

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

NORTHWEST NATURAL GAS
COMPANY d/b/a NW NATURAL,

Petitioner,

For an Accounting Order Authorizing
Deferred Accounting Treatment Related to
Residential Winter Bill Mitigation

DOCKET UG-220735

ORDER 01

GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On September 29, 2022, Northwest Natural Gas Company d/b/a NW Natural (NW Natural or the Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an Accounting Order under WAC 480-07-370(1)(b) for authorization to use deferred accounting treatment related to the Company's proposal to mitigate residential winter bill increases filed in Docket UG-220734 (Petition).
- 2 The Company explains in its Petition that gas usage is typically highest during the winter heating months of November through March, and consumption is lower during the warmer months of April through October. The start of this high gas consumption period coincides with the effective date of the Purchased Gas Adjustments (PGA) that take effect for each natural gas utility annually on November 1. The PGA revises rates by (1) updating the projected cost of gas for the upcoming year, and (2) updating the amortization rate for the deferral balance.
- 3 In addition to NW Natural's November 1 PGA increase filed in Docket UG-220697, November 1 is also the effective date of the year two rate plan increase from the Company's most recent general rate case in Docket UG-200994. Taken together, NW Natural's PGA and rate plan could result in a 20.3 percent increase to residential customer rates.
- 4 To mitigate this increase and help residential customers, NW Natural has proposed to issue residential customers a temporary bill credit (representing approximately 5.3 percent of the expected bills from November)¹ so that rates will increase by roughly 15 percent rather than by 20 percent. This would reduce a residential customer's monthly

bill by approximately \$3.64 during the winter heating months.

5 The Petition filed in this Docket accompanies the tariff change filed in Docket UG-
220734, which would effectuate the temporary bill credit. In its Petition, NW Natural has
proposed to defer this uncollected November 2022 through March 2023 revenue. NW
Natural also requests to collect interest on the unamortized and amortized portions of the
deferral (12 total months) at the Company's short-term borrowing rate, which is currently
2.9 percent. If this Petition is approved, NW Natural residential customers would pay
back this deferred revenue plus interest between April 1 and October 31 of 2023.

6 Using the current short-term borrowing rate, this would result in a roughly \$0.20 total bill
increase per customer over the year, and a total increase in revenue of \$37,000.

7 The Company presented this proposal to their Gas Residential Energy Assistance Tariff
advisory group on September 27, 2022, where it received general support. NW Natural
has made a similar proposal in Oregon.

DISCUSSION

8 The Commission requires that companies requesting to defer costs through accounting
petitions demonstrate that such treatment is necessary due to extraordinary circumstances
that have a material impact. Here, Staff observed in the PGA memo that gas prices are
increasing and expresses a concern about the impact on customers. The Commission
shares this concern. The increases, however, are beyond the Company's control.

9 To address these extraordinary circumstances, NW Natural has presented an innovative
proposal to mitigate some of the rate shock to customers. We appreciate the Company's
strategy of leveling bills by partially crediting customers during the months of highest
consumption and recouping those costs during the lower consumption months. While
customers will pay slightly more due to the accrual of interest, we find this trade-off is
consistent with the public interest because it will result in a lower bill increase during the
winter heating months. Accordingly, we grant the Company's Petition.

FINDINGS AND CONCLUSIONS

10 (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.

- 11 (2) NW Natural is a gas company and a public service company subject to
Commission jurisdiction.
- 12 (3) WAC 480-07-370(1)(b) allows companies to file petitions including that for
which NW Natural seeks approval.
- 13 (4) Staff has reviewed the petition in Docket UG-220735 including related work
papers.
- 14 (5) Staff believes the proposed accounting order NW Natural requests is reasonable
and should be granted because it will allow NW Natural to track costs related to
the Company's proposal to mitigate residential winter bill increases.
- 15 (6) This matter came before the Commission at its regularly scheduled meeting on
October 27, 2022.
- 16 (7) After reviewing NW Natural's petition filed in Docket UG-220735 on September
29, 2022, and giving due consideration to all relevant matters and for good cause
shown, the Commission finds that the Petition filed should be granted because it
is reasonable and in the public interest.

ORDER

THE COMMISSION ORDERS:

- 17 (1) Northwest Natural Gas Company d/b/a NW Natural's request to use deferred
accounting and incur interest at Northwest Natural Gas Company d/b/a NW
Natural's short-term borrowing rate is granted.
- 18 (2) This accounting petition will remain in effect until October 31, 2023.
- 19 (3) 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 Petition be construed as an
agreement to any estimate or determination of costs, or any valuation of property
claimed or asserted.

- 20 (4) The Commission retains jurisdiction over the subject matter and Northwest Natural Gas Company d/b/a NW Natural to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective October 27, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary