	Block 3	\$0.00164			Block 3	\$0.00110
	Block 4	\$0.00096			Block 4	\$0.00065
	Block 5	\$0.00056			Block 5	\$0.00038
	Block 6	\$0.00029			Block 6	\$0.00019
32 ITF	Block 1	\$0.00188		32 ITI	Block 1	\$0.00196
	Block 2	\$0.00160			Block 2	\$0.00167
	Block 3	\$0.00113			Block 3	\$0.00118
	Block 4	\$0.00067			Block 4	\$0.00070
	Block 5	\$0.00039			Block 5	\$0.00040
	Block 6	\$0.00020			Block 6	\$0.00021
				33 (all)		\$0.00010

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