

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

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

Respondent.

DOCKET UG-181053

PARTIAL MULTI-PARTY
SETTLEMENT AGREEMENT
ON DECOUPLING

I. PARTIES

I This Partial Multi-Party Settlement Agreement on Decoupling (“Decoupling Agreement”) is entered into by Northwest Natural Gas Company d/b/a NW Natural (“NW Natural” or the “Company”), the Staff of the Washington Utilities and Transportation Commission (“Staff”), Alliance of Western Energy Consumers (“AWEC”), and The Energy Project (“TEP”), jointly referred to herein as the “Parties.” The Public Counsel Unit of the Washington Office of Attorney General (“Public Counsel”) is not a party to this Decoupling Agreement. This Decoupling Agreement represents a partial multi-party settlement under WAC 480-07-730(3)(b) in that it is an agreement of some, but not all, of the parties to this proceeding that resolves one but not all disputed issues. Specifically, this Decoupling Agreement addresses the single issue of the Company’s proposed decoupling mechanism among the four Parties.

II. INTRODUCTION

2 On December 31, 2018, NW Natural filed tariff revisions to its currently effective
Tariff WN U-6 to increase rates and charges for natural gas service provided to customers in
the State of Washington. NW Natural requested authority to increase revenues from base
rates by \$8.3 million, which would result in an approximately 12.6 percent increase to
overall base rates, or a 20.5% increase to margin. Additionally, among other requests, NW
Natural requested to implement a decoupling mechanism on certain classes of customers
beginning on the rate effective date of this general rate revision. On January 8, 2019, the
Washington Utilities and Transportation Commission (“Commission”) entered Order 01
suspending the tariff revisions and placing NW Natural’s request in formal adjudication.
Representatives of all Parties appeared at a settlement conference held on April 22, 2019, for
the purpose of narrowing or resolving the contested issues in this proceeding. Those
discussions led to this Decoupling Agreement.

3 The Parties have reached a full settlement of the issues in this proceeding relating to
the Company’s proposed decoupling mechanism, and wish to present this Decoupling
Agreement for the Commission’s consideration and approval. The Parties agree that this
Decoupling Agreement is in the public interest and should be accepted by the Commission
as a full resolution of the issues in Docket UG-181053 related to the topic of the Company’s
proposed decoupling mechanism. The Parties understand that this Decoupling Agreement is
subject to approval by the Commission and hereby respectfully request that the Commission
issue an order approving this Decoupling Agreement in its entirety.

III. AGREEMENT

A. Company's Proposed Decoupling Mechanism

4 The Parties agree that the Commission should approve and authorize the implementation of the Company's proposed decoupling mechanism, as set forth in the Direct Testimony and Exhibits of Kyle T. Walker (Exhs. KTW-1T through KTW-3) and proposed Tariff Adjustment Schedule 300 (Decoupling Mechanism), with the following clarifications and specific revisions:

- a. The Company shall calculate "Actual Revenue" with tariff rates and billing determinants, rather than with the Company's proposed weighted average group rate.
- b. The Company shall request reauthorization within five years after the effective date of the decoupling mechanism tariff. Such reauthorization need not be requested as part of a general rate case filing.
- c. The Company shall include residential customers on Rate Schedule 3 and combine them with commercial customers on Rate Schedule 3.
- d. The Company shall decouple commercial customers on Rate Schedule 1 and Rate Schedule 3 separately.
- e. Industrial customers are not subject to the Decoupling Mechanism.

B. Discovery Process

5 The Parties agree that the discovery process of this proceeding is suspended immediately, except that the discovery process of this proceeding relating to the Company's

proposed decoupling mechanism shall continue as set forth in the procedural schedule in Order 03 of this proceeding or any subsequently issued Commission order that affirmatively addresses a discovery cut-off date.

IV. EFFECT OF THE SETTLEMENT AGREEMENT

6 Binding on Parties. The Parties agree to support the terms of this Decoupling Agreement throughout this proceeding, and recommend that the Commission issue an order approving and adopting this Decoupling Agreement. The Parties understand that this Decoupling Agreement is subject to Commission approval. If the Commission does not accept this Decoupling Agreement, then the Parties shall be free to assert their pre-settlement positions and agree that neither this Decoupling Agreement nor any statements or admissions contained herein shall be admissible or used for any purpose in this docket or any other proceeding for any purpose; provided, however, that any Party may disclose the existence or terms of this Decoupling Agreement when required to do so by law.

7 Settlement is a Compromise. The Parties agree that this Decoupling Agreement represents a compromise of the positions of the Parties.

8 Negotiations not Admissible. Conduct, statements, and documents disclosed while negotiating this Decoupling Agreement shall not be admissible evidence in this or any other proceeding except in any proceeding to enforce the terms of this Decoupling Agreement or any Commission Order adopting those terms.

9 Integrated Terms of Settlement. The Parties have negotiated this Decoupling Agreement as an integrated document. Accordingly, the Parties recommend that the Commission adopt this Decoupling Agreement in its entirety. Each Party has participated in

the drafting of this Decoupling Agreement, so it should not be construed in favor of, or against, any particular Party.

10 Procedure. The Parties shall cooperate in submitting this Decoupling Agreement promptly to the Commission for acceptance. Each Party shall make available a witness or representative in support of this Decoupling Agreement. The Parties agree to cooperate, in good faith, in the development of such other information as may be necessary to support and explain the basis of this Decoupling Agreement and to supplement the record accordingly.

11 Reservation of Rights. Each Party may offer into evidence its pre-filed testimony and exhibits as they relate to the issues in this proceeding, together with such evidence in support of this Decoupling Agreement as may be offered at the time of the hearing on this Decoupling Agreement. If the Commission rejects all or any material portion of this Decoupling Agreement, or adds additional material conditions, each Party reserves the right, upon written notice to the Commission and all Parties to this proceeding within seven (7) days of the date of the Commission's Order, or within any shorter notice period the Commission may require under WAC 480-07-750(2)(b)(ii), to withdraw from this Decoupling Agreement. If any Party exercises its right of withdrawal, this Decoupling Agreement shall be void and of no effect, and the Parties will support a joint motion for a procedural schedule to address the issues that would otherwise have been settled herein.

12 No Precedent. The Parties enter into this Decoupling Agreement to avoid further expense, uncertainty, and delay. By executing this Decoupling Agreement, no Party shall be deemed to have accepted or consented to the facts, principles, methods or theories employed in arriving at this Decoupling Agreement, and, except to the extent expressly set forth in this

Decoupling Agreement, no Party shall be deemed to have agreed that this Decoupling Agreement is appropriate for resolving any issues in any other proceeding.

13 Public Interest. The Parties agree that this Decoupling Agreement is in the public interest.

14 Execution. This Decoupling Agreement may be executed by the Parties in several counterparts and as executed shall constitute a single settlement agreement.

Entered into this 23rd day of May 2019.

Northwest Natural Gas Company: By: _____


Zachary D. Kravitz
Director, Rates and Regulatory Affairs

Staff of the Washington
Utilities and Transportation
Commission:

By: _____

Jennifer Cameron-Rulkowski
Assistant Attorney General

AWEC:

By: _____

Chad M. Stokes
Cable Huston LLP

The Energy Project:

By: _____

Simon J. ffitch, Attorney for TEP

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Entered into this 28th day of May 2019.

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Director, Rates and Regulatory Affairs

Staff of the Washington
Utilities and Transportation
Commission:

By: _____


Jennifer Cameron-Rulkowski
Assistant Attorney General

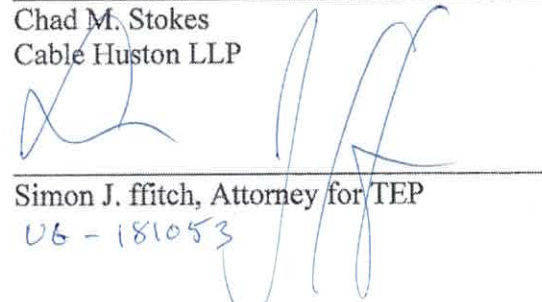
AWEC:

By: _____

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The Energy Project:

By: _____


Simon J. Ffitch, Attorney for TEP

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