

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2312

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, DBA NW NATURAL,

Updated Depreciation Study.

ORDER

DISPOSITION: STIPULATION ADOPTED

**I. 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 No. UG 490, NW Natural's pending request for a general rate revision, subject to a Commission decision in those proceedings.<sup>1</sup>

**II. INTRODUCTION AND PROCEDURAL HISTORY**

On January 2, 2024, NW Natural filed an updated depreciation study of its gas plant in service as of December 31, 2022. The depreciation study showed an annual depreciation expense of \$158.2 million, representing an increase of approximately \$40.8 million from the company's current depreciation rates. In its filing, NW Natural requested to change its depreciation rates effective November 1, 2024, representing two years since its last depreciation rates became effective on November 1, 2022.

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 (Staff, AWEC, and NW Natural) reached an agreement resolving all issues. The stipulating parties filed a

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<sup>1</sup> On July 24, 2024, the parties in Docket No. UG 490 submitted a partial stipulation addressing the revenue requirement, which incorporated the results of the stipulation in this docket.

stipulation and joint supporting testimony on July 1, 2024. CUB takes no position on the stipulation. The stipulation is attached as Appendix A.

### **III. 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 average service lives for each depreciation group. Staff analyzed 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.

AWEC also performed a detailed review of the depreciation study, noting that changes to the depreciation rates as proposed are a key driver of the rate increases requested by NW Natural in its pending general rate case (GRC), Docket No. UG 490. 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 \$135.49 million, an approximate \$22.71 million decrease from the annual depreciation expense proposed in NW Natural's initial filing. The overall composite depreciation rate for total depreciable utility gas plant is 3.35 percent, compared to the company's originally proposed 3.91 percent. NW Natural agrees to use the revised depreciation rates, as presented in the stipulation, as the basis for its depreciation rates effective November 1, 2024, in the company's pending GRC. NW Natural also will simultaneously update its depreciation rates on its books when new retail rates are effective following the GRC. 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 January 2, 2029.

### **IV. 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. The stipulating parties agreed to implement the revised depreciation rates effective November 1, 2024, subject to a Commission decision in NW Natural's GRC.

In Order No. 22-322, NW Natural's prior depreciation study, we requested that the company include testimony in its next depreciation filing to address accelerated depreciation or other adjustments to asset depreciation schedules as a possible tool to mitigate uncertainty about decarbonization pathways and manage potential future risks to customers.<sup>2</sup> In its filing, NW Natural states that to be responsive to the Commission's directive, the company filed this depreciation study now, rather than wait until 2027. NW Natural explains that updating its depreciation rates now to reflect the actual operations and depreciable lives of the assets on its system will enable the company to "begin [] discuss[ing] the justifications for, and impacts of, accelerated depreciation."<sup>3</sup> NW Natural states that it is not proposing accelerated depreciation in this study due to the near term rate pressure of increasing depreciation expense in this filing to reflect the useful lives of its assets but is open to a discussion in a future proceeding. We appreciate NW Natural's responsiveness and anticipate continuing to address this issue in the company's next depreciation rate filing. Accordingly, we reiterate our directive for the company to include testimony addressing this topic with its next depreciation study filing.

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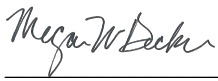
<sup>2</sup> *In the Matter of Northwest Natural Gas Company, dba NW Natural, Updated Depreciation Study*, Docket No. UM 2214, Order No. 22-322 at 3 (Sep 7, 2022).

**V. ORDER**

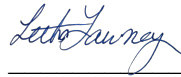
IT IS ORDERED that:

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 1, 2024, 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 in the company's pending general rate case in Docket No. UG 490.

Made, entered, and effective Aug 29, 2024.



**Megan W. Decker**  
Chair



**Letha Tawney**  
Commissioner



**Les Perkins**  
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 2312**

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba, NW NATURAL

Updated Depreciation Study

**STIPULATION**

1           This Stipulation resolves all issues among all parties to this docket related to  
2 Northwest Natural Gas Company dba NW Natural's ("NW Natural" or "Company")  
3 Updated Depreciation Study ("Depreciation Study") filed with the Commission in  
4 docket UM 2312 on January 2, 2024.

**PARTIES**

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

**BACKGROUND**

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14           2. On January 2, 2024, NW Natural filed with the Public Utility Commission  
15 of Oregon ("Commission") the updated Depreciation Study of its gas plant in service  
16 as of December 31, 2022. ORS 757.140 requires each public utility to carry a proper

1 and adequate depreciation account, and to conform its depreciation accounts to the  
2 rates so ascertained and determined by the Commission. The Commission may  
3 make changes in such rates of depreciation from time to time as the Commission  
4 may find necessary. The purpose of the Depreciation Study is to determine the  
5 annual depreciation accrual rates and amounts for accounting and ratemaking  
6 purposes. The Depreciation Study included descriptions of the methods used in the  
7 estimation of depreciation, the summary of annual depreciation accrual rates, the  
8 statistical support for the life and net salvage estimates, and the detailed tabulations  
9 of annual depreciation (“depreciation rates”).

10 3. The Depreciation Study set forth an annual system depreciation  
11 expense of \$158.2 million when applied to depreciable plant balances as of  
12 December 31, 2022, which reflected an approximate \$40.8 million increase to NW  
13 Natural’s annual depreciation expense.

14 4. On June 10 and 14, 2024, NW Natural, Staff, AWEC and CUB  
15 participated in settlement conferences. The discussions resulted in a settlement  
16 among the Stipulating Parties. The Stipulating Parties agree that the depreciation  
17 rates agreed to in this Stipulation will result in an annual depreciation expense of  
18 approximately \$135.49 million, resulting in an approximate \$22.71 million decrease  
19 from the annual depreciation expense proposed in the Depreciation Study. Attached  
20 Stipulation Exhibit “A” Table 1 includes a complete list of all NW Natural depreciation  
21 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 490). NW Natural will simultaneously update its depreciation rates on its books when new retail rates are effective following the UG 490 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.

11. This Stipulation will be offered into the record as evidence pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation

1 throughout this proceeding and any appeal, provide witnesses to sponsor this  
2 Stipulation at hearing, and recommend that the Commission issue an order adopting  
3 this Stipulation. The Stipulating Parties also agree to cooperate in drafting and  
4 submitting joint testimony or a brief in support of this Stipulation in accordance with  
5 OAR 860-001-0350(7).

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

12 13. The revised depreciation rates should be implemented on the effective  
13 date of NW Natural's pending general rate request in docket UG 490, currently  
14 expected to be November 1, 2024.

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

20 15. No later than January 2, 2029, five years from the filing date of this UM  
21 2312, NW Natural shall file with the Commission another detailed depreciation study  
22 of its utility property. The depreciation parameters detailed in Stipulation Exhibit "A"  
23 Table 1 will be utilized until the effective date of the next depreciation study.



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

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

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  
21 below such Stipulating Party's signature.

STAFF

AWEC

By: /s/ Stephanie Andrus

By: /s/ Chad Stokes

Date: July 1, 2024

Date: July 1, 2024

NW NATURAL

By: /s/ Eric W. Nelsen

Date: July 1, 2024

## Stipulation Exhibit “A” Table 1 Summary of Depreciation

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, 2022

DEPRECIABLE GROUP (1)	PROBABLE RETIREMENT YEAR (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2022 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	CALCULATED ANNUAL ACCRUAL AMOUNT (8)	COMPOSITE REMAINING LIFE (10)=(7)/(8)
<b>DEPRECIABLE GAS PLANT</b>								
<b>INTANGIBLE PLANT</b>								
303.10 MISCELLANEOUS INTANGIBLE PLANT - SOFTWARE		15-SQ	0	116,460,286.78	22,267,386	94,192,901	8,794,660	7.55
303.11 MISCELLANEOUS INTANGIBLE PLANT - HORIZON		10-SQ	0	47,100,838.00	813,380	46,287,458	4,872,364	10.34
303.12 MISCELLANEOUS INTANGIBLE PLANT - SECURITY DIRECTIVE		10-SQ	0	6,653,764.00	221,249	6,432,515	677,107	9.5
303.20 MISCELLANEOUS INTANGIBLE PLANT - CUSTOMER INFORMATION SYSTEM		15-SQ	0	32,409,597.11	32,398,798	10,799	1,661	0.01
303.30 MISCELLANEOUS INTANGIBLE PLANT - INDUSTRIAL AND COMMERCIAL		10-SQ	0	4,146,951.00	4,146,951	0	0	-
303.70 MISCELLANEOUS INTANGIBLE PLANT - CRMS		5-SQ	0	15,263,454.19	5,820,631	9,442,823	2,684,448	17.59
303.71 MISCELLANEOUS INTANGIBLE PLANT - CLOUD-BASED SOFTWARE HORIZON		10-SQ	0	23,987,694.00	793,126	23,194,568	2,441,533	10.18
303.72 MISCELLANEOUS INTANGIBLE PLANT - CLOUD-BASED SOFTWARE TSA SECURITY DIRECTIVE		5-SQ	0	2,507,817.63	0	2,507,818	557,293	22.22
<b>TOTAL INTANGIBLE PLANT</b>				<b>248,530,402.71</b>	<b>66,461,721</b>	<b>182,068,682</b>	<b>20,029,066</b>	<b>8.06</b>
<b>OIL GAS FACILITIES</b>								
305.50 STRUCTURES AND IMPROVEMENTS - OTHER		40-S1	(5)	13,156.00	13,814	0	0	-
311.70 LIQUEFIED PETROLEUM GAS EQUIPMENT		20-L0.5	(5)	4,033.00	8,066	(3,831)	0	-
311.80 LIQUEFIED PETROLEUM GAS EQUIPMENT		20-L0.5	(5)	4,209.00	6,585	(2,166)	0	-
<b>TOTAL OIL GAS FACILITIES</b>				<b>21,398.00</b>	<b>28,465</b>	<b>(5,997)</b>	<b>0</b>	<b>-</b>
<b>OTHER PRODUCTION FACILITIES</b>								
305.11 STRUCTURES AND IMPROVEMENTS - GAS PRODUCTION		40-S1	(5)	8,320.00	8,736	0	0	-
305.17 STRUCTURES AND IMPROVEMENTS - MIXING STATION		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	-
<b>TOTAL OTHER PRODUCTION FACILITIES</b>				<b>628,802.00</b>	<b>662,572</b>	<b>(2,330)</b>	<b>0</b>	<b>-</b>
<b>UNDERGROUND STORAGE PLANT</b>								
350.20 LAND RIGHTS		70-R4	0	109,624.94	36,703	72,922	1,547	1.41
351.00 STRUCTURES AND IMPROVEMENTS		60-R3	0	9,151,549.93	3,451,565	5,699,985	137,196	1.50
352.00 WELLS		50-S3	0	57,617,342.25	19,349,053	38,268,289	1,080,688	1.88
352.10 STORAGE LEASEHOLDS AND RIGHTS		55-S2.5	0	3,939,511.52	2,005,825	1,933,687	63,530	1.61
352.20 RESERVOIRS		55-S2.5	0	10,834,054.54	4,363,031	6,471,024	189,171	1.75
352.30 NONRECOVERABLE GAS		60-R4	0	6,440,889.82	3,961,845	2,479,045	81,957	1.27
353.00 LINES		55-S2.5	(15)	12,135,600.15	4,628,445	9,327,495	247,119	2.04
354.10 COMPRESSOR STATION EQUIPMENT - TURBINE 1		50-R3	(10)	4,154,699.66	2,400,497	2,169,673	104,583	2.52
354.20 COMPRESSOR STATION EQUIPMENT - TURBINE 2		50-R3	(10)	4,154,699.00	2,445,528	2,124,841	105,076	2.53
354.30 COMPRESSOR STATION EQUIPMENT - TURBINE 3		50-R3	(10)	14,640,514.36	6,099,608	10,004,958	348,508	2.37
354.40 COMPRESSOR STATION EQUIPMENT - TURBINE 4		50-R3	(10)	16,399,249.42	5,262,814	12,776,360	380,506	2.32
354.50 COMPRESSOR STATION EQUIPMENT - TURBINE 5		50-R3	(10)	3,739,476.97	880,290	3,233,135	85,291	2.28
354.60 COMPRESSOR STATION EQUIPMENT - TURBINE 6		50-R3	(10)	260,041.78	37,572	248,474	5,820	2.24
355.00 MEASURING AND REGULATING EQUIPMENT		45-S2	(10)	37,208,515.78	8,739,540	32,189,827	888,636	2.39
356.00 PURIFICATION EQUIPMENT		45-S2.5	(5)	28,809,985.05	1,156,666	29,093,818	690,858	2.40
357.00 OTHER EQUIPMENT		35-R4	0	5,281,772.21	1,272,416	3,989,356	137,398	2.61
<b>TOTAL UNDERGROUND STORAGE PLANT</b>				<b>214,857,527.38</b>	<b>66,091,398</b>	<b>160,082,689</b>	<b>4,545,886</b>	<b>2.12</b>

ORDER NO.

24-302

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, 2022

		DEPRECIABLE GROUP									
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(8)/(5)	(10)=(7)/(8)
LOCAL STORAGE PLANT											
361.00	STRUCTURES AND IMPROVEMENTS										
	LINNTON	06-2036	60-R2.5	*	(5)	12,254,779.35	4,431,605	8,435,913	634,063	5.17	13.3
	NEWPORT	06-2042	60-R2.5	*	(5)	12,196,541.26	4,708,351	8,098,017	429,910	3.52	18.8
	OTHER		60-R2.5		(5)	26,757.00	13,776	14,319	404	1.51	35.4
	TOTAL STRUCTURES AND IMPROVEMENTS					24,478,077.61	9,153,732	16,548,249	1,064,377	4.35	15.6
362.00	GAS HOLDERS										
	LINNTON	06-2036	60-R3	*	(20)	4,556,064.35	2,934,624	2,532,653	197,638	4.34	12.8
	NEWPORT	06-2042	60-R3	*	(20)	5,927,103.82	6,422,031	690,494	42,580	0.72	16.2
	OTHER		60-R3		(20)	1,600.14	1,297	623	15	0.94	41.5
	TOTAL GAS HOLDERS					10,484,768.31	9,357,952	3,223,770	240,233	2.29	13.4
363.10	LIQUEFACTION EQUIPMENT										
	LINNTON	06-2036	55-R2	*	(5)	3,911,724.33	2,839,591	1,267,720	96,611	2.47	13.1
	NEWPORT	06-2042	55-R2	*	(5)	22,533,332.49	7,757,409	15,902,590	858,897	3.81	18.5
	TOTAL LIQUEFACTION EQUIPMENT					26,445,056.82	10,597,000	17,170,310	955,508	3.61	18.0
363.20	VAPORIZING EQUIPMENT										
	LINNTON	06-2036	40-R4	*	(5)	4,458,618.00	2,557,302	2,124,247	177,740	3.99	12.0
	NEWPORT	06-2042	40-R4	*	(5)	6,718,208.96	995,368	6,058,751	321,164	4.78	18.9
	TOTAL VAPORIZING EQUIPMENT					11,176,826.96	3,552,670	8,182,998	498,904	4.46	16.4
363.30	COMPRESSOR EQUIPMENT										
	LINNTON	06-2036	35-R1.5	*	(5)	412,186.22	212,017	220,779	17,115	4.15	12.9
	NEWPORT	06-2042	35-R1.5	*	(5)	5,578,397.69	2,252,798	3,604,520	204,833	3.67	17.6
	TOTAL COMPRESSOR EQUIPMENT					5,990,583.91	2,464,815	3,825,299	221,948	3.70	17.2
363.40	MEASURING AND REGULATING EQUIPMENT										
	LINNTON	06-2036	50-R4	*	(5)	5,494,974.35	1,190,349	4,579,374	353,632	6.44	12.9
	NEWPORT	06-2042	50-R4	*	(5)	14,186,433.04	418,832	14,476,923	748,428	5.28	19.3
	TOTAL MEASURING AND REGULATING EQUIPMENT					19,681,407.39	1,609,181	19,056,297	1,102,060	5.60	17.3
363.50	CNG REFUELING FACILITIES		31-R3		(5)	3,051,295.49	1,751,707	1,452,153	77,148	2.53	18.8
363.60	LNG REFUELING FACILITIES		45-S2.5		(5)	739,473.00	740,065	36,382	1,932	0.26	18.8
	TOTAL LOCAL STORAGE PLANT					102,047,489.49	39,227,122	69,495,458	4,162,110	4.08	
TRANSMISSION PLANT											
365.20	LAND RIGHTS		75-R4		0	6,455,176.86	2,516,465	3,938,712	83,184	1.29	47.3
366.30	STRUCTURES AND IMPROVEMENTS		55-R3		0	1,546,072.61	466,982	1,079,091	26,854	1.74	40.2
367.00	MAINS		70-R3		(40)	219,580,954.30	42,473,126	264,940,210	4,360,905	1.99	60.8
367.21	MAINS - NORTH MIST		70-R3		(40)	1,994,582.39	1,313,728	1,478,687	32,812	1.65	45.1
367.22	MAINS - SOUTH MIST		70-R3		(40)	14,949,264.00	11,958,827	8,970,143	230,497	1.54	38.9
367.23	MAINS - SOUTH MIST		70-R3		(40)	34,881,341.36	17,269,532	31,564,346	657,160	1.88	48.0
367.24	MAINS - 11.7M S MIST		70-R3		(40)	17,466,161.89	7,506,282	16,946,373	330,403	1.89	51.3
367.25	MAINS - 12M NORTH S MIST		70-R3		(40)	18,613,651.15	7,703,372	18,355,740	354,915	1.91	51.7
367.26	MAINS - 38M NORTH S MIST		70-R3		(40)	66,232,675.58	28,417,009	67,108,737	1,298,108	1.90	51.7
368.00	COMPRESSOR STATION EQUIPMENT		45-R3		(5)	7,723,454.21	3,215,299	4,894,328	157,020	2.03	31.2
369.00	MEASURING AND REGULATING EQUIPMENT		50-R2.5		(10)	3,969,550.28	1,990,173	2,376,332	58,086	1.46	40.9
	TOTAL TRANSMISSION PLANT					395,412,904.63	124,830,795	421,652,699	7,589,944	1.92	

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, 2022

DEPRECIABLE GROUP (1)	PROBABLE RETIREMENT YEAR (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2022 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	CALCULATED ANNUAL ACCRUAL RATE (9)=(8)/(5)		COMPOSITE REMAINING LIFE (10)=(7)/(8)
							AMOUNT (8)		
DISTRIBUTION PLANT									
374.20 LAND RIGHTS		75-R3	0	1,886,180.64	1,722,154	164,027	2,498	0.13	65.7
375.00 STRUCTURES AND IMPROVEMENTS		35-S0	0	1,519,558.28	183,826	1,335,732	57,132	3.76	23.4
376.11 MAINS - HP 4" AND LESS		67-R3	(65)	703,204,530.08	386,134,235	774,153,240	16,348,003	2.32	47.4
376.12 MAINS - HP 4" AND OVER		67-R3	(65)	752,871,136.38	285,873,611	956,363,764	18,756,292	2.49	51.0
377.00 COMPRESSOR STATION EQUIPMENT		30-S3	(5)	818,380.00	710,080	149,219	12,808	1.57	11.7
378.00 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL		55-R2.5	(25)	49,852,298.35	15,051,134	47,264,239	1,086,633	2.18	43.5
379.00 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE		50-R2	(25)	21,362,517.65	4,057,325	22,645,822	507,268	2.37	44.6
380.00 SERVICES		65-R1.5	(100)	954,703,727.69	470,394,277	1,439,013,178	28,217,660	2.96	51.0
381.00 METERS		30-L1	0	113,008,940.35	19,526,342	93,482,598	4,447,427	3.94	21.0
381.00 METERS - ELECTRIC		16-S4	0	1,696,938.46	1,425,093	271,845	36,150	2.13	7.5
381.20 METERS - ERT		15-R0.5	0	40,620,035.75	16,825,416	23,794,620	2,765,502	6.81	8.6
382.00 METER INSTALLATIONS		26-L1	0	63,039,649.54	4,657,901	58,381,749	3,856,770	6.12	15.1
382.10 METER INSTALLATIONS - ELECTRIC		15-L3	0	481,019.77	247,267	233,753	40,026	8.32	5.8
382.20 METER INSTALLATIONS - ERT		20-L4	0	12,014,009.73	6,187,216	5,826,794	488,830	4.07	11.9
383.00 HOUSE REGULATORS		35-S2	0	2,820,768.52	622,862	2,197,907	80,662	2.86	27.2
386.00 OTHER PROPERTY ON CUSTOMERS' PREMISES		10-S6	0	1,162,110.41	634,047	528,063	117,347	10.10	4.5
387.10 OTHER EQUIPMENT - CATHODIC PROTECTION TESTING		30-S3	0	173,858.98	149,168	24,691	1,710	0.98	14.4
387.20 OTHER EQUIPMENT - CALORIMETERS AT GATE STATION		23-S0.5	0	96,424.00	96,424	0	0	-	-
387.30 OTHER EQUIPMENT - METER TESTING EQUIPMENT		25-S4	0	72,671.00	72,671	0	0	-	-
TOTAL DISTRIBUTION PLANT				2,721,404,755.58	1,214,571,049	3,425,831,241	76,822,718	2.82	
GENERAL PLANT									
390.00 STRUCTURES AND IMPROVEMENTS		48-S0	(5)	135,703,280.39	18,819,682	123,668,762	2,895,955	2.13	42.7
390.10 STRUCTURES AND IMPROVEMENTS - SOURCE CONTROL PLANT		48-S0	(5)	23,033,564.87	7,007,847	17,177,396	420,545	1.83	40.8
391.10 OFFICE FURNITURE AND EQUIPMENT		20-SQ	0	17,962,724.22	5,451,054	12,511,670	897,344	5.00	13.9
391.20 OFFICE FURNITURE AND EQUIPMENT - COMPUTERS		5-SQ	0	44,259,126.85	24,520,664	19,738,463	8,849,891	20.00	2.2
391.21 OFFICE FURNITURE AND EQUIPMENT - COMPUTERS HORIZON		10-SQ	0	2,198,614.00	109,931	2,088,683	219,861	10.00	9.5
391.22 OFFICE FURNITURE AND EQUIPMENT - COMPUTERS TSA SECURITY DIRECTIVE		10-SQ	0	24,886,345.00	1,245,315	23,641,030	2,468,529	10.00	9.5
392.00 TRANSPORTATION EQUIPMENT		13-L2	15	57,491,560.78	18,993,988	29,873,839	3,339,066	5.81	8.9
393.00 STORES EQUIPMENT		FULLY ACCRUED		119,406.00	119,406	0	0	-	-
394.00 TOOLS, SHOP AND GARAGE EQUIPMENT		25-SQ	0	18,690,183.15	6,616,238	12,073,945	747,605	4.00	16.2
396.00 POWER OPERATED EQUIPMENT		15-L1.5	20	16,114,047.55	3,027,114	9,864,124	893,114	5.54	11.0
397.00 COMMUNICATION EQUIPMENT		15-SQ	0	49,718.14	31,488	18,230	3,315	6.67	5.5
397.10 COMMUNICATION EQUIPMENT - MOBILE		10-SQ	0	4,286,109.04	1,495,841	2,790,268	428,610	10.00	6.5
397.20 COMMUNICATION EQUIPMENT - NON-MOBILE AND TELEMETER		15-SQ	0	9,957.65	6,306	3,652	664	6.67	5.5
397.30 COMMUNICATION EQUIPMENT - TELEMETER OTHER		15-SQ	0	11,912,893.50	2,476,276	9,436,618	794,196	6.67	11.9
397.40 COMMUNICATION EQUIPMENT - TELEPHONE		15-SQ	0	5,969,596.82	1,722,641	4,246,956	398,156	6.67	10.7
397.50 COMMUNICATION EQUIPMENT - TELEPHONE		10-SQ	0	340,671.19	280,126	60,545	34,067	10.00	1.8
398.10 MISCELLANEOUS EQUIPMENT - PRINT SHOP		15-SQ	0	4,359.31	3,633	726	290	6.67	2.5
398.20 MISCELLANEOUS EQUIPMENT - KITCHEN		15-SQ	0	28,864.84	13,352	15,513	1,924	6.67	8.1
398.30 MISCELLANEOUS EQUIPMENT - JANITORIAL		FULLY ACCRUED		14,873.00	14,873	0	0	-	-
398.40 MISCELLANEOUS EQUIPMENT - LEASED BUILDINGS		FULLY ACCRUED		10,120.00	10,120	0	0	-	-
398.50 MISCELLANEOUS EQUIPMENT - OTHER		FULLY ACCRUED		66,739.00	66,739	0	0	-	-
TOTAL GENERAL PLANT				363,152,755.30	92,032,634	267,210,420	22,413,132	6.17	

ORDER NO.

24-302

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, 2022

DEPRECIABLE GROUP (1)	PROBABLE RETIREMENT YEAR (2)	SURVIVOR CURVE (3)	NET SALVAGE PERCENT (4)	ORIGINAL COST AS OF DECEMBER 31, 2022 (5)	BOOK DEPRECIATION RESERVE (6)	FUTURE ACCRUALS (7)	CALCULATED ANNUAL ACCRUAL AMOUNT (8)	COMPOSITE REMAINING LIFE (10)=(7)/(8)
<b>RESERVE ADJUSTMENT FOR AMORTIZATION</b>								
391.10 OFFICE FURNITURE AND EQUIPMENT					1,598,555		(339,711)	**
391.20 OFFICE FURNITURE AND EQUIPMENT - COMPUTERS					(1,045,429)		209,086	**
391.21 OFFICE FURNITURE AND EQUIPMENT - COMPUTERS HORIZON					(1,129)		226	**
391.22 OFFICE FURNITURE AND EQUIPMENT - COMPUTERS TSA SECURITY DIRECTIVE					(180,969)		36,194	**
394.00 TOOLS, SHOP AND GARAGE EQUIPMENT					681,126		(136,225)	**
395.00 LABORATORY EQUIPMENT					(39)		8	**
397.00 COMMUNICATION EQUIPMENT					5,096		(1,019)	**
397.10 COMMUNICATION EQUIPMENT - MOBILE					(90,729)		18,146	**
397.20 COMMUNICATION EQUIPMENT - NON-MOBILE AND TELEMETER					(65,129)		13,026	**
397.30 COMMUNICATION EQUIPMENT - TELEMETER OTHER					(426,912)		85,382	**
397.40 COMMUNICATION EQUIPMENT - TELEMETER MICROWAVE					(329,456)		65,881	**
397.50 COMMUNICATION EQUIPMENT - TELEPHONE					77,743		(15,549)	**
398.10 MISCELLANEOUS EQUIPMENT - PRINT SHOP					(1,246)		250	**
398.20 MISCELLANEOUS EQUIPMENT - KITCHEN					(1,093)		219	**
<b>TOTAL RESERVE ADJUSTMENT FOR AMORTIZATION</b>					<b>320,387</b>		<b>(64,076)</b>	
<b>TOTAL DEPRECIABLE GAS PLANT</b>				<b>4,046,056,035.09</b>	<b>1,604,226,143</b>	<b>4,526,332,862</b>	<b>135,498,780</b>	<b>3.35</b>
<b>NONDEPRECIABLE GAS PLANT</b>								
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 LINNONTON				83,598.00				
360.12 LAND - LNG NEWPORT				536,433.00	(242)			
360.20 LAND - OTHER				106,557.00				
365.10 LAND				1,015,597.00				
374.10 LAND				211,692.00				
389.00 LAND				13,118,401.00				
ROU UTILITY LEASE					487,235			
FIN UTILITY LEASE					13,274,179			
					132,679			
<b>TOTAL NONDEPRECIABLE GAS PLANT</b>				<b>15,288,620.00</b>	<b>13,894,051</b>			
<b>TOTAL GAS PLANT IN SERVICE</b>				<b>4,061,344,655.09</b>	<b>1,618,120,194</b>			

\* INDICATES INTERIM SURVIVOR CURVE. EACH UNIT HAS A UNIQUE TERMINAL DATE.  
\*\* 5-YEAR AMORTIZATION OF RESERVE RELATED TO AMORTIZATION ACCOUNTING.