



UG-220734

ATTORNEY GENERAL OF WASHINGTON

Public Counsel

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October 21, 2022

SENT VIA WUTC WEB PORTAL

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: *Northwest Natural Gas Company's Revisions to Tariff No. WN U-6, Schedule 212 to embed a temporary bill credit in residential customer rates from November 1, 2022 through March 31, 2023,*
Docket UG-220734

Dear Director Maxwell:

The Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) respectfully submits these comments in advance of the October 27, 2022, Open Meeting. These comments are in response to Northwest Natural Gas Company's (NW Natural or the Company) filings for tariff revisions in Docket UG-220734 to mitigate the bill impact from the upcoming rate changes associated with the purchased gas adjustment (PGA) and NW Natural's implementation of its base rate increase in the second year of its two-year rate plan (Docket UG-200994) which will be effective on November 1, 2022.

Public Counsel's Recommendation

Public Counsel recommends that the Washington Utilities and Transportation Commission (Commission) approve temporary winter bill credits for a period of two or fewer years in order to mitigate the substantial increase in natural gas costs. Customers are facing large cumulative rate impacts from general rate case and PGA dockets, and the Commission should consider how to mitigate those impacts.

In Docket UG-220734, NW Natural filed a revision to Tariff No. WN U-6, Schedule 212 to embed a temporary bill credit in residential customer rates. In its cover letter, the Company states that the impact of higher commodity costs will result in a 17.3 percent increase to bills for the upcoming winter heating season.¹ NW Natural's base rates are also increasing due to its

¹ NW Natural WUTC Advice 22-08 Cover Letter at 1 (filed Sept. 29, 2022).

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implementation of its two-year rate plan. The combined impact of these two rate changes could result in an approximate 20.3 percent increase to residential customer bills. Taken together, customers are facing steep increases right as they will need to use more natural gas to heat their homes. The effect of this new tariff adjustment schedule is to decrease the Company's annual revenues by \$3,789,178, or about 4.55 percent.² The monthly bill of the average residential customers served under Rate Schedule 2 using 57 therms will see a decrease of \$3.64 during the winter heating season.³ The National Energy Assistance Directors' Association believes that average nationwide winter heating bills will increase 17 percent compared to last year, resulting in average winter heating costs of \$1,202 per household.⁴ We believe that accruing interest at the Company's actual cost of short-term debt in order to spread the recovery of some of the costs over the spring, summer, and fall months is a reasonable approach and will mitigate the impact to customers during the winter heating season.

Public Counsel understands that there are a number of national and international factors influencing the price of natural gas and appreciates NW Natural's efforts to mitigate those impacts on customers. However, we are concerned about the series and scale of these rate increases and the impacts, particularly on Vulnerable Populations and Highly Impacted Communities who are the most affected by the current cost increases. We believe that the Commission should keep these recent rate increases in mind when considering future larger rate increases, and we encourage the Commission to consider how to further mitigate the impact of the current increases through amortization or other tools.⁵

NW Natural should closely track requests for low-income assistance, and if requests increase as a result of these cumulative filings, NW Natural should ensure that funds are available for eligible customers. This may include increasing low-income assistance funding.

Public Counsel also believes that the Commission, NW Natural, and other utilities should consider revising the timing of filing the PGA. WAC 480-90-233 requires a filing within a maximum of 15-months of the previously filed PGA. Utilities typically file in late summer or early fall for a November 1 effective date. This sets up a potential rate increase in the winter months when heating costs are higher and could cause more rate shock for customers. We

² NW Natural WUTC Advice 22-08 Cover Letter at 2 (filed Sept. 29, 2022).

³ *Id.*

⁴ Press Release, Nat'l Energy Assistance Directors' Ass'n, *Home Heating Costs Reach Highest Level in More than 10 Years Families will Pay 17.2% More for Home Heating this Winter* (Sept. 12, 2022), <https://neada.org/wp-content/uploads/2022/09/winter2022-23PR.pdf>.

⁵ RCW 80.01.040 confers broad authority to the Commission to regulate in the public interest.

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believe the Commission could explore altering the timeline and effective date of the PGA to mitigate the impact of any increase.

Again, we appreciate the opportunity to submit these comments. If you have any questions about this filing, please contact Aaron Tam at Aaron.Tam@ATG.WA.GOV.

Sincerely,

/s/ Lisa W. Gafken

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