

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

UG-__
GENERAL RATE APPLICATION
OF
NORTHWEST NATURAL GAS COMPANY

December 18, 2020

Direct Exhibit of Tobin F. Davilla

OPERATIONS & MAINTANENCE

Exh. TFD-2

Allocation of Building Space (250 Taylor)	Sq. Ft.	Sq. Ft. %	Sq. Ft. %
Utility Office Space Sq. Ft.	170,843	95.1%	99.9%
Affiliate Employee Space	228	0.1%	0.1%
Sublease Office Space Sq. Ft.	7,158	4.0%	0.0%
Sublease Retail Space Sq. Ft.	1,456	0.8%	0.0%
Total Sq. Feet of Office Space	179,685	100.0%	100.0%

Reference Calculation	(A)	(B)	(C) = (A) * (B)	(D)	(E) = (C) * (D)	(F)	(G) = (E) * (F)	(H) = (E) - (G)
Adjusted Test Year HQ Expense Detail	Total Expense	Utility Allocation %	Total Utility Exp.	WA State Allocation	WA Total Utility Exp.	Capital Admin. Transfer %	Capital Admin. Transfer \$	Net WA O&M Expense
Lease Expense & Common Area Maint. (FERC 931)								
Office Building	\$8,149,717 [1]	95.1%	\$7,748,683	10.92%	\$846,156	35.00%	\$296,155	\$550,001
Storage	\$15,012 [2]	100.0%	\$15,012	10.92%	\$1,639	35.00%	\$574	\$1,066
Total Lease Exp. & Common Area Maint.	\$8,164,729		\$7,763,695		\$847,795		\$296,728	\$551,067
Tenant Improvement (TI) Amort. Exp. (FERC 931)	\$1,503,685 [3]	99.9%	\$1,501,681	10.92%	\$163,984	35.00%	\$57,394	\$106,589
Operating Expenses (FERC 935)								
Contract Work	\$862,964 [4]	95.1%	\$820,499	10.92%	\$89,598	35.00%	\$31,359	\$58,239
Utilities	\$193,821 [5]	95.1%	\$184,283	10.92%	\$20,124	35.00%	\$7,043	\$13,080
Repairs & Maintenance	\$30,563 [6]	95.1%	\$29,059	10.92%	\$3,173	35.00%	\$1,111	\$2,063
Total Operating Exp.	\$1,087,348		\$1,033,842		\$112,895		\$39,513	\$73,382
Company Vehicle Parking (FERC 921)	\$173,820 [7]	100.0%	\$173,820	10.92%	\$18,981	35.00%	\$6,643	\$12,338
Total Annual Headquarters Expense	\$10,929,582		\$10,473,037		\$1,143,656		\$400,279	\$743,376

Reference Calculation	(I)	(J)	(K) = (I) * (J)	(L)	(M) = (K) * (L)	(N)	(O) = (M) * (N)	(P) = (M) - (O)
Test Year HQ Expense Detail	Total O&M Expense	Utility Allocation %	Total Utility Exp.	WA State Allocation	WA Total Utility Exp.	Capital Admin. Transfer %	Capital Admin. Transfer \$	Net WA O&M Expense
Lease Expense & Common Area Maint. (FERC 931)								
Office Building	\$3,817,898 [8]	100.0%	\$3,817,898	10.92%	\$416,915	35.00%	\$145,920	\$270,994
Storage	\$0 [9]	100.0%	\$0	10.92%	\$0	35.00%	\$0	\$0
Total Lease Exp. & Common Area Maint.	\$3,817,898		\$3,817,898		\$416,915		\$145,920	\$270,994
Tenant Improvement (TI) Amort. Exp. (FERC 931)	\$902,182 [10]	100.0%	\$902,182	10.92%	\$98,518	35.00%	\$34,481	\$64,037
Operating Expenses (FERC 935)								
Contract Work	\$723,246 [11]	100.0%	\$723,246	10.92%	\$78,979	35.00%	\$27,642	\$51,336
Utilities	\$79,553 [12]	100.0%	\$79,553	10.92%	\$8,687	35.00%	\$3,041	\$5,647
Repairs & Maintenance	\$30,563 [13]	100.0%	\$30,563	10.92%	\$3,337	35.00%	\$1,168	\$2,169
Total Operating Exp.	\$833,363		\$833,363		\$91,003		\$31,851	\$59,152
Parking (FERC 921)	\$592,213 [14]	100.0%	\$592,213	10.92%	\$64,670	35.00%	\$22,634	\$42,035
Total Test Year Headquarters Expense	\$6,145,656		\$6,145,656		\$671,106		\$234,887	\$436,219
Difference between Test Year and Adj. Test Year	\$4,783,925		\$4,327,381		\$472,550		\$165,392	\$307,157
WA O&M Test Year Increase								\$307,157

[1] Office Building: Exhibit I. Lease Agreement between Third and Taylor Office Owner LLC and Northwest Natural Gas Company and includes common area maintenance (CAM) charges
[2] Storage: Lease Agreement between Third and Taylor Office Owner LLC and Northwest Natural Gas Company. Page 6
[3] Tenant Improvement Amort. Exp.: Amortized over 20 year life of lease agreement.
[4] Contract Work: Includes Janitorial, Landscaping & Security services.
[5] Utilities: Annualization of 250 Taylor Utility Expense from July - Sept 2020. Utilities are not included in CAM charges in 250 Taylor.
[6] Repairs & Maintenance: Amounts reflect Test Year expense.
[7] Parking: Includes expense of 13 spots at the HQ building for visitor and company use parking and 40 parking spots at the Keller Auditorium parking garage for company vehicles.
[8] Office Building: One Pacific Square (OPS) lease expense including CAM charges for October 2019 - May 2020. A rent abatement period was included in the 250 Taylor lease in which lower rent was paid during June 2020 - September 2020. The rent abatement period ended in September 2020.
[9] Storage: No Storage expense at 250 Taylor during test year due to rate abatement period of June 2020 - September 2020.
[10] Tenant Improvement Amort. Exp.: Includes partial-year amortization of Tenant Improvement expense at OPS (former HQ) and partial-year at 250 SW Taylor (current HQ).
[11] Contract Work: Test Year actual expense.
[12] Utilities: Test Year actual expense. OPS (former HQ) had Utilities included as a part of the CAM charges.
[13] Repairs & Maintenance: Amounts reflect Test Year expense.
[14] Parking: Test Year actual expense which reflects a partial year of employee parking contributions.