

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of

NORTHWEST NATURAL GAS
COMPANY DBA NW NATURAL

For an Accounting Order Authorizing
Deferred Accounting Treatment Related to
Residential Winter Bill Mitigation

DOCKET NO. UG-_____

PETITION

1 Pursuant to WAC 480-07-370(3)(b), Northwest Natural Gas Company (“NW Natural” or “the Company”) petitions the Washington Utilities and Transportation Commission (the “Commission”) for an order authorizing deferred accounting treatment related to its proposed Advice No. 22-08, which seeks to include temporary bill credits for residential customers from November 1, 2022 through October 31, 2023 to mitigate bill impacts during the 2022/2023 winter heating season.

2 In support of this Petition, NW Natural states as follows:

I. NAME OF PETITIONER

3 NW Natural is in the business of furnishing natural gas service within the State of Washington as a public service company and is subject to the regulatory authority of the Commission as to its rates, service, facilities, and practices. Its full name and mailing address for the purposes of this proceeding are:

Northwest Natural Gas Company
c/o Zachary Kravitz
Vice President, Rates and Regulatory Affairs
250 SW Taylor Street
Portland, OR 97204-3038

4 The name and address of the Company's attorney for purposes of this proceeding are:

Ryan Sigurdson
Regulatory Attorney (WSBA #39733)
250 SW Taylor Street
Portland, OR 97204-3038

II. SUPPORT FOR PETITION

A. Legal Authority

5 The Commission is vested by statute with the authority to regulate, among other things, the rates and accounts of public service companies, including gas companies.¹ WAC 480-07-370(1)(b) allows public service companies to file petitions, including petitions for deferred accounting.² The Commission grants petitions for deferred accounting where “good cause” is shown.³

B. Factual Background

6 Throughout 2022, the global natural gas commodity market has experienced significant volatility, which has resulted in higher natural gas costs in NW Natural’s upcoming PGA. The approximate bill impact of the higher commodity cost during this period is a 17 percent increase to bills for the upcoming winter heating season, beginning on November 1, 2022. NW Natural’s base rates will also be increasing by approximately 3 percent as the Company

¹ RCW 80.01.040, RCW 80.04.160, RCW 80.28.020; *see also In the Matter of the Petition of Nw. Nat. Gas Co. for an Accounting Order Authorizing Deferred Accounting Treatment of Certain Costs Associated with Environmental Remediation*, Docket UG-110199, Order 01 (June 30, 2011).

² *See* UG-110199, Order 01 ¶ 6.

³ UG-110199, Order 01 ¶ 10; *see also In the Matter of the Petition of Avista Corp. d/b/a Avista Utils. for an Accounting Order Authorizing Deferred Accounting Treatment for Residential and Farm Energy Exchange Benefit Amounts*, Docket UE-071091, Order 01 ¶ 11 (Aug. 29, 2007).

enters the second year of its multi-year rate plan approved by the Commission in 2021.⁴ The combined impact of these two rate changes result in an approximate 20 percent increase to customers' bills. In an effort to find innovative solutions to mitigate rate changes for residential customers in Washington during this upcoming winter heating season, NW Natural developed a proposal that seeks to establish a temporary residential volumetric bill credit representing approximately 5 percent of the expected bills effective November 1, 2022. Specifically, during this period, NW Natural will defer the uncollected revenues caused by the temporary bill credits. The deferred revenues will then be collected (amortized) from residential customers from April 1, 2023 through October 31, 2023, which are typically lower consumption months for these customers. Both the deferral and the amortization accounts will accrue interest at NW Natural's actual short-term borrowing rate in each month. To implement this bill credit, the Company must defer the amount that it would otherwise collect in residential rates during this time, so that it can subsequently recover these amounts in the spring and summer months when residential customers' bills are lower.

7 The Company respectfully requests that the Commission rule on this deferral Petition prior to November 1, 2022.

C. Reasons for Deferral

8 Deferring revenue will benefit the Company's residential customers because it will reduce these customers' bills during the winter heating season, when residential natural gas bills are typically at their highest. This mitigation is designed to provide meaningful relief to customers in these high usage months and to protect customers from extreme cold weather

⁴ *Wash. Util. & Transp. Comm'n v. NW Natural Gas Co.*, Docket UG-200994, Order 05 ¶ 16 (Oct. 21, 2021).

events that are most likely to occur from November through March. These events lead to higher natural gas consumption, which ultimately cause higher bills.

- 9 By amortizing the deferral over the April through October period, NW Natural will collect the deferred revenues during periods of typically lower usage for residential customers. Importantly, by including the months of April and October in the amortization period, a significant portion of the deferral will be recovered in these “shoulder” months when space-heating is being used, but not at the same level of usage as winter months. This approach attempts to minimize any potential intra-class subsidy that could occur if high-consuming space-heating residential customers did not also have water-heating or other gas appliances that are typically used in non-heating months. Additionally, this approach allows the Company to recover these costs from residential customers in the same PGA year (November 1 through October 31) as they are incurred, which adheres to cost-causation principles and avoids amortizing the deferral balance in future years with uncertain natural gas prices.

D. Estimate of Amounts

- 10 NW Natural cannot estimate the expected deferral at this time due to residential customer usage significantly varies with weather during the winter months.

E. Proposed Accounting

- 11 Beginning on November 1, 2022 and ending March 31, 2023, NW Natural proposes to account for the revenues associated with the residential rate mitigation by recording the deferral in a FERC 186 account. In the absence of approval of deferred accounting, NW Natural would recover the full PGA and the pending base rate change in revenue starting November 1, 2022.

III. RELIEF REQUESTED

12 The Company respectfully requests that the Commission enter an order approving deferred accounting treatment as described in this Petition prior to November 1, 2022.

Dated this 29th day of September 2022.

Respectfully Submitted,

/s/ Kyle Walker

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