

Zachary Kravitz
Director, Rates and Regulatory Affairs
Tel: 503.220.2379
Fax: 503.220.2579
Email: zachary.kravitz@nwnatural.com



September 25, 2019

VIA ELECTRONIC FILING

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop S.E.
Lacey, Washington 98503

Received
Records Management
09/25/19 14:48
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: UG-170003—NW Natural Response to Small Business Economic Impact Statement (SBEIS) Questionnaire on Natural Gas Cost of Service Generic Proceeding Informal Draft Revised Rules

Dear Mr. Johnson:

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), submits the following response to the Washington Utilities and Transportation Commission’s (“Commission”) request, in accordance with RCW 19.85, for affected companies to provide information concerning whether the informal draft revised rules, issued in this docket on April 25, 2019, and updated on August 30, 2019, would impose an additional cost impact on the particular affected company.

NW Natural appreciates the opportunity to respond to the SBEIS Questionnaire.

The Company finds that the informal draft revised rule number WAC 480-xxx-050 (1) would result in some amount of increased costs for NW Natural and its small business customers with each update of its cost of service study, which would be conducted at a minimum period of every five years. The rule number, as proposed, is as follows:

WAC 480-xxx-050 (1) Cost of Service Study Inputs. *The rate schedule usage data for any cost of service study must come from the best available source: advanced metering infrastructure (AMI); advanced meter reading (AMR); or, a load study. [Subsections (a)-(d) omitted for brevity.]*

To the extent that NW Natural does not have AMI or AMR deployed in such a way that can generate an appropriately sampled load study of its residential and small commercial customer classes on a daily basis as defined in informal draft revised rule

WAC 480-xxx-030 (3), the Company would incur costs associated with administering, implementing, and deploying the AMI units or ARM technology.

Other cost elements associated with compliance of WAC 480-xxx-050 (1) would likely include, but not necessarily be limited to, the following: Consulting fees for study development, sample size, geographic dispersion and analysis of results; metering equipment, data collection, IT/cellular and programming; field workforce labor and vehicle costs for installations; and administrative costs associated with customer outreach.

The Company has not yet quantified the additional costs it would incur to comply with WAC 480-xxx-050 (1). It does have AMI and AMR already deployed for a subset of its customers, and deployment of any additional infrastructure would be a one-time cost. Incremental costs associated with data collection would occur every time metered data are collected; however, this cost is expected to be minimal.

The Company would seek a tracker to ensure full cost recovery for the AMI system, the load study requirements, or any other incremental costs associated with the new cost of service rules, including interest. The Company would seek to spread cost recovery across all of its customer classes, which would include small businesses.

The Company has not identified at this time any informal draft revised rule that might create cost savings for its small business customers.

NW Natural appreciates the opportunity to respond to the SBEIS Questionnaire. Please contact Kyle Walker at (503) 226-4211, extension 5858, if you have questions regarding our response.

Sincerely,

/s/ Zachary Kravitz

Zachary Kravitz
Director, Rates and Regulatory Affairs
NW NATURAL
220 NW 2nd Avenue
Portland, OR 97209
503-220-2379
zachary.kravitz@nwnatural.com