

**BEFORE THE PUBLIC UTILITY COMMISSION****OF OREGON**

UG 388

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba NW NATURAL,Request for a General Rate RevisionERRATA  
ORDER

DISPOSITION: ORDER NO. 20-364 CORRECTED

On October 23, 2020, Northwest Natural Gas Company, dba NW Natural, filed a motion to correct Order No. 20-364 entered in this docket on October 16, 2020. In that order, we adopted a Comprehensive Stipulation between NW Natural and the other parties: Staff of the Public Utility Commission; the Oregon Citizens' Utility Board (CUB); and the Alliance of Western Energy Consumers (AWEC) (collectively the Stipulating Parties). The motion indicates that all Stipulating Parties support it.

The motion identifies specific errors that do not change the ratemaking outcome of Order No. 20-364, but should be rectified for accuracy. We agree that the identified changes do not change the ratemaking outcome of Order No. 20-364, and we grant the motion.

While reviewing the motion's recommended changes, we reviewed the entire order. In so doing, we identified additional changes to be made.

Leaving the rest of the order unchanged, we make the following corrections to Order No. 20-364.

- In section "I. Introduction," at the top of page 2 in a continued sentence from page 1, the dollar amount of \$19.28 should be corrected to \$19.29, and the dollar amount of \$9.67 should be corrected to \$19.67. The revised sentence is corrected to state in pertinent part:

"commercial customer average bill increase of \$19.29; and an additional increase of \$19.67 or a total industrial customer average bill increase of \$95.09 (2.45 percent increase)."

- In the second sentence of the second paragraph in section “I. Introduction,” the percentage number identified as “2.99” should be “2.88,” so that the sentence correctly reads in pertinent part:

“Combined, these two orders reduce the overall revenue requirement increase from 7.37 percent to 2.88 percent, resulting in average monthly bills . . . “

- On Page 9, in the fourth sentence in section “m. Plant Maintenance,” the dollar amount of \$874,000 should be \$875,000, to correctly state in pertinent part:

“Staff recommended an adjustment of \$875,000 calculated by . . .”

- On page 10, in the second paragraph in section “o. Miscellaneous Revenues,” the phrase “a reduction to expense” should be replaced with the phrase “an increase in revenues, so that the sentence correctly reads:

“Settlement discussions resulted in the Stipulating Parties agreeing, in context of the Comprehensive Stipulation, to an increase in revenues of \$101,000.”

- On page 14, in section “z. Category A Advertising,” the second sentence of the first paragraph should be removed: “Through discovery, NW Natural identified the inadvertent inclusion of costs for the Vancouver, Washington Retrofit Project in the Test Year.” Instead, the following four sentences should be moved from the first paragraph in section “aa. Vancouver Retrofit,” and added to the first paragraph of section “z. Category A Advertising”:

“NW Natural initially included \$1.750 million in Category A expenses for the Test Year, or approximately \$2.54 per customer. Staff deemed the expenses reasonable, but CUB recommended an adjustment of \$995,505 to reduce the recoverable expenses to 0.125 percent of gross operating revenue, or approximately \$1.14 per customer. CUB argued that NW Natural had not met its burden of proof to demonstrate that Category A expenses in excess of this amount as just and reasonable. CUB expressed concerns that portions of the company’s ‘Less We Can’ campaign were being used to promote RNG not yet on the system, and the company’s general corporate image.”

- On page 14 of the Order, the second paragraph in “aa. Vancouver Retrofit” should be corrected to indicate a reduction to expense of \$240,000 rather than \$15,000, making it correctly state in full:

“The Comprehensive Stipulation incorporates a reduction to rate base of \$10.5 million and a reduction to expense of \$240,000 to reflect that removal of the Vancouver, WA Retrofit Project because it does not relate to the service provided in Oregon.”

- On page 15, in section “2. Cost of Capital Issues,” the table should be corrected to indicate Long-Term Debt Cost is 4.529% instead of 4.59%. The table is corrected to state:

AGREED-UPON COST OF CAPITAL			
	Percent of Total Capital	Cost	Component
Long-Term Debt	50.0%	4.529%	2.265%
Common Equity	50.0%	9.400%	4.700%
Total	100%		6.965%

- In the first full sentence on the top of page 2, the date range 2020-01 should be corrected to remove the 0 and insert a 2, making it correctly state:

“NW Natural also proposed amortizing the true-up credit in the 2020-21 PGA filing, which would be made in mid-September of 2020 prior to the expected final order in this rate case.”

- On the top of Page 1 of Appendix A, which is attached to this order, of the Comprehensive Stipulation, the date is corrected from 2019 to 2021, making it correctly state:

“Twelve Months Ended October 31, 2021”

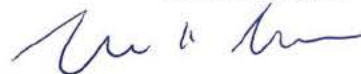
Made, entered, and effective Oct 26 2020.



**Megan W. Decker**  
Chair



**Letha Tawney**  
Commissioner



**Mark R. Thompson**  
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

NW Natural  
UG 388  
Twelve Months Ended October 31, 2021  
(000)

	2019 Results Per Company Filing at Present Rates (1)	(2)	2021 Results Per Company Filing (3)	Company Filled Required Change for Reasonable Return (4)	Company Filled 2021 Results at Reasonable Return (5)	Adjustments to Company 2021 Results (6)	Adjusted 2021 Company Results (3) + (6) (7)	Required Change for Reasonable Return (8)	Results at Reasonable Return (7) + (8) (9)	CAT Revenues & Expenses	Results at Reasonable Return w/ CAT
<b>SUMMARY SHEET</b>											
1 <b>Operating Revenues</b>											
2 General Business	604,894	248	605,142	71,447	676,589	-	605,142	45,847	650,989	3,147	654,136
3 Transportation	17,715	(430)	17,285	-	17,285	-	17,285	-	17,285	-	17,285
4 Decoupling	(4,998)	4,998	-	-	-	-	-	-	-	-	-
5 WARM	(4,652)	4,652	-	-	-	-	-	-	-	-	-
6 Miscellaneous Revenues	6,283	(2,911)	3,372	-	3,372	101	3,473	-	3,473	-	3,473
7 Total Operating Revenues	619,242	6,557	625,799	71,447	697,246	101	625,900	45,847	671,747	3,147	674,894
8 <b>Operating Expenses</b>											
9 Gas Purchased	237,624	(903)	236,721	-	236,721	-	236,721	-	236,721	-	236,721
10 Transmission & Storage	8,926	1,509	10,435	-	10,435	(250)	10,185	-	10,185	-	10,185
11 Distribution	46,682	7,275	53,957	-	53,957	-	53,957	-	53,957	-	53,957
12 Customer Accounts	17,926	5,407	23,333	-	23,333	-	23,333	-	23,333	-	23,333
13 Customer Service	5,864	737	6,601	-	6,601	-	6,601	-	6,601	-	6,601
14 Sales	2,182	(421)	1,761	-	1,761	-	1,761	-	1,761	-	1,761
15 OPUC Fees	1,887	(10)	1,877	214	2,091	313	2,190	160	2,351	11.01	2,362
16 Franchise Fees	15,049	(74)	14,975	1,710	16,685	(28)	14,975	1,097	16,045	75.31	16,120
17 Uncollectibles	614	(16)	598	70	668	0	598	45	643	3.06	646
18 General Operations & Maintenance	3,848	1,079	4,927	-	4,927	(2,186)	2,741	-	2,741	-	2,741
19 Admin & General Expenses	65,683	13,586	79,269	-	79,269	(8,228)	71,041	-	71,041	-	71,041
20 Environmental Rider	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-	5,000
21 Total Operation & Maintenance	411,285	28,169	439,454	1,994	441,448	(10,378)	429,076	1,302	430,378	89	430,467
22 Depreciation & Amortization	76,843	14,427	91,270	-	91,270	(1,290)	89,980	-	89,980	-	89,980
23 Taxes Other than Income	26,942	3,574	30,516	-	30,516	(79)	30,437	-	30,437	3,058	33,495
24 Equity Floatation	-	3,430	3,430	-	3,430	(3,430)	-	-	-	-	-
25 Income Taxes	15,510	(11,088)	4,422	18,755	23,177	3,462	7,883	12,029	19,912	-	19,912
26 Total Operating Expenses	530,580	38,512	569,092	20,748	589,840	(11,716)	557,376	13,331	570,707	-	573,854
27 Net Operating Revenues	88,662	(31,955)	56,707	50,697	107,406	11,817	68,524	32,516	101,040	-	101,040
28 <b>Average Rate Base</b>											
29 Utility Plant in Service	2,805,289	383,802	3,189,091	-	3,189,091	(19,450)	3,169,641	-	3,169,641	-	3,169,641
30 Less: Accumulated Depreciation & Amortization	(1,237,623)	(134,409)	(1,372,032)	-	(1,372,032)	130	(1,371,902)	-	(1,371,902)	-	(1,371,902)
31 Accumulated Deferred Income Taxes	(410,685)	689	(409,996)	-	(409,996)	-	(409,996)	-	(409,996)	-	(409,996)
32 Accumulated Deferred Inv. Tax Credit	-	-	-	-	-	-	-	-	-	-	-
33 Net Utility Plant	1,156,981	250,082	1,407,063	-	1,407,063	(19,320)	1,387,743	-	1,387,743	-	1,387,743
34 Plant Held for Future Use	-	-	-	-	-	-	-	-	-	-	-
35 <b>Other Rate Base</b>											
36 Aid in Advance of Construction	(3,939)	(355)	(4,294)	-	(4,294)	-	(4,294)	-	(4,294)	-	(4,294)
37 Customer Deposits	(2,894)	203	(2,691)	-	(2,691)	-	(2,691)	-	(2,691)	-	(2,691)
38 Gas Inventory	36,104	(6,346)	29,758	-	29,758	-	29,758	-	29,758	-	29,758
39 Materials & Supplies	12,780	1,694	14,474	-	14,474	(1,694)	12,780	-	12,780	-	12,780
40 Weatherization Loans	-	-	-	-	-	-	-	-	-	-	-
41 Prepayments	-	-	-	-	-	-	-	-	-	-	-
42 Misc. Deferred Debits & Credits	-	-	-	-	-	-	-	-	-	-	-
43 Misc. Rate Base Additions/(Deductions) EDIT; Leasehold Improv.	15,379	12,006	27,385	-	27,385	(4)	27,381	-	27,381	-	27,381
44 Total Average Rate Base	1,214,411	257,284	1,471,695	-	1,471,695	(21,018)	1,450,677	-	1,450,677	-	1,450,677
45 <b>Rate of Return</b>	7.301%		3.853%		7.298%		4.724%		6.965%		6.965%
46 <b>Implied Return on Equity</b>	10.006%		3.110%		10.000%		4.917%		9.400%		9.400%