

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

NORTHWEST NATURAL GAS
COMPANY, d/b/a NW NATURAL

For an Accounting Order Authorizing a
Revision to Depreciation Rates

DOCKET UG-210974

ORDER 01

GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On December 22, 2021, Northwest Natural Gas Company (NW Natural or Company) filed with the Utilities and Transportation Commission (Commission) a petition seeking to revise its Depreciation Rates for Gas Plant under WAC 480-07-370(3) (Petition). The revised depreciation rates filed by the Company would result in an increase in Washington annual depreciation expense of approximately \$1.03 million. The Company requested an effective date of November 1, 2023, for the revised depreciation rates.
- 2 NW Natural filed an updated Depreciation Study (Study) with the Petition based on gas plant balances as of December 31, 2020. NW Natural last performed a comparable study in 2018, Docket UG-180251.
- 3 Since filing the accounting petition, NW Natural has had a general rate case in 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 than the initially filed study. The Company continues to believe that the economic efficiency of syncing the depreciation rates across its different jurisdictions is optimal.
- 4 On September 15, 2023, NW Natural filed a revised Study with corresponding tariff pages. The revised depreciation rates filed by the Company would result in a decrease in Washington annual depreciation expense of approximately \$320,000. The proposed effective date for the revised depreciation rates and tariffs is November 1, 2023.

DISCUSSION

- 5 We grant NW Natural's Petition. The Company seeks approval of consistent depreciation rates for gas plant in each jurisdiction in which it operates because gas plant categories are allocated system-wide for ratemaking purposes. We agree with Commission staff

(Staff) that NW Natural applied the appropriate approved rate to each plant account to determine the depreciation expenses proposed in the Petition. Accordingly, we conclude that the depreciation parameters and resulting underground storage, transmission, distribution, and general gas plant rates are reasonable.

FINDINGS AND CONCLUSIONS

- 6 (1) The Commission is an agency of the state of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including natural gas companies.
- 7 (2) NW Natural is a public service company regulated by the Commission, providing service as a natural gas company.
- 8 (3) The Commission has jurisdiction over the subject matter of this proceeding and over NW Natural.
- 9 (4) WAC 480-07-370(3) allows regulated companies to file petitions, including the Petition NW Natural filed in this Docket.
- 10 (5) Staff has reviewed the Petition in Docket UG-210974, including related workpapers and tariffs.
- 11 (6) Staff recommends that NW Natural's Petition and tariffs should be approved, and the depreciation rates set forth in Attachment 1 to this Order should be adopted.
- 12 (7) This matter came before the Commission at its regularly scheduled meeting on October 26, 2023.
- 13 (8) After reviewing NW Natural's Petition filed in Docket UG-210974 and giving due consideration to all relevant matters and for good cause shown, the Commission finds that NW Natural's Petition should be granted because the depreciation rates set forth in Attachment 1 to this Order are reasonable and supported by the revised Depreciation Study.

ORDER

THE COMMISSION ORDERS:

- 14 (1) Northwest Natural Gas Company, d/b/a NW Natural's Petition to revise its depreciation rates as set forth in Attachment 1 to this Order is granted and the tariffs are approved. The rates will become effective on November 1, 2023.
- 15 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate, determination of costs, valuation of property claimed or asserted.
- 16 (3) The Commission retains jurisdiction over the subject matter to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Acting Executive Director and Secretary to enter this Order.

DATED at Lacey, Washington, and effective October 26, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KATHY HUNTER
Acting Executive Director and Secretary