

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

UG-__
GENERAL RATE APPLICATION
OF
NORTHWEST NATURAL GAS COMPANY

December 31, 2018

Direct Exhibit of Kyle T. Walker

RATE MECHANISMS- DECOUPLING

Exh. KTW-2

NW Natural Gas Company

Exh. KTW-2

Margin Revenue Calculation for Decoupling Mechanism

From a rate perspective and used in the monthly Decoupling calculation, the margin revenue used can be viewed as:

Total Volumetric Charge per Therm	Reference: _____
Less:	
Temporary Adjustment per Therm	Current WA Tariff Book
Commodity Rate per Therm	Current WA Tariff Book
Pipeline Capacity Rate per Therm	Current WA Tariff Book
Permanent Amortization Adjustment per Therm	Adjustment Schedule 305.1 - Excess Deferred Income Taxes
Margin Rate per Therm	

or, simply:

Total Base Rate	NEW-NWN-KTW-2-WP-1-4-2019
Less:	
Permanent Amortization Adjustment per Therm	Adjustment Schedule 305.1 - Excess Deferred Income Taxes
Margin Rate per Therm	

Normalized volume multiplied by the margin rate per therm, as described above, will generate the margin revenue per customer. During the monthly accounting close process, NW Natural will multiply the margin revenue per customer by the total customers active at month end. The tables below display the margin rate for Decoupling, normalized therms per customer group and the margin per customer proposed:

Customer Grouping	Margin Rate for Decoupling*
Group 1 - Residential Schedule 1	\$ 0.91221
Group 2 - Residential Schedule 2 and Dry-out Schedule 27	\$ 0.49251
Group 3 - Commercial Schedule 1 and 3	\$ 0.48001
Group 4 - Commercial firm and Interruptible Sales Schedule 41 and 42	\$ 0.27849

* For groups with multiple rate schedules, the rates have been weighted by volume (see Exh. KTW-3)

Normalized Use per Customer Group [1]						
Customer Grouping	January	February	March	April	May	June
Group 1 - Residential Schedule 1	34.5	28.2	25.4	18.9	12.7	9.1
Group 2 - Residential Schedule 2 and Dry-out Schedule 27	110.5	89.2	78.0	55.4	33.0	20.7
Group 3 - Commercial Schedule 1 and 3	437.4	354.0	311.6	225.5	145.6	104.3
Group 4 - Commercial firm and Interruptible Sales Schedule 41 and 42	7,229.2	6,037.6	5,722.5	4,625.8	3,732.6	3,173.4
Customer Grouping	July	August	September	October	November	December
Group 1 - Residential Schedule 1	7.7	7.7	8.0	15.4	25.7	35.0
Group 2 - Residential Schedule 2 and Dry-out Schedule 27	17.2	17.1	18.7	42.7	79.7	112.2
Group 3 - Commercial Schedule 1 and 3	94.4	94.1	96.4	179.0	318.1	444.1
Group 4 - Commercial firm and Interruptible Sales Schedule 41 and 42	2,616.0	2,612.4	2,591.8	4,133.5	5,736.2	7,310.4

Decoupling Margin-per-Customer Group												
Customer Grouping	January	February	March	April	May	June	July	August	September	October	November	December
Group 1 - Residential Schedule 1	\$ 31.50	\$ 25.73	\$ 23.15	\$ 17.24	\$ 11.58	\$ 8.33	\$ 7.02	\$ 7.00	\$ 7.33	\$ 14.09	\$ 23.49	\$ 31.94
Group 2 - Residential Schedule 2 and Dry-out Schedule 27	\$ 54.42	\$ 43.94	\$ 38.42	\$ 27.28	\$ 16.23	\$ 10.19	\$ 8.46	\$ 8.41	\$ 9.22	\$ 21.04	\$ 39.26	\$ 55.28
Group 3 - Commercial Schedule 1 and 3	\$ 209.94	\$ 169.92	\$ 149.59	\$ 108.22	\$ 69.88	\$ 50.05	\$ 45.30	\$ 45.16	\$ 46.25	\$ 85.94	\$ 152.70	\$ 213.19
Group 4 - Commercial firm and Interruptible Sales Schedule 41 and 42	\$ 2,013.27	\$ 1,681.41	\$ 1,593.66	\$ 1,288.23	\$ 1,039.49	\$ 883.76	\$ 728.52	\$ 727.52	\$ 721.78	\$ 1,151.13	\$ 1,597.47	\$ 2,035.86

[1] See NEW-NWN-KTW-2a-WP-1-4-2019