

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

NORTHWEST NATURAL GAS
COMPANY

Petitioner,

For An Accounting Order Authorizing a
Revision to Depreciation Rates

DOCKET UG-180251

ORDER 01

ORDER GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On March 26, 2018, Northwest Natural Gas Company (NW Natural or Company) filed with the Utilities and Transportation Commission (Commission) a petition seeking to revise its Depreciation Rates for Gas Plant under WAC 480-07-370(1)(b) (Petition).¹ The revised depreciation rates filed by the Company would result in a decrease in Washington annual depreciation expense of approximately \$140,000. The proposed effective date for the revised depreciation rates is November 1, 2018.
- 2 NW Natural filed with the Petition an updated Depreciation Study (Study) based on gas plant balances as of December 31, 2015. NW Natural last performed a comparable study in its last general rate case, Docket UG-080546. Commission staff (Staff) reviewed the filing and found that the Study filed with the Petition supports a change to the Company's existing depreciation rates.
- 3 Approval of the Petition will not change current rates to customers. This filing changes the depreciation expense recorded on the Company's books. The depreciation rates approved in this filing will be considered for inclusion in base rates when the Company files its next general rate case.

¹NW Natural filed a petition in Oregon requesting a revision of its existing depreciation rates in that state. On January 5, 2018, NW Natural entered into a stipulation with the Oregon PUC reducing depreciation expense by \$1.3 million system-wide in Docket UM 1808.

DISCUSSION

4 We grant NW Natural's Petition. The Company seeks approval of consistent depreciation rates for gas plant in each jurisdiction in which it operates because gas plant categories are allocated system-wide for ratemaking purposes. We agree with Staff that NW Natural applied the appropriate approved rate to each plant account to determine the depreciation expense proposed in the Petition. Accordingly, we conclude that the depreciation parameters and resulting rates for underground storage, transmission, distribution, and general gas plant are reasonable.

FINDINGS AND CONCLUSIONS

- 5 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including gas companies.
- 6 (2) NW Natural is a gas company and a public service company subject to Commission jurisdiction.
- 7 (3) WAC 480-07-370(1)(b), allows companies to file petitions including that for which NW Natural seeks approval.
- 8 (4) Staff has reviewed the Petition filed in this docket, including related work papers.
- 9 (5) Staff finds that NW Natural's Petition should be approved, and the depreciation rates set forth in Attachment 1 to this Order should be adopted.
- 10 (6) This matter came before the Commission at its regularly scheduled meeting on October 19, 2018.
- 11 (7) After review of NW Natural's petition filed in Docket UG-180251 on March 26, 2018, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that NW Natural's Petition should be approved because the depreciation rates set forth in Attachment 1 to this Order are reasonable and supported by the Depreciation Study.

ORDER

THE COMMISSION ORDERS:

- 12 (1) Northwest Natural Gas Company's Petition to revise its depreciation rates as set forth in Attachment 1 to this Order is granted. The rates will become effective on November 1, 2018.
- 13 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting the Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 14 (3) The Commission retains jurisdiction over the subject matter and Northwest Natural Gas Company to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Executive Secretary to enter this Order.

DATED at Olympia, Washington, and effective October 19, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON, Executive Director and Secretary