

July 15, 2024

NWN WUTC Advice No. 24-05

VIA ELECTRONIC FILING AND FEDEX MAIL

Jeff Killip, Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Received
Records Management
Aug 2, 2024

**RE: Schedule 303—NW Natural’s Environmental Cost Recovery Mechanism
Annual Tariff Adjustment Filing and 2023 Annual Report**

Dear Mr. Killip:

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files the following proposed revisions to its Tariff Schedule 303:

Fifth Revision of Sheet 303.3	Schedule 303	Washington Environmental Cost Recovery Mechanism
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Purpose

The purpose of this filing is to adjust Schedule 303 to recover NW Natural’s environmental remediation expenses incurred between January 1, 2023 and December 31, 2023, consistent with the Washington Utilities and Transportation Commission (Commission) Order 06 in docket UG-181053.¹

Background

Commission Order 01 in docket UG-110199 authorized NW Natural to defer costs associated with environmental remediation efforts at certain sites impacted by the Gasco manufactured gas plant. Order 02 in that same docket required annual reporting and a summary of status for each project. In NW Natural’s 2018 rate case in docket UG-181053, the Company requested, and received, approval to implement an Environmental Cost Recovery Mechanism (ECRM). The ECRM provides for an annual prudence review and cost recovery mechanism of the deferred expenses, subject to certain limitations detailed in Schedule 303. NW Natural provides the enclosed report of NW Natural’s environmental remediation expenses incurred between January 1, 2023 and December 31, 2023. The four exhibits attached to the report are as follows:

¹ See *Washington Utilities and Transportation Commission vs Northwest Natural Gas Company dba NW Natural*, Docket UG-181053, Order 06 ¶ 62.

- Exhibit A - Deferred Environmental Remediation Costs and Insurance Proceeds
- Exhibit B - Task Detail - Deferred Environmental Remediation Costs and Insurance Proceeds
- Exhibit C - Rate Calculation Schedules, Deferral and Amortization Workpapers
- Exhibit D - Major Reports and Communications with Environmental Regulators²

The report also provides a summary of the status of remediation at Gasco.

Proposed Changes

The proposed Schedule 303 adjustments are calculated on an equal-percentage-of margin basis; the calculation of rates for each rate schedule is provided on page 1 of Exhibit C. It should be noted that the proposed Schedule 303 adjustments represent just one of the deferred accounts that will be proposed to be applied to customer rates effective November 1, 2024, due to the Company's upcoming Purchased Gas Adjustment (PGA) filings anticipated to be made on or around September 15, 2024. As such, the bill effects stated herein are provided for illustrative purposes only, and reflect the effect of applying the proposed Schedule 303 adjustments to current billing rates. If there were no other adjustments to rates effective November 1, 2024, the effect of the proposed rates in Schedule 303 is a increase of \$684,545.³ The average residential Schedule 2 customer using 57 therms would see an increase of \$0.44 per month, and the average Schedule 3 commercial customer using 254 therms would see a bill increase of \$1.74 per month. The bill impact for customers on the other residential and commercial rate schedules is shown on page 2 of Exhibit C.

In support of this filing, the Company provides worksheets showing the derivation of the proposed Schedule 303 adjustments to rates, a worksheet showing deferral accounts 186175 through 186180 balances and the 2023 Annual ECRM Report.

The Company will provide notice to customers as part of the customer notice for the PGA filings that will have the same effective date of November 1, 2024, in accordance with WAC 480-90-194(5). A copy of this notice will be included with the Company's informational PGA combined effects filing, expected to be made on or around September 15, 2024.

The proposed rate change will affect all of NW Natural's Washington sales and transportation service customers. NW Natural currently serves approximately 90,256 residential customers and 7,398 commercial and industrial customers in the Company's Washington service territory.

Conclusion

NW Natural respectfully requests that the Commission approve this tariff change to be effective November 1, 2024.

² Exhibit D will be provided via USB drive and physically mailed following the electronic submission of this report due to its voluminous nature. Only files currently in PDF format will be provided. Any non-PDF communications will be available upon request.

³ Includes revenue sensitive factor of 4.357%; additional details can be found within Exhibit C.

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

Please address any correspondence on this matter to me with copies to the following:

eFiling
NW Natural Rates and Regulatory Affairs
250 SW Taylor Street
Portland, Oregon 97204
Fax: (503) 220-2579
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Respectfully Submitted,

/s/ Kyle Walker, CPA

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Enclosures:

NEW-NWN-2023-ECRM-Rpt-Advice-24-05-Trf-Sheet-303-3-07-15-24
NEW-NWN-2023-ECRM-Rpt-Advice-24-05-Rpt-07-15-24
NEW-NWN-2023-ECRM-Rpt-Advice-24-05-Exh-A-07-15-24
NEW-NWN-2023-ECRM-Rpt-Advice-24-05-Exh-B-07-15-24
NEW-NWN-2023-ECRM-Rpt-Advice-24-05-Exh-C-07-15-24
NEW-NWN-2023-ECRM-Rpt-Advice-24-05-Exh-D-07-15-24 (USB drive by FedEx mail)