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September 15, 2023

NWN WUTC Advice No. 23-12 / UG-210974

**VIA ELECTRONIC FILING**

Received  
Records Management  
Sep 15, 2023

Kathy Hunter, Acting Executive Director & Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

**Re: UG-210974: NW Natural's Updated Depreciation Study – Amended Depreciation Rate Proposal**

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, 2023, as follows:

Original Sheet 221.1	Schedule 221	Rate Adjustment for Updated Depreciation Rates
Original Sheet 221.2	Schedule 221	Rate Adjustment for Updated Depreciation Rates (continued)

**Purpose**

To update the Company's depreciation rates, consistent with the Oregon service territory, and incorporate them into the billed tariff rates with an effective date of November 1, 2023.

**Background**

On December 22, 2021, Northwest Natural Gas Company, dba NW Natural (NW Natural or Company) filed a petition for an accounting order to update depreciation rates as of November 1, 2023. The originally filed depreciation study asked for a proposed rate change increase, on a system basis, of \$8.6 million, resulting in a total depreciation expense of \$116.2 million on depreciable assets as of December 31, 2020. Since filing the accounting petition, NW Natural had a general rate case in the State of Oregon where the depreciation study was discussed and settled. The final settled depreciation expense on a system basis was \$106.85 million, or \$9.36 million lower depreciation expense from the originally filed study.

The Company continues to believe economic efficiencies of syncing the depreciation rates across the different jurisdictions we operate is optimal. NW Natural proposes the Commission to grant approval of the accounting petition amended in this filing to sync the depreciation rates approved in Oregon with that of the Company's Washington territory. The Company proposes to adjust the base rates based on the Company's last general rate case (UG-200994) as shown in the proposed Schedule 221.

The proposed adjustments are requested to become effective November 1, 2023, coincident with the requested effective date of the Company's Purchased Gas Adjustment (PGA) filing, separately submitted as NW Natural's WUTC Advice No. 23-13.

### **Proposed Changes**

The proposed base rate adjustments in Schedule 221 are calculated based on the rate spread from the Company's last general rate case, UG-200994, and are shown for each rate schedule on page one of the supporting materials to this filing. The Company proposes rates from Schedule 221 to become effective November 1, 2023. The bill effects stated herein are provided for illustrative purposes only and reflect the effect of the proposed depreciation rates on current customer bills.

If there were no other adjustments to rates effective November 1, 2023, the average residential Schedule 2 customer using 58 therms would see a decrease of \$0.24 per month, and the average Schedule 3 commercial customer using 249 therms would see a bill decrease of \$0.93 per month. The average industrial customer on Schedule 42 firm sales using 19,128 therms would see a bill decrease of \$11.89. The bill impact for customers on other rate schedules is shown on page two of the supporting materials to this filing. The rate changes would be a decrease in the Company's revenues from its Washington operations of \$320,858, or 0.31%.

In support of this filing, the Company provides worksheets showing the derivation of the proposed Schedule 221 adjustments to rates, the effects on Company revenue and the Commission Order that approved the depreciation rates in Oregon.

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(3). A copy of this notice is included with the Company's PGA filing, WUTC Advice No. 23-13.

The proposed rate change will affect all of NW Natural's Washington customers. NW Natural currently serves approximately 89,231 residential customers and 7,119 commercial customers and 70 industrial customers in the Company's Washington service territory.

### **Conclusion**

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after November 1, 2023.

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](http://www.nwnatural.com).

Please address correspondence on this matter to Lora Bourdo at [Lora.Bourdo@nwnatural.com](mailto:Lora.Bourdo@nwnatural.com) with copies to the following:

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Sincerely,

NW NATURAL

*/s/ Kyle Walker, CPA*

Kyle Walker, CPA  
Rates/Regulatory Senior Manager  
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Attachments:

210974-NWN-WUTC-Advice-23-12-Depreciation-Rate-Trf-Sheet-221-1-09-15-23  
210974-NWN-WUTC-Advice-23-12-Depreciation-Rate-Trf-Sheet-221-2-09-15-23  
210974-NWN-WUTC-Advice-23-12-Depreciation-Rate-Exh-A-09-15-23  
210974-NWN-WUTC-Advice-23-12-Depreciation-Rate-Exh-A-09-15-23-xlsx