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December 18, 2020

NWN WUTC Advice No. 20-12

VIA ELECTRONIC FILING AND FEDEX

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

Re: Application for General Rate Increase; Tariff WN U-6, Natural Gas Service

Dear Mr. Johnson:

Pursuant to RCW 80.28.050 and 80.28.060 and in accordance with WAC 480-07-510, Northwest Natural Gas Company, dba NW Natural (“NW Natural” or the “Company”), files herewith revisions to its Tariff WN U-6 to apply a general rate increase. In this filing, the Company is proposing a multi-year rate plan, which would begin with new rates effective November 1, 2021, and include rate increases occurring on November 1, 2021, and November 1, 2022.

The following proposed Tariff revisions associated with Year One of the multi-year rate plan listed in the table below have an issue date of December 18, 2020, and are stated to become effective with service on and after November 1, 2021.

TABLE OF TARIFF SHEET REVISIONS		
PROPOSED	CANCELS	TITLE
Twelfth Revision of Sheet vi	Eleventh Revision of Sheet vi	Tariff Index (continued)
Seventeenth Revision of Sheet vii	Sixteenth Revision of Sheet vii	Tariff Index (continued)
Thirtieth Revision of Sheet 101.1	Twenty-Ninth Revision of Sheet 101.1	Schedule 1 “General Sales Service”
Thirtieth Revision of Sheet 102.1	Twenty-Ninth Revision of Sheet 102.1	Schedule 2 “Residential Sales Service”
Eighteenth Revision of Sheet 103.3	Seventeenth Revision of Sheet 103.1	Schedule 3 “Basic Firm Sales Service – Non-Residential (continued)”
Fifth Revision of Sheet 110.1	Fourth Revision of Sheet 110.1	Schedule 10 “Changes for Special Metering Equipment, Rental Meters and Metering Services”
Third Revision of Sheet 110.2	Second Revision of Sheet 110.2	Schedule 10 “Changes for Special Metering Equipment, Rental Meters and Metering Services”

TABLE OF TARIFF SHEET REVISIONS		
PROPOSED	CANCELS	TITLE
Thirtieth Revision of Sheet 127.1	Twenty-Ninth Revision of Sheet 127.1	Schedule 27 "Residential Heating Dry-Out Service"
Sixteenth Revision of Sheet 141.9	Fifteenth Revision of Sheet 141.9	Schedule 41 "Non-Residential Sales and Transportation Service (continued)"
Eleventh Revision of Sheet 141.10	Tenth Revision of Sheet 141.10	Schedule 41 "Non-Residential Sales and Transportation Service (continued)"
Seventeenth Revision of Sheet 142.10	Sixteenth Revision of Sheet 142.10	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Twelfth Revision of Sheet 142.10.1	Eleventh Revision of Sheet 142.10.1	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Seventeenth Revision of Sheet 142.11	Sixteenth Revision of Sheet 142.11	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Second Revision of Sheet 142.12	First Revision of Sheet 142.12	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Ninth Revision of Sheet 200.1	Eighth Revision of Sheet 200.1	Schedule 200 "Summary of Temporary Adjustments"
Fifth Revision of Sheet 200.2	Fourth Revision of Sheet 200.2	Schedule 200 "Summary of Temporary Adjustments (continued)"
Sixth Revision of Sheet 207.1	Fifth Revision of Sheet 207.1	Schedule 207 "General Rate Adjustment"
Sixth Revision of Sheet 207.2	Fifth Revision of Sheet 207.2	Schedule 207 "General Rate Adjustment (continued)"
First Revision of Sheet 207.3	Original Sheet 207.3	Schedule 207 "General Rate Adjustment (continued)"
Fifth Revision of Sheet 210.1	Fourth Revision of Sheet 210.1	Schedule 210 "Adjustment to Rates for Property Sales"
Twenty-Second Revision of Sheet 215.1	Twenty-First Revision of Sheet 215.1	Schedule 215 "Adjustment to Rates Energy Efficiency Service and Programs"
Second Revision of Sheet 305.1	First Revision of Sheet 305.1	Schedule 305 "Adjustment for Income Taxes (2017 Federal Tax Cuts and Jobs Act)"
Second Revision of Sheet 305.2	First Revision of Sheet 305.2	Schedule 305 "Adjustment for Income Taxes (2017 Federal Tax Cuts and Jobs Act)(continued)"
Second Revision of Sheet 305.3	First Revision of Sheet 305.3	Schedule 305 "Adjustment for Income Taxes (2017 Federal Tax Cuts and Jobs Act)(continued)"
Second Revision of Sheet 305.4	First Revision of Sheet 305.4	Schedule 305 "Adjustment for Income Taxes (2017 Federal Tax Cuts and Jobs Act)(continued)"

The following proposed Tariff revision associated with Year Two of the multi-year rate plan listed in the table below has an issue date of December 18, 2020, and is stated to become effective with service on and after November 1, 2022.

TABLE OF TARIFF SHEET REVISIONS		
PROPOSED	CANCELS	TITLE
Original Sheet 306.1	N/A	Schedule 306 “Multi-Year Rate Plan Adjustment”

NW Natural encloses all proposed tariff sheets formatted with the coding required by WAC 480-80-105 and in legislative format in accordance with WAC 480-07-510(2).

Purpose of the Filing

NW Natural seeks Commission authorization to increase its rates and charges for its natural gas service in the state of Washington. For Year One of the multi-year rate plan in this filing, the Company proposes an increase in revenues from base rates by \$6.3 million, which would result in an approximate 8.0 percent increase to overall base rates effective November 1, 2021. For Year Two of the proposed multi-year rate plan, NW Natural is proposing an increase of \$3.2 million, or 3.7 percent, effective November 1, 2022. The Company proposes to implement the rate change for Year Two of the multi-year rate plate through a separate base rate adjustment tariffed as proposed Schedule 306.

The Company’s request is based on a proposed rate of return of 6.913 percent, which maintains our most recently approved return on equity of 9.4 percent and capital structure comprised of 49 percent common equity, 50 percent long-term debt, and 1 percent short-term debt. The full impact of the filing is described in greater detail in the Summary Document included with this filing in accordance with WAC 480-07-510(5) as Attachment A. Additional Documents as specified by WAC 480-07-510(7) are provided in the enclosed Attachment B. A list of the documents included with this filing is provided as Attachment C, in compliance with WAC 480-07-140(4)(d).

The Company has also included several proposals designed to reduce the Year One rate impact in light of the fact that some of our customers may still be experiencing hardships at the time of our next rate change as a result of the COVID-19 pandemic. First, we are proposing to suspend the amortization of a regulatory asset associated with our energy efficiency programs during Year One, which results in a \$1.4 million, or approximately two percent, reduction to overall rates in Year One. Second, we propose to apply proceeds received from our sale of a property in Portland, Oregon known as “Block 24” as a credit to customers in Year One, which results in an \$839 thousand, or approximately one percent, reduction to overall rates in Year One. Together, these result in a \$2.2 million, or three percent, offset to rates in Year One.

The net impact of the increase to base rates and the proposed offsetting measures is an overall increase to rates of \$3.9 million, or 5.0 percent, in Year One.

In support of this filing, the Company submits the prepared testimony and exhibits of:

Witness	Subject Matter
David Anderson	Policy
Zachary Kravitz	Policy/Multi-Year Rate Plan
Brody Wilson	Cost of Capital and Capital Structure
Dr. Bente Villadsen	Rate of Return on Equity
Joe Karney	Distribution and Storage Projects
Wayne Pipes	Facilities
Jim Downing	Information Technology and Systems
Melinda Rogers	Compensation and Benefits
Tobin Davilla	Operations and Maintenance
Kyle Walker	Revenue Requirement
Robert Wyman	Cost of Service Study and Rate Spread

The Company includes five paper copies of the Company's testimony and exhibits supporting this general rate case filing, Attachment A - Summary Document required under WAC 480-07-510(5), Attachment B – Additional Documents required under WAC 480-07-510(7), and Attachment C – Listing of Electronic Files. In accordance with WAC 480-07-510, all documents have been electronically filed consistent with the requirements in WAC 480-07-140. One complete copy of all documentation has also been served on Public Counsel. The summary document required by WAC 480-07-510(5) has been served to the persons listed on the Certificate of Service attached to this letter.

Electronic copies of supporting work papers in accordance with the provisions of WAC 480-07-510(4) will be filed with Commission Staff with a copy to Public Counsel within five business days of the date of this filing. The Company will provide its cost of service study in accordance with WAC 480-85.¹

In compliance with WAC 480-07-510(3)(g), the Company states that there are no additional material affiliate transactions to report impacting the test year that were not otherwise reported in the Company's 2019 Affiliated Interest Report. The Company's 2019 Affiliated Interest Report was filed on April 29, 2020, and docketed as UG-200392.

Effect on Customers

As proposed, this general rate case would increase the Company's sales service class customer rates for Year One, without mitigation, of the multi-year rate plan, effective November 1, 2021, as follows:

¹ Please note, in a separate filing, the Company has requested a limited exemption from WAC 480-85-050(1) – see *“In the Matter of Northwest Natural Gas Company d/b/a NW Natural, Limited Exemption from WAC 480-85-050”*, Docket No. UG-200952, filed Nov. 25, 2020.

Class	Rate Schedule*	Change in Monthly Customer Charge	Average Monthly Bill Change (\$)	Average Monthly Bill Change (%)
Residential	Schedule 1	\$0.00	\$2.41	8.6%
Residential	Schedule 2	\$0.00	\$4.40	7.6%
Commercial	Schedule 1	\$0.00	\$11.68	8.2%
Commercial	Schedule 3	\$0.00	\$16.49	7.3%
Residential/Commercial	Schedule 27	\$0.00	\$2.75	6.7%
Commercial Firm Sales	Schedule 41	\$0.00	\$181.46	7.5%
Commercial Interruptible Sales	Schedule 41	n/a	n/a	n/a
Commercial Firm Sales	Schedule 42	\$0.00	\$491.61	7.6%
Commercial Interruptible Sales	Schedule 42	\$0.00	\$852.93	5.0%
Industrial Firm Sales	Schedule 3	\$0.00	\$61.79	7.5%
Industrial Firm Sales	Schedule 41	\$0.00	\$233.56	7.8%
Industrial Interruptible Sales	Schedule 41	n/a	n/a	n/a
Industrial Firm Sales	Schedule 42	\$0.00	\$467.93	7.2%
Industrial Interruptible Sales	Schedule 42	\$0.00	\$458.41	6.6%

As proposed, this general rate case would increase the Company's sales service class customer rates for Year Two, without mitigation, of the multi-year rate plan, effective November 1, 2022, as follows:

Class	Rate Schedule*	Change in Monthly Customer Charge	Average Monthly Bill Change (\$)	Average Monthly Bill Change (%)
Residential	Schedule 1	\$0.00	\$1.22	4.1%
Residential	Schedule 2	\$0.00	\$2.22	3.6%
Commercial	Schedule 1	\$0.00	\$5.88	3.9%
Commercial	Schedule 3	\$0.00	\$8.31	3.5%
Residential/Commercial	Schedule 27	\$0.00	\$1.38	3.2%
Commercial Firm Sales	Schedule 41	\$0.00	\$91.39	3.6%
Commercial Interruptible Sales	Schedule 41	n/a	n/a	n/a
Commercial Firm Sales	Schedule 42	\$0.00	\$247.56	3.7%
Commercial Interruptible Sales	Schedule 42	\$0.00	\$429.47	2.4%
Industrial Firm Sales	Schedule 3	\$0.00	\$31.11	3.5%
Industrial Firm Sales	Schedule 41	\$0.00	\$117.61	3.7%
Industrial Interruptible Sales	Schedule 41	n/a	n/a	n/a
Industrial Firm Sales	Schedule 42	\$0.00	\$235.64	3.4%
Industrial Interruptible Sales	Schedule 42	\$0.00	\$230.90	3.1%

*Schedule 41 and 42 sales customers may choose demand charges at a volumetric rate or based on MDDV. For convenience of presentation, demand charges are not included in the calculations for those schedules.
 n/a represents schedules that currently do not have customers signed up for service.

Confidentiality Protections and Motion for Protective Order

NW Natural has marked certain pages "**SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160.**" These documents are currently protected from any further disclosure by the Commission or the Office of the Attorney General, including their outside experts, **pursuant to RCW 80.04.095 and WAC 480-07-160.** Please note that the Company has also simultaneously-filed a sworn claim of confidentiality as required by WAC 480-07-160(4) and a motion for protective order.

The Company therefore requests that the documents contained in the envelopes identified with the cover page marked "**SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160**" as well as the files marked "Shaded Information Is Designated as Confidential per WAC 480-07-160" be treated as confidential under the provisions of WAC 480-07-160, as they each contain sensitive commercial information. In accordance with WAC 480-07-160(5)(c), the Company has enclosed redacted versions of the documents containing confidential information along with the non-confidential documents in its filing, and has placed unredacted versions of the documents containing confidential information in separate envelopes with corresponding "**SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL PER WAC 480-07-160**" labels on the envelopes. Each page of the unredacted version containing confidential information has been printed on yellow paper.

Other Matters

In order for rates to be effective on November 1, 2021 and allow for a suspension period of up to 10 months, the Company waives its right to have this filing considered at an open meeting of the Commission as set forth in RCW 80.04.130(1) and consents to the Commission's prompt entry of an order suspending the filing and commencing an investigation.

The Company agrees that following suspension of this filing, it will provide notice pursuant to WAC 480-90-197 once the public hearing dates have been selected by the Commission. Accordingly, the notice provisions of WAC 480-90-194 are not required at this time for this filing.

The Company stands ready to respond to any requests for data and information by telephone, or in writing, and to schedule any audit time that may be necessary. Please send any requests to the contact information shown below.

As requested by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

A copy of the filing is available for public inspection in the Company's main office in Portland, Oregon and on its website at www.nwnatural.com.

Service and correspondence relating to this filing should be directed to:

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Please contact me if you have any questions or require any further information.

Sincerely,

/s/ Zachary D. Kravitz

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