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September 13, 2021

NWN WUTC Advice No. 21-08 / UG

VIA ELECTRONIC FILING

Mark L. Johnson, Executive Director & Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Annual Purchased Gas Cost and Deferred Gas Cost Amortization Adjustments

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revisions to its Tariff WN U-6, stated to become effective with service on and after November 1, 2021.

Twenty-Seventh Revision of Sheet 201-1	Schedule 201	Temporary (Technical) Adjustments to Rates
Eighteenth Revision of Sheet 201-2	Schedule 201	Temporary (Technical) Adjustments to Rates
Twenty-Ninth Revision of Sheet 203-1	Schedule 203	Purchased Gas Cost Adjustments to Rates

Purpose

The purpose of this filing is to revise NW Natural's tariffs for: (1) the effects of changes in purchased gas costs; and (2) the effects of changes in deferred gas cost amortization adjustments.

In addition, in compliance with the March 17, 2020 acknowledgment letter from the Washington Utilities and Transportation Commission (Commission) in docket UG-190725, NW Natural provides its Annual Hedging Plan.

The Company revises rates for these purposes annually; the last such filing was effective on November 1, 2020.

Background

Each year NW Natural seeks to change rates to reflect the projected cost of natural gas pursuant to tariff Schedule P, Determination of Company's Purchased Gas Cost Adjustments and Weighted Average Cost of Gas. Schedule 203 sets forth the estimated purchased natural gas costs for the forthcoming year beginning November 1. The difference between the actual costs of natural gas purchased and the amount collected from customers are passed through to customers through Schedule 201.

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Proposed Changes

1. Purchased Gas Adjustment (PGA)

This portion of the filing shows: (a) the cost of gas purchased by the Company from its natural gas suppliers, and the derivation of the Annual Weighted Average Cost of Gas (WACOG) (aka commodity rate) and the Winter Weighted Average Cost of Gas proposed to be applied to rates effective November 1, 2021; and (b) the cost of pipeline and storage capacity under contract with the Company's pipeline transporters, and the derivation of the firm and interruptible demand charges (aka pipeline capacity charge) proposed to be applied to rates effective November 1, 2021.

Including revenue sensitive effects, the proposed Annual WACOG is \$0.34873 per therm; the proposed Winter WACOG is \$0.41473; the proposed firm service pipeline capacity cost is \$0.10689 per therm, and the proposed interruptible service pipeline capacity cost is \$0.03734.

The net effect of the combined purchased gas adjustments in this filing is an increase of \$0.09088 per therm for firm sales rate schedules and an increase of \$0.08732 per therm for interruptible sales rate schedules.

Should there be a subsequent change in the pipeline's rates or other gas supply costs from levels used to determine the adjustments the Company proposes in this filing, then the Company will reflect such changes to Washington gas customers in a manner approved by the Commission.

2. Temporary Rate Adjustment

This portion of the filing shows the account balances in deferred gas cost accounts (Account 191) and calculates the associated adjustments to rates for the amortization of such credit or debit balances.

Collections and refunds under the temporary rate adjustments do not affect the Company's earnings because the accruals to these accounts already have been reflected in recorded results.

The new temporary adjustments include the following:

1. A 12-month amortization of collection balances in accounts 191420 and 191421. The balance in 191420 relates to commodity gas costs incurred above amounts collected in rates during the current PGA period that began on November 1, 2020. The balance in account 191421 is the forecasted residual balance related to deferrals from the previous PGA year that is included in current rates.
2. A 12-month amortization of balances in accounts 191430, 191431 and 254302. The balance in 191430 represents the amount the Company over-collected from its Washington customers during the past year for demand charges. Account 191431 is the remaining unamortized amount from a consolidation of demand-related deferred accounts. Account 254302 relates to the deferral of storage-related off system sales.

It should be noted that the adjustments to rates proposed in this filing represent only part of the changes in customer rates proposed to be effective November 1, 2021 (see also NW Natural's WUTC Advice Nos. 21-04 through 21-07). As such, the bill effects stated herein are provided for illustrative purposes only and reflect the effect of removing the current Schedule 201 and Schedule

203 changes and applying the proposed Schedule 201 and Schedule 203 changes to current billing.

If there were no other adjustments to rates effective November 1, 2021, the effect of the rate changes proposed in this filing is an increase to the average monthly bills in the primary rate schedules as follows: Schedule 2 Residential bills will increase by 9.8% and Schedule 3 commercial bills will increase 10.5%. If the effects of the temporary rate adjustments were permanent, the combined result of the rate changes would be an increase in the Company's revenues from its Washington operations of \$9,337,508.

In addition to the supporting materials submitted as part of this filing, the Company will separately submit workpapers in electronic format, all of which are incorporated herein by reference.

Annual Hedge Plan

In compliance with the Commission's March 17, 2020 acknowledgment letter in docket UG-190725, NW Natural has included its Annual Hedging Plan as part of this PGA filing. The enclosed Annual Hedging Plan is in compliance with the March 13, 2017 Policy and Interpretive Statement in docket UG-132019. **Some of the information contained in the plan is confidential pursuant to WAC 480-07-160 as the plan contains proprietary commercial information.**

Conclusion

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after November 1, 2021.

This rate change affects all of NW Natural's Washington sales customers. NW Natural currently serves approximately 84,744 residential customers and 7,439 business and industrial customers in the Company's Washington service territory.

In accordance with WAC 480-90-198 and WAC 480-90-194(5), the Company will provide notice to customers as stated in WAC 480-90-194(4). The notice will be published in the Company's customer newsletter, the Comfort Zone. A copy of this notice is included with the Company's PGA combined effects informational filing, made separately but concurrently with this filing.

As required by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

Copies of this letter and the attached filing are available in the Company's main office in Portland, Oregon, and on its website at www.nwnatural.com.

Please address correspondence on this matter to Susan Chao at susan.chao@nwnatural.com with copies to the following:

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Sincerely,

NW NATURAL
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Attachments:

NEW-NWN-Advice-21-08-PGA-Trf-Sheet-201-1-09-13-2021
NEW-NWN-Advice-21-08-PGA-Trf-Sheet-201-2-09-13-2021
NEW-NWN-Advice-21-08-PGA-Trf-Sheet-203-1-09-13-2021
NEW-NWN-Advice-21-08-PGA-Exh-A-09-13-2021
NEW-NWN-Advice-21-08-PGA-Exh-A-xlsx-09-13-2021
NEW-NWN-Advice-21-08-Hedging-Plan-09-13-2021 (C)
NEW-NWN-Advice-21-08-Hedging-Plan-09-13-2021 (R)