

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

NORTHWEST NATURAL GAS
COMPANY dba NW NATURAL

For an Order Approving a Change in
Depreciation Rates Applicable to
Gas Plant In Service

DOCKET UG-_____

NW NATURAL'S PETITION FOR
ACCOUNTING ORDER

I. INTRODUCTION

1 In accordance with RCW 80.04.350 and WAC 480-07-370(3)(b), Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), petitions the Washington Utilities and Transportation Commission (Commission) for an accounting order authorizing a change in depreciation rates applicable to NW Natural's depreciable natural gas plant as of December 31, 2020, consistent with the Company's 2021 depreciation study (Depreciation Study) that is attached hereto as Exhibit A. NW Natural proposes to implement the new depreciation rates through a future rate filing for rates effective on and after November 1, 2023.

2 NW Natural is a natural gas utility and public service company doing business in the State of Washington and is subject to the jurisdiction of the Commission regarding rates, service, and accounting practices. The Company's principal place of business is 250 SW Taylor Street, Portland, Oregon, 97204-3038.

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Communications regarding this Petition should be addressed to:

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II. DISCUSSION

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NW Natural files this Petition under RCW 80.04.350, which authorizes the Commission to determine the proper and adequate rates of depreciation of utility property. Each utility must conform its depreciation accounts to the rates prescribed by the Commission.

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NW Natural last performed a depreciation study approximately five years ago. The Commission authorized NW Natural’s request to revise depreciation rates in Order 01 issued in docket UG-180251 on October 19, 2018. The depreciation rates were included in customer rates in the Company’s subsequent general rate case, effective on November 1, 2019.

6 NW Natural has performed the Depreciation Study, attached as Exhibit A, and requests authorization to implement the depreciation rates set forth in the Depreciation Study with an effective date of November 1, 2023. The purpose of the Depreciation Study is to determine the annual depreciation accrual rates and amounts for accounting and ratemaking purposes. The Depreciation Study includes descriptions of the methods used in the estimation of depreciation, the summary of annual depreciation accrual rates, the statistical support for the life and net salvage estimates, and the detailed tabulations of annual depreciation.

7 The Depreciation Study sets forth an annual system depreciation expense of \$116.2 million when applied to depreciable plant balances as of December 31, 2020. Using the depreciation rates currently in effect for NW Natural, NW Natural's annual system depreciation expense would be \$107.6 million. The resulting annual system increase in depreciation expense under the depreciation rates currently in effect for NW Natural and the depreciation expense under the depreciation rates set forth in the Depreciation Study is \$8.6 million. NW Natural is requesting to update its depreciation rates for an effective date of November 1, 2023.

8 For administrative and economic efficiencies, NW Natural strives to maintain uniform utility accounts, including depreciation rates, across its utility service territory. To maintain consistent depreciation rates across states, NW Natural is also filing the Depreciation Study in Oregon. Maintaining consistent depreciation rates across both states of its service territory avoids multiple sets of depreciation accounts and records that would impose a costly administrative burden on NW Natural and unnecessary expense for the Company's customers.

III. REQUEST FOR RELIEF

9 For the reasons described above the Depreciation Study supporting this Petition, NW Natural respectfully requests that the Commission issue an order finding:

- A. The Depreciation Study recommendations regarding depreciation rates are proper and adequate depreciation rates for NW Natural;
- B. Adoption of the Depreciation Study's recommendations into the Company's Washington natural gas rates, effective November 1, 2023, will result in fair and reasonable rates and accurately impose costs on those customers for whom such costs are incurred.

Dated this 22nd day of December, 2021.

Respectfully Submitted,

NORTHWEST NATURAL GAS COMPANY

/s/ Ryan Sigurdson

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