

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2214

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, DBA NW NATURAL,

Updated Depreciation Study Pursuant to
OAR 860-027-0350.

ORDER

DISPOSITION: STIPULATION ADOPTED

SUMMARY

In this order, we adopt the stipulation entered into by Northwest Natural Gas Company, dba NW Natural, Staff of the Public Utility Commission of Oregon, and the Alliance of Western Energy Consumers (AWEC) (collectively, stipulating parties) for revised depreciation rates. The revised depreciation rates will be implemented in docket UG 435, effective November 1, 2022, subject to a Commission decision on the multi-party stipulation in that proceeding.

INTRODUCTION AND PROCEDURAL HISTORY

On December 17, 2021, NW Natural, filed an updated depreciation study of its gas plant in service as of December 31, 2020. The depreciation study showed an annual depreciation expense of \$116.2 million, representing an increase of approximately \$8.6 million from the company's current depreciation rates. In its filing, NW Natural requested to change its depreciation rates effective November 1, 2023, representing five years since its last depreciation rate change on November 1, 2018.

NW Natural, Staff, the Oregon Citizens' Utility Board (CUB), and AWEC participated as parties in the proceeding. Prior to the deadline for Staff and intervenor testimony, the parties engaged in settlement discussions. The stipulating parties (*i.e.*, Staff, AWEC, and NW Natural) reached an agreement resolving all issues. The stipulating parties filed a stipulation and supporting testimony on July 25, 2022. CUB takes no position on the stipulation. The stipulation is attached as Appendix A.

STIPULATION

The stipulating parties agree that the revised depreciation rates set forth in the stipulation are reasonable and should be adopted, and will result in rates that are fair, just, and reasonable. The stipulating parties state that Staff and AWEC each conducted a comprehensive review of the depreciation study. Staff explains that it developed a set of proposed Iowa survival curves and projection lives, and net salvage rates for each plant account. Staff's analysis resulted in several recommended account adjustments to the survival curves, projected lives, and net salvage rates for multiple depreciation groups. The stipulating parties explain that subsequent settlement discussions resulted in the agreed-upon depreciation parameters and resulting rates. The stipulating parties state that their intent in this stipulation is to comply with all normalization requirements. The stipulating parties provided a table of all depreciation parameters for the company's utility plant by FERC account as Exhibit A to the stipulation.

The revised depreciation rates under the stipulation will result in an annual depreciation expense of about \$106.85 million, an approximate \$9.36 million decrease from the annual depreciation expense proposed in NW Natural's initial filing. The overall composite depreciation rate for total depreciable utility plant is 2.99 percent, compared to the company's originally proposed 3.26 percent. Under the stipulation, NW Natural agrees to use the revised depreciation rates as the basis for its depreciation rates effective November 1, 2022, in its pending general rate case (GRC), docket UG 435, consistent with the multi-party stipulation filed May 31, 2022 in that docket. NW Natural also will simultaneously update its depreciation rates on its books. Additionally, the stipulation provides that the revised depreciation parameters as set forth in Exhibit A will be used until the effective date of the company's next depreciation study. NW Natural agrees to file another depreciation study no later than December 31, 2027.

RESOLUTION

Under ORS 757.140, each public utility must "carry a proper and adequate depreciation account." The statute requires the Commission to determine the "proper and adequate rates of depreciation" for each of the classes of property owned by the public utility. We review the terms of any stipulation for reasonableness and accord with the public interest.

We have reviewed the depreciation study, the terms of the stipulation, and the supporting joint testimony of the parties. We find that the parameters set forth in the stipulation represent a reasonable and appropriate resolution of this docket. We find that the resulting depreciation rates will provide NW Natural with proper and adequate revenues consistent with the standard in ORS 757.140, and will result in fair, just, and reasonable rates.

In a multi-party stipulation filed May 31, 2022, in NW Natural's pending GRC, docket UG 435, the stipulating parties agreed to implement the revised depreciation rates effective November 1, 2022. Implementation of the depreciation rates approved in this docket remains subject to a Commission decision on the multi-party stipulation in docket UG 435, anticipated on or around October 20, 2022.

In adopting this stipulation, we are mindful that prior to the company's next depreciation study, to be filed no later than December 31, 2027, NW Natural, Staff, and stakeholders will be engaged in significant work towards the company reducing emissions in response to the Oregon Department of Environmental Quality's Climate Protection Program or other policy and regulatory directives. We anticipate that parties may seek to evaluate accelerated depreciation or other adjustments to asset depreciation schedules as one tool to mitigate uncertainty about decarbonization pathways and manage potential future risks to customers. We ask that the company include in its next depreciation filing testimony addressing its consideration of this approach.

ORDER

IT IS ORDERED that:

1. The stipulation between Northwest Natural Gas Company dba NW Natural, Staff of the Public Utility Commission of Oregon, and Alliance of Western Energy Consumers, filed on July 25, 2022, attached as Appendix A, is adopted.
2. Northwest Natural Gas Company dba NW Natural shall implement the revised depreciation rates authorized in this proceeding subject to a Commission decision on the multi-party stipulation filed May 31, 2022, in docket UG 435.

Made, entered, and effective Sep 07 2022.

Megan W. Decker

Megan W. Decker



Letha Tawney

Letha Tawney
Commissioner

Mark R. Thompson

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.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2214

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba, NW NATURAL

Updated Depreciation Study Pursuant
to OAR 860-027-0350

STIPULATION

1 This Stipulation resolves all issues among all parties to this docket related to
2 Northwest Natural Gas Company's ("NW Natural" or "Company") Updated Depreciation
3 Study Pursuant to OAR 860-027-0350 ("Depreciation Study") filed with the Commission
4 in Docket UM 2214 on December 17, 2021.

PARTIES

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7 1. The parties to this Stipulation are Staff of the Public Utility Commission of
8 Oregon ("Staff"), Alliance of Western Energy Consumers ("AWEC"), and NW Natural
9 (together, the "Stipulating Parties"). The Oregon Citizens' Utility Board ("CUB") also is
10 a party to this docket and has authorized the Stipulating Parties to represent that CUB
11 takes no position on this Stipulation.

BACKGROUND

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14 2. On December 17, 2021, NW Natural filed with the Oregon Public Utility
15 Commission ("Commission") the updated Depreciation Study of its gas plant in service
16 as of December 31, 2020, pursuant to OAR 860-027-0350, which requires each energy

1 utility to file with the Commission an updated depreciation study at least once every five
2 years. ORS 757.140 requires each public utility to carry a proper and adequate
3 depreciation account, and to conform its depreciation accounts to the rates so
4 ascertained and determined by the Commission. The Commission may make changes
5 in such rates of depreciation from time to time as the Commission may find necessary.
6 The purpose of the Depreciation Study is to determine the annual depreciation accrual
7 rates and amounts for accounting and ratemaking purposes. The Depreciation Study
8 included descriptions of the methods used in the estimation of depreciation, the
9 summary of annual depreciation accrual rates, the statistical support for the life and net
10 salvage estimates, and the detailed tabulations of annual depreciation (“depreciation
11 rates”).

12 3. The Depreciation Study set forth an annual system depreciation expense of
13 \$116.2 million when applied to depreciable plant balances as of December 31, 2020,
14 which reflected an approximate \$8.6 million increase to NW Natural’s annual
15 depreciation expense.

16 4. On May 26, 2022, NW Natural, Staff, and AWECC participated in a settlement
17 conference. The discussions resulted in a settlement among the Stipulating Parties.
18 The Stipulating Parties agree that the depreciation rates agreed to in this Stipulation will
19 result in an annual depreciation expense of approximately \$106.85 million, resulting in
20 an approximate \$9.36 million decrease from the annual depreciation expense proposed
21 in the Depreciation Study. Attached Stipulation Exhibit “A” Table 1 includes a complete
22 list of all NW Natural depreciation parameters for all utility plant by FERC account.

TERMS OF STIPULATION

5. This Stipulation resolves all issues regarding the changes to the Company's depreciation rates proposed in the Depreciation Study.

6. The Stipulating Parties agree that the changes shown in Stipulation Exhibit "A" should be made to the depreciation rates in the Depreciation Study.

7. The Stipulating Parties agree that the depreciation rates set forth in Stipulation Exhibit "A" are reasonable and should be adopted.

8. NW Natural agrees to use the depreciation rates in Stipulation Exhibit "A", if approved by the Commission, as the basis for its depreciation rates in the Company's pending general rate case proceeding (UG 435), in accordance with the Multi-Party Stipulation Regarding Revenue Requirement, Rate Spread and Certain Other Issues filed in that docket on May 31, 2022 ("Multi-Party Stipulation"), upon Commission approval of the Multi-Party Stipulation. NW Natural will simultaneously update its depreciation rates on its books when new retail rates are effective following the UG 435 general rate case. For the avoidance of any doubt, it is the Stipulating Parties' intention to comply with all normalization requirements and, if this Stipulation were to be determined to be out of compliance with such requirements, the Stipulating Parties would address such determination at the next available opportunity.

9. The Stipulating Parties agree to submit this Stipulation to the Commission and request that the Commission approve the Stipulation as presented.

10. The Stipulating Parties agree that this Stipulation is in the public interest, and will result in rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.

1 11. This Stipulation will be offered into the record as evidence pursuant to OAR
2 860-001-0350(7). The Stipulating Parties agree to support this Stipulation throughout
3 these consolidated proceedings and any appeal, provide witnesses to sponsor this
4 Stipulation at hearing, and recommend that the Commission issue an order adopting
5 this Stipulation. The Stipulating Parties also agree to cooperate in drafting and
6 submitting joint testimony or a brief in support of this Stipulation in accordance with OAR
7 860-001-0350(7).

8 12. If this Stipulation is challenged, the Stipulating Parties agree that they will
9 continue to support the Commission's adoption of the terms of this Stipulation. The
10 Stipulating Parties agree to cooperate in cross-examination and put on such a case as
11 they deem appropriate to respond fully to the issues presented, which may include
12 raising issues that are incorporated in the settlements embodied in this Stipulation.

13 13. The revised depreciation rates should be implemented on the effective date
14 of NWN's pending general rate request in Docket UG No. 435, currently expected to be
15 November 1, 2022.

16 14. The Stipulating Parties have negotiated this Stipulation as an integrated
17 document. If the Commission rejects all or any material portion of this Stipulation or
18 imposes additional material conditions in approving this Stipulation, any of the
19 Stipulating Parties are entitled to withdraw from this Stipulation or exercise any other
20 rights provided in OAR 860-001-0350(9).

21 15. No later than December 31, 2027, NWN shall file with the Commission
22 another detailed depreciation study of its utility property. The depreciation parameters

1 detailed in Stipulation Exhibit “A” Table 1 will be utilized until the effective date of the
2 next depreciation study.

3 16. By entering into this Stipulation, no Stipulating Party approves, admits, or
4 consents to the facts, principles, methods, or theories employed by any other Stipulating
5 Party in arriving at the terms of this Stipulation, other than those specifically identified
6 in the body of this Stipulation. No Stipulating Party shall be deemed to have agreed
7 that any provision of this Stipulation is appropriate for resolving issues in any other
8 proceeding, except as specifically identified in this Stipulation.

9 17. The substantive terms of this Stipulation are not enforceable by any
10 Stipulating Party unless and until adopted by the Commission in a final order. Each
11 Stipulating Party avers that it is signing this Stipulation in good faith and that it intends
12 to abide by the terms of this Stipulation unless and until this Stipulation is rejected or
13 adopted only in part by the Commission. The Stipulating Parties agree that the
14 Commission has exclusive jurisdiction to enforce or modify this Stipulation. If the
15 Commission rejects or modifies this Stipulation, the Stipulating Parties reserve the right
16 to seek reconsideration or rehearing of the Commission order under ORS 756.561 and
17 OAR 860-001-0720 or to appeal the Commission order under ORS 756.610.

18 18. This Stipulation may be executed in counterparts and each signed
19 counterpart shall constitute an original document.

20 This Stipulation is entered into by each Stipulating Party on the date entered below
21 such Stipulating Party’s signature.

STAFF

AWEC

By: /s/Stephanie Andrus

By: /s/ Chad Stokes

Date: 07/25/2022

Date: 07/25/2022

NW NATURAL

By: /s/Eric W. Nelsen

Date: 07/25/2022

NORTHWEST NATURAL GAS COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2020

UM2214		PROBABLE RETIREMENT SURVIVOR		NET SALVAGE	ORIGINAL COST AS OF DECEMBER 31, 2020	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL AMOUNT		COMPOSITE REMAINING LIFE
DEPRECIABLE GROUP		YEAR	CURVE	PERCENT						
(1)		#	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
DEPRECIABLE GAS PLANT										
INTANGIBLE PLANT										
303.10	MISCELLANEOUS INTANGIBLE PLA		15-SQ	0	130,778,162.03	42,277,641	88,500,521	9,317,628	7.12	9.5
303.20	MISCELLANEOUS INTANGIBLE PLA		15-SQ	0	32,409,597.11	32,398,247	11,350	1,513	-	7.5
303.30	MISCELLANEOUS INTANGIBLE PLA		10-SQ	0	4,146,951.00	4,146,951	0	0	-	-
303.40	MISCELLANEOUS INTANGIBLE PLA		5-SQ	0	4,264,625.00	455,690	3,808,935	846,430	19.85	4.5
TOTAL INTANGIBLE PLANT					171,599,335.14	79,278,529	92,320,806	10,165,571	5.92	
OIL GAS FACILITIES										
305.50	STRUCTURES AND IMPROVEMENT		40-S1	(5)	13,156.00	13,814	0	0	-	-
311.70	LIQUEFIED PETROLEUM GAS EQUI		20-L0.5	(5)	4,033.00	8,066	(3,831)	0	-	-
311.80	LIQUEFIED PETROLEUM GAS EQUI		20-L0.5	(5)	4,209.00	6,585	(2,166)	0	-	-
TOTAL OIL GAS FACILITIES					21,398.00	28,465	(5,997)	0	-	
OTHER PRODUCTION FACILITIES										
305.11	STRUCTURES AND IMPROVEMENT		40-S1	(5)	8,320.00	8,736	0	0	-	-
305.17	STRUCTURES AND IMPROVEMENT		40-S1	(5)	46,587.00	51,246	(2,330)	0	-	-
318.30	LIGHT OIL REFINING		45-S2.5	(5)	144,896.00	152,141	0	0	-	-
318.50	TAR PROCESSING		45-S2.5	(5)	243,551.00	255,729	0	0	-	-
319.00	GAS MIXING EQUIPMENT		30-R0.5	(5)	185,448.00	194,720	0	0	-	-
TOTAL OTHER PRODUCTION FACILITIES					628,802.00	662,572	(2,330)	0	-	

NORTHWEST NATURAL GAS COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2020

UM2214	DEPRECIABLE GROUP	PROBABLE RETIREMENT SURVIVOR		NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2020	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL		COMPOSITE REMAINING LIFE
		YEAR #	CURVE (3)					AMOUNT (8)	RATE (9)=(8)/(5)	
	(1)		(3)	(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
UNDERGROUND STORAGE PLANT										
350.20	LAND RIGHTS		70-R4	0	109,624.94	33,571	76,054	1,550	1.41	49.1
351.00	STRUCTURES AND IMPROVEMENT		60-R3	0	8,634,151.05	3,183,307	5,450,844	129,257	1.50	42.2
352.00	WELLS		60-R2	0	48,342,203.61	17,821,376	30,520,828	642,069	1.33	47.5
352.10	STORAGE LEASEHOLDS AND RIGH		65-R3	0	3,939,511.52	1,877,200	2,062,312	48,118	1.22	42.9
352.20	RESERVOIRS		60-R2	0	10,834,054.54	3,993,229	6,840,826	157,415	1.45	43.5
352.30	NONRECOVERABLE GAS		60-R4	0	6,440,889.82	3,760,889	2,680,001	83,608	1.30	32.1
353.00	LINES		55-S2.5	(15)	10,782,441.99	4,162,308	8,237,500	220,699	2.05	37.3
354.10	COMPRESSOR STATION EQUIPMEI		50-R3	(10)	4,154,699.66	3,033,816	1,536,354	68,760	1.65	22.3
354.20	COMPRESSOR STATION EQUIPMEI		50-R3	(10)	4,154,699.00	3,095,469	1,474,700	67,896	1.63	21.7
354.30	COMPRESSOR STATION EQUIPMEI		50-R3	(10)	14,640,514.36	7,466,735	8,637,831	280,918	1.92	30.7
354.40	COMPRESSOR STATION EQUIPMEI		50-R3	(10)	13,664,779.76	6,348,010	8,683,248	267,716	1.96	32.4
354.50	COMPRESSOR STATION EQUIPMEI		50-R3	(10)	3,554,433.18	997,616	2,912,260	73,378	2.06	39.7
354.60	COMPRESSOR STATION EQUIPMEI		50-R3	(10)	260,041.78	36,859	249,187	5,585	2.15	44.6
355.00	MEASURING AND REGULATING EQ		45-S2	(10)	18,671,983.61	7,611,612	12,927,570	421,049	2.25	30.7
356.00	PURIFICATION EQUIPMENT		45-S2.5	(5)	28,182,836.19	329,223	29,262,755	663,643	2.35	44.1
357.00	OTHER EQUIPMENT		35-R4	0	4,659,987.72	1,048,877	3,611,111	117,066	2.51	30.8
TOTAL UNDERGROUND STORAGE PLANT					181,026,852.73	64,800,097	125,163,381	3,248,727	1.79	

NORTHWEST NATURAL GAS COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2020

UM2214		PROBABLE RETIREME		NET SALVAGE		ORIGINAL COST AS OF		BOOK DEPRECIATION		FUTURE ACCRUALS		CALCULATED ANNUAL		COMPOSITE			
DEPRECIABLE GROUP		YEAR	SURVIVOR CURVE	PERCENT		DECEMBER 31, 2020		RESERVE		ACCRAALS		ACCRAAL AMOUNT		ACCRAAL RATE		REMAINING LIFE	
(1)		#	(3)	(4)		(5)		(6)		(7)		(8)		(9)=(8)/(5)		(10)=(7)/(8)	
LOCAL STORAGE PLANT																	
361.00	STRUCTURES AND IMPROVEMENTS																
	LINNTON	#	60-R2.5	*	(5)	10,716,040.15		3,568,422		7,683,420		504,072		4.70		15.2	
	NEWPORT	#	60-R2.5	*	(5)	12,124,670.23		3,667,556		9,063,348		437,238		3.61		20.7	
	OTHER		60-R2.5		(5)	26,757.00		12,839		15,256		414		1.55		36.9	
	TOTAL STRUCTURES AND IMPROVEMENTS					22,867,467.38		7,248,817		16,762,024		941,724		4.12		17.8	
362.00	GAS HOLDERS																
	LINNTON	#	60-R3	*	(20)	4,556,064.35		2,687,761		2,779,516		188,391		4.13		14.8	
	NEWPORT	#	60-R3	*	(20)	5,927,103.82		6,181,983		930,542		52,571		0.89		17.7	
	OTHER		60-R3		(20)	1,600.14		1,266		654		15		0.94		43.6	
	TOTAL GAS HOLDERS					10,484,768.31		8,871,010		3,710,712		240,977		2.30		15.4	
363.10	LIQUEFACTION EQUIPMENT																
	LINNTON	#	55-R2	*	(5)	3,450,201.82		2,737,274		885,438		59,074		1.71		15.0	
	NEWPORT	#	55-R2	*	(5)	15,748,403.83		7,452,351		9,083,473		447,428		2.84		20.3	
	TOTAL LIQUEFACTION EQUIPMENT					19,198,605.65		10,189,625		9,968,911		506,502		2.64		19.7	
363.20	VAPORIZING EQUIPMENT																
	LINNTON	#	40-R4	*	(5)	4,458,618.00		2,493,915		2,187,634		149,696		3.36		14.6	
	NEWPORT	#	40-R4	*	(5)	6,707,648.71		562,843		6,480,188		311,211		4.64		20.8	
	TOTAL VAPORIZING EQUIPMENT					11,166,266.71		3,056,758		8,667,822		460,907		4.13		18.8	
363.30	COMPRESSOR EQUIPMENT																
	LINNTON	#	41-R1.5	*	(5)	180,903.23		154,597		35,351		2,634		1.46		13.4	
	NEWPORT	#	41-R1.5	*	(5)	4,744,494.04		1,486,694		3,495,025		177,120		3.73		19.7	
	TOTAL COMPRESSOR EQUIPMENT					4,925,397.27		1,641,291		3,530,376		179,754		3.65		19.6	
363.40	MEASURING AND REGULATING EQUIPMENT																
	LINNTON	#	50-R4	*	(5)	3,244,884.69		914,115		2,493,014		171,812		5.29		14.5	
	NEWPORT	#	50-R4	*	(5)	10,663,386.23		278,977		10,917,579		512,867		4.81		21.3	
	TOTAL MEASURING AND REGULATING EQUIPMENT					13,908,270.92		1,193,092		13,410,593		684,679		4.92		19.6	
363.50	CNG REFUELING FACILITIES		31-R3		(5)	3,051,295.49		1,591,921		1,611,939		79,206		2.60		20.4	
363.60	LNG REFUELING FACILITIES		45-S2.5		(5)	739,473.00		739,473		36,974		1,820		0.25		20.3	
TOTAL LOCAL STORAGE PLANT						86,341,544.73		34,531,987		57,699,351		3,095,569		3.59			

NORTHWEST NATURAL GAS COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2020

UM2214	DEPRECIABLE GROUP	PROBABLE RETIREMENT SURVIVOR		NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2020	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL ACCRUAL		COMPOSITE REMAINING LIFE
		YEAR #	CURVE (3)					AMOUNT (8)	RATE (9)=(8)/(5)	
	(1)			(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
TRANSMISSION PLANT										
365.20	LAND RIGHTS		75-R4	0	6,455,176.86	2,322,594	4,132,583	84,208	1.30	49.1
366.30	STRUCTURES AND IMPROVEMENT		55-R3	0	1,546,072.61	412,870	1,133,203	27,003	1.75	42.0
367.00	MAINS		70-R3	(30)	188,276,558.85	35,068,866	209,690,661	3,404,001	1.81	61.6
367.21	MAINS - NORTH MIST		70-R3	(30)	1,994,582.39	1,245,979	1,346,978	29,066	1.46	46.3
367.22	MAINS - SOUTH MIST		70-R3	(30)	14,949,264.00	11,490,417	7,943,626	195,623	1.31	40.6
367.23	MAINS - SOUTH MIST		70-R3	(30)	34,881,341.36	15,930,670	29,415,074	590,355	1.69	49.8
367.24	MAINS - 11.7M S MIST		70-R3	(30)	17,466,181.89	6,835,289	15,870,747	298,659	1.71	53.1
367.25	MAINS - 12M NORTH S MIST		70-R3	(30)	18,613,651.15	6,984,265	17,213,481	321,303	1.73	53.6
367.26	MAINS - 38M NORTH S MIST		70-R3	(30)	68,232,675.58	25,782,091	62,920,387	1,174,836	1.72	53.6
368.00	COMPRESSOR STATION EQUIPMEI		45-R3	(5)	7,723,454.21	2,884,478	5,225,149	158,338	2.05	33.0
369.00	MEASURING AND REGULATING EQ		50-R2.5	(10)	3,969,550.28	1,823,192	2,543,313	71,661	1.81	35.5
TOTAL TRANSMISSION PLANT					364,108,509.18	110,780,711	357,435,202	6,355,053	1.75	
DISTRIBUTION PLANT										
374.20	LAND RIGHTS		75-R3	0	1,886,180.64	1,702,286	183,895	3,079	0.16	59.7
375.00	STRUCTURES AND IMPROVEMENT		35-S0	0	1,519,558.28	135,155	1,384,403	53,310	3.51	26.0
376.11	MAINS - HP 4" AND LESS		70-R3	(55)	658,475,597.80	357,154,000	663,483,177	12,886,185	1.96	51.5
376.12	MAINS - HP 4" AND OVER		70-R3	(55)	665,678,335.92	257,577,034	774,224,387	14,227,701	2.14	54.4
377.00	COMPRESSOR STATION EQUIPMEI		35-S2	(5)	818,380.00	688,761	170,538	9,115	1.11	18.7
378.00	MEASURING AND REGULATING ST.		55-R2.5	(25)	41,139,658.95	13,074,028	38,350,546	907,949	2.21	42.2
379.00	MEASURING AND REGULATING ST.		50-R2	(25)	18,110,616.93	3,212,848	19,425,423	423,933	2.34	45.8
380.00	SERVICES		65-R2	(99)	875,426,720.52	444,534,925	1,297,564,249	26,004,435	2.97	49.9
381.00	METERS		33-R1	0	106,548,353.39	22,306,515	84,241,838	3,749,285	3.52	22.5
381.10	METERS - ELECTRIC		16-S4	0	1,696,938.46	1,386,751	310,187	36,445	2.15	8.5
381.20	METERS - ERT		18-R2	0	43,676,207.05	19,996,313	23,679,894	2,260,193	5.17	10.5
382.00	METER INSTALLATIONS		32-S0.5	0	64,212,622.94	4,154,436	60,058,187	3,691,350	5.75	16.3
382.10	METER INSTALLATIONS - ELECTRIC		14-L3	0	481,019.77	162,824	318,196	51,075	10.62	6.2
382.20	METER INSTALLATIONS - ERT		20-R2	0	9,174,695.76	6,045,561	3,129,135	283,193	3.09	11.0
383.00	HOUSE REGULATORS		40-S2	0	2,553,747.52	467,032	2,086,716	62,330	2.44	33.5
386.00	OTHER PROPERTY ON CUSTOMER		10-S6	0	1,162,110.41	388,027	774,083	119,090	10.25	6.5
387.10	OTHER EQUIPMENT - CATHODIC P		30-S3	0	173,858.98	146,273	27,586	1,693	0.97	16.3
387.20	OTHER EQUIPMENT - CALORIMETER		23-S0.5	0	96,424.00	96,424	0	0	-	-
387.30	OTHER EQUIPMENT - METER TEST		25-S4	0	72,671.00	72,671	0	0	-	-
TOTAL DISTRIBUTION PLANT					2,492,903,698.32	1,133,301,864	2,969,412,440	64,770,361	2.60	

NORTHWEST NATURAL GAS COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2020

UM2214		PROBABLE RETIREMENT SURVIVOR		NET	ORIGINAL COST	BOOK	CALCULATED ANNUAL		COMPOSITE	
DEPRECIABLE GROUP		YEAR	CURVE	SALVAGE PERCENT	AS OF DECEMBER 31, 2020	DEPRECIATION RESERVE	FUTURE ACCRUALS	ACCRUAL AMOUNT	ACCRUAL RATE	REMAINING LIFE
(1)		#	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
GENERAL PLANT										
390.00	STRUCTURES AND IMPROVEMENT		48-S0	(5)	76,076,719.92	15,137,283	64,743,273	1,596,868	2.10	40.5
390.10	STRUCTURES AND IMPROVEMENT		48-S0	(5)	21,288,272.24	6,048,763	16,303,923	388,018	1.82	42.0
391.10	OFFICE FURNITURE AND EQUIPME		20-SQ	0	17,096,600.38	4,023,370	13,073,230	855,517	5.00	15.3
391.20	OFFICE FURNITURE AND EQUIPME		5-SQ	0	54,361,086.44	20,496,560	33,864,526	10,872,979	20.00	3.1
392.00	TRANSPORTATION EQUIPMENT		13-L2	15	54,519,109.80	14,675,021	31,666,222	3,681,303	6.75	8.6
393.00	STORES EQUIPMENT		FULLY ACCRUED		119,406.00	119,406	0	0	-	-
394.00	TOOLS, SHOP AND GARAGE EQUIF		25-SQ	0	16,925,338.80	5,180,775	11,744,564	677,012	4.00	17.3
396.00	POWER OPERATED EQUIPMENT		17-L1.5	24	14,021,593.89	2,966,394	7,690,017	611,810	4.36	12.6
397.00	COMMUNICATION EQUIPMENT		15-SQ	0	67,400.78	45,230	22,171	4,494	6.67	4.9
397.10	COMMUNICATION EQUIPMENT - M		10-SQ	0	4,256,889.70	640,080	3,616,810	425,688	10.00	8.5
397.20	COMMUNICATION EQUIPMENT - N		15-SQ	0	9,957.65	4,980	4,978	664	6.67	7.5
397.30	COMMUNICATION EQUIPMENT - T		15-SQ	0	6,759,709.02	1,343,445	5,416,264	450,853	6.67	12.0
397.40	COMMUNICATION EQUIPMENT - T		15-SQ	0	5,723,453.25	1,066,715	4,656,738	382,030	6.67	12.2
397.50	COMMUNICATION EQUIPMENT - T		10-SQ	0	490,766.50	339,930	150,836	49,076	10.00	3.1
398.10	MISCELLANEOUS EQUIPMENT - P		15-SQ	0	4,359.31	3,342	1,017	291	6.67	3.5
398.20	MISCELLANEOUS EQUIPMENT - K		15-SQ	0	28,864.84	9,505	19,360	1,924	6.67	10.1
398.30	MISCELLANEOUS EQUIPMENT - J		FULLY ACCRUED		14,873.00	14,873	0	0	-	-
398.40	MISCELLANEOUS EQUIPMENT - L		FULLY ACCRUED		10,120.00	10,120	0	0	-	-
398.50	MISCELLANEOUS EQUIPMENT - O		FULLY ACCRUED		66,739.00	66,739	0	0	-	-
TOTAL GENERAL PLANT					271,841,260.52	72,192,531	192,973,929	19,998,527	7.36	

NORTHWEST NATURAL GAS COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2020

UM2214	DEPRECIABLE GROUP	PROBABLE RETIREMENT SURVIVOR		NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2020	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE
		YEAR	CURVE					ACCRUAL AMOUNT	ACCRUAL RATE	
	(1)	#	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
RESERVE ADJUSTMENT FOR AMORTIZATION										
391.10	OFFICE FURNITURE AND EQUIPMENT					1,979,631		(395,926)	**	
391.20	OFFICE FURNITURE AND EQUIPMENT - COMPUTERS					1,887,272		(377,454)	**	
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT					843,257		(168,651)	**	
395.00	LABORATORY EQUIPMENT					(22)		4	**	
397.00	COMMUNICATION EQUIPMENT					(4,236)		847	**	
397.10	COMMUNICATION EQUIPMENT - MOBILE					(34,713)		6,943	**	
397.20	COMMUNICATION EQUIPMENT - NON-MOBILE AND TELEMETER					(32,872)		6,574	**	
397.30	COMMUNICATION EQUIPMENT - TELEMETER OTHER					(560,130)		112,026	**	
397.40	COMMUNICATION EQUIPMENT - TELEMETER MICROWAVE					(298,740)		59,748	**	
397.50	COMMUNICATION EQUIPMENT - TELEPHONE					131,075		(26,215)	**	
398.10	MISCELLANEOUS EQUIPMENT - PRINT SHOP					(53)		11	**	
398.20	MISCELLANEOUS EQUIPMENT - KITCHEN					(1,747)		349	**	
TOTAL RESERVE ADJUSTMENT FOR AMORTIZATION						3,908,722		(781,744)		
TOTAL DEPRECIABLE GAS PLANT					3,568,471,400.62	1,499,485,478	3,794,996,782	106,852,064	2.99	

NORTHWEST NATURAL GAS COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2020

UM2214	DEPRECIABLE GROUP	PROBABLE RETIREMENT SURVIVOR		NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2020	BOOK DEPRECIATION RESERVE	FUTURE ACCRUALS	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE
		YEAR	CURVE					ACCRUAL AMOUNT	ACCRUAL RATE	
	(1)	#	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
NONDEPRECIABLE GAS PLANT										
301.00	ORGANIZATION				1,174.00					
302.00	FRANCHISES AND CONSENTS				83,621.00					
304.10	LAND				24,998.00					
350.10	LAND				106,549.00					
360.11	LAND - LNG LINNTON				83,598.00					
360.12	LAND - LNG NEWPORT				536,675.00					
360.20	LAND - OTHER				106,557.00					
365.10	LAND				1,015,597.00					
374.10	LAND				211,692.00					
389.00	LAND				13,063,368.00	437,351				
	ROU UTILITY LEASE					8,415,272				
	FIN UTILITY LEASE					28,977				
TOTAL NONDEPRECIABLE GAS PLANT					15,233,829.00	8,881,600				
TOTAL GAS PLANT IN SERVICE					3,583,705,229.62	1,508,367,078				

* INDICATES INTERIM SURVIVOR CURVE. EACH UNIT HAS A UNIQUE TERMINAL DATE.

** 5 YEAR AMORTIZATION OF RESERVE RELATED TO AMORTIZATION ACCOUNTING.