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December 31, 2018

NWN Advice No. WUTC 18-

**VIA ELECTRONIC FILING**

Mark L. Johnson, Executive Director and Secretary  
 Washington Utilities & Transportation Commission  
 1300 S. Evergreen Park Drive, S.W.  
 P.O. Box 47250  
 Olympia, WA 98504-7250

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 UTIL. AND TRANSP.  
 COMMISSION

**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, dba NW Natural (“NW Natural” or the “Company”), files herewith revisions to its Tariff WN U-6 to apply a general rate increase. The proposed Tariff revisions are listed in the table of tariff sheet revisions below, have an issue date of December 31, 2018, and are stated to become effective with service on and after February 1, 2019.

TABLE OF TARIFF SHEET REVISIONS		
PROPOSED	CANCELS	TITLE
Eleventh Revision of Sheet vi	Tenth Revision of Sheet vi	Tariff Index (continued)
Sixteenth Revision of Sheet vii	Fifteenth Revision of Sheet vii	Tariff Index (continued)
Twelfth Revision of Sheet viii	Eleventh Revision of Sheet viii	Tariff Index (continued)
First Revision of Sheet D.1	Original Sheet D.1	Schedule D “Residential Meter Reading Estimating Program”
Twenty-Eighth Revision of Sheet 101.1	Twenty-Seventh Revision of Sheet 101.1	Schedule 1 “General Sales Service”
Twenty-Eighth Revision of Sheet 102.1	Twenty-Seventh Revision of Sheet 102.1	Schedule 2 “Residential Sales Service”
Sixteenth Revision of Sheet 103.3	Fifteenth Revision of Sheet 103.1	Schedule 3 “Basic Firm Sales Service – Non-Residential (continued)”
Twenty-Eighth Revision of Sheet 127.1	Twenty-Seventh Revision of Sheet 127.1	Schedule 27 “Residential Heating Dry-Out Service”
Fourteenth Revision of Sheet 141.9	Thirteenth Revision of Sheet 141.9	Schedule 41 “Non-Residential Sales and Transportation Service (continued)”
Ninth Revision of Sheet 141.10	Eighth Revision of Sheet 141.10	Schedule 41 “Non-Residential Sales and Transportation Service (continued)”
Fifteenth Revision of Sheet 142.10	Fourteenth Revision of Sheet 142.10	Schedule 42 “Large Volume Non-Residential Sales and Transportation Service (continued)”

<b>TABLE OF TARIFF SHEET REVISIONS</b>		
<b>PROPOSED</b>	<b>CANCELS</b>	<b>TITLE</b>
Tenth Revision of Sheet 142.10.1	Ninth Revision of Sheet 142.10.1	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Fifteenth Revision of Sheet 142.11	Fourteenth Revision of Sheet 142.11	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Fourteenth Revision of Sheet 143.6	Thirteenth Revision of Sheet 143.6	Schedule 43 "High-Volume Non-Residential Firm and Interruptible Transportation Service (continued)"
Eighth Revision of Sheet 200.1	Seventh Revision of Sheet 200.1	Schedule 200 "Summary of Temporary Adjustments"
Fourth Revision of Sheet 200.2	Third Revision of Sheet 200.2	Schedule 200 "Summary of Temporary Adjustments (continued)"
Fifth Revision of Sheet 207.1	Fourth Revision of Sheet 207.1	Schedule 207 "General Rate Adjustment"
Fifth Revision of Sheet 207.2	Fourth Revision of Sheet 207.2	Schedule 207 "General Rate Adjustment (continued)"
Original Sheet 300.1	N/A	Schedule 300 "Decoupling Mechanism"
Original Sheet 300.2	N/A	Schedule 300 "Decoupling Mechanism (continued)"
Original Sheet 303.1	N/A	Schedule 303 "Washington Environmental Cost Recovery Mechanism"
Original Sheet 303.2	N/A	Schedule 303 "Washington Environmental Cost Recovery Mechanism (continued)"
Original Sheet 303.3	N/A	Schedule 303 "Washington Environmental Cost Recovery Mechanism (continued)"
Original Sheet 305.1	N/A	Schedule 305 "Adjustment for Income Taxes (2017 Federal Tax Cuts and Jobs Act)"
Original Sheet 305.2	N/A	Schedule 305 "Adjustment for Income Taxes (2017 Federal Tax Cuts and Jobs Act)(continued)"
Original Sheet 305.3	N/A	Schedule 305 "Adjustment for Income Taxes (2017 Federal Tax Cuts and Jobs Act)(continued)"
Original Sheet 305.4	N/A	Schedule 305 "Adjustment for Income Taxes (2017 Federal Tax Cuts and Jobs Act)(continued)"

These proposed tariffs are filed in legislative format in accordance with WAC 480-07-510(2).

**Purpose of the Filing**

This is NW Natural's first general rate increase filing since the case filed in 2008 (Docket U-080546) with Tariff revisions effective January 1, 2009. This filing requests to increase revenues from base rates by \$8.3 million, which would result in an approximate 12.6 percent increase to overall base rates. The Company's request is based on a proposed rate of return of 7.63 percent, return on equity of 10.3 percent, and capital structure comprised of 49.5 percent

equity, 49.5 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 addition, NW Natural proposes to implement a decoupling mechanism (Schedule 300), an environmental cost recovery mechanism (Schedule 303), and a mechanism that will adjust rates for the effects of the 2017 Federal Tax Cuts and Jobs Act (TCJA) (Schedule 305).

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

David Anderson	Policy
Brody Wilson	Cost of Capital
Bente Villadsen	Rate of Return on Equity
Joe Karney	Capital Projects
Jorge Moncayo	Operations and Maintenance
Melinda Rogers	Compensation and Benefits
Kyle Walker	Decoupling Mechanism
Andrew Middleton	Environmental Mitigation History
Robert Wyatt	Background of Environmental Remediation Efforts
Zachary Kravitz	Environmental Remediation Cost Recovery
Amanda Faulk	Master Services Agreement and Cost Allocation Manual
Sean Borgerson	Federal Income Tax Reform; Interim Period Deferral and Excess Deferred Income Tax Deferral
Kevin McVay	Revenue Requirement
Ron Amen	Cost of Service Study and Rate Spread

The Company includes an original and five (5) paper copies of the Company's prefiled direct testimony and exhibits supporting this general rate case filing, the summary document required under WAC 480-07-510(5), and the financial reports and other documents required under WAC 480-07-510(7). 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 has been served to the persons listed on the Certificate of Service attached to this letter.

In accordance with WAC 480-07-510(4)(a), electronic copies of supporting work papers 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 reasonable access to the cost study model in accordance with WAC 480-07-510(6).

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### **Effect on Customers**

As proposed, this general rate case would increase the Company's sales service class customer rates as follows:

<b>Class</b>	<b>Rate Schedule</b>	<b>Change in Monthly Customer Charge</b>	<b>Average Monthly Bill Change (\$)</b>	<b>Average Monthly Bill Change (%)</b>
Residential	Schedule 1	\$3.53	\$7.84	34.1%
Residential	Schedule 2	\$2.00	\$6.42	13.3%
Commercial	Schedule 1	\$3.53	\$26.98	24.9%
Commercial	Schedule 3	\$7.00	\$21.12	11.3%
Commercial Firm Sales	Schedule 41	\$0.00	\$452.53	12.9%
Industrial Firm Sales	Schedule 42	\$0.00	\$848.98	7.1%
Industrial Interruptible Sales	Schedule 42	\$0.00	\$812.90	6.7%

The table above does not include the rate effect of changes that would apply under Schedule 305 relating to the 2017 Federal Tax Cuts and Jobs Act.

### **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.

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**Other Matters**

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

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

Zachary Kravitz  
Director, Rates and Regulatory Affairs  
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Portland, Oregon 97209-3991  
Phone: (503) 220-2379  
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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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