

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

NW NATURAL SUPPORTING MATERIALS

WASHINGTON CLIMATE COMMITMENT ACT (“CCA”)
COST RECOVERY MECHANISM

NWN WUTC Advice No. 24-16

November 15, 2024

NW NATURAL

EXHIBIT A

Supporting Materials

WASHINGTON CLIMATE COMMITMENT ACT (“CCA”)

COST RECOVERY MECHANISM

NWN WUTC ADVICE NO. 24-16

Description	Page
Climate Commitment Act Cost Recovery	1
Summary of Allowance Allocation to Natural Gas Utilities for 2023-2026	2
Effects on Average Bill by Rate Schedule	3
Total Allocated Credits by Schedule	4
2024-25 PGA Forecast	5
Monthly CCA Cost	6
Customer Notice	7

Climate Commitment Act Recovery Tariff
 Cost Recovery January 1, 2025 - April 30, 2026

CCA Allowance Costs		
	2025	2026 (Jan - April)
CCA Deferral		
Forecasted Allowance Cost		
Total Allowance Cost		
Total Cost for Rate Making	\$ 33,907,088	

CCA Consigned Allowance Revenue		
	2025	2026 (Jan - April)
Forecasted Allowance Revenue		
Less: Low Income (LI) Offset		
Total Available Revenue to Non-LI		
Total Revenue to Non-LI for Rate Making	\$ 17,974,929	

Total Therms Subject to CCA		
	Forecast	Total
2025	112,726,745	112,726,745
	5,320,946	5,320,946
Total Volumes Subject to CCA	107,405,799	107,405,799
2026 (Jan - April)	52,819,624	52,819,624
Less: EITEs	2,169,476	2,169,476
	50,650,148	50,650,148

Excluded Volumes from CCA		
	2025 [1]	2026 (Jan - April) [2]
	4,091	2,728
	4,917,592	1,998,941
	399,263	167,807
Total	5,320,946	2,169,476

[1] Volumes are TTM June 30, 2024

[2] Volumes are Jan 1 - April 30, 2024

[2] 2,000 per day on I42TF and Remaining on I42TI

Schedule	UPC
Schedule 1R	175.7
Schedule 2	236.4
Schedule 3C	3,051.0
Schedule 41IFS	58,514.3
Schedule 42CF5	249,783.0

Total Allocated Credits by Schedule										
	Therms	% of Total	Allocated Revenue	Per Customer	Winter Credit	Non-Winter Credit				
Schedule 1 Residential	175,331	0.2%	\$ 35,344	\$ 29.07	\$ 1.82	\$ 1.82	\$	\$	35,344	
Schedule 1 Commercial	14,842	0.0%	\$ 2,992	\$ 85.48	\$ 5.34	\$ 5.34	\$	\$	2,992	
Schedule 2	52,721,579	59.1%	\$ 10,627,888	\$ 126.49	\$ 10.97	\$ 4.84	\$	\$	10,627,888	
Schedule 3 Commercial	18,627,874	20.9%	\$ 3,755,103	\$ 579.85	\$ 46.59	\$ 25.89	\$	\$	3,755,103	
Schedule 3 Industrial	194,783	0.2%	\$ 39,265	\$ 2,066.60	\$ 129.16	\$ 129.16	\$	\$	39,265	
Schedule 27	-	0.0%	\$ -	\$ -	\$ -	\$ -	\$	\$	-	
Schedule 41C Firm Sales	3,601,878	4.0%	\$ 726,085	\$ 8,241.41	\$ 515.09	\$ 515.09	\$	\$	741,727	
Schedule 41C Interr Sales	-	0.0%	\$ -	\$ -	\$ -	\$ -	\$	\$	-	
Schedule 41C Firm Trans	404,656	0.5%	\$ 81,573	\$ 8,241.41	\$ 515.09	\$ 515.09	\$	\$	65,931	
Schedule 41I Firm Trans	-	0.0%	\$ -	\$ -	\$ -	\$ -	\$	\$	-	
Schedule 41I Firm Sales	889,670	1.0%	\$ 179,344	\$ 9,963.56	\$ 622.72	\$ 622.72	\$	\$	179,344	
Schedule 41I Interr Sales	-	0.0%	\$ -	\$ -	\$ -	\$ -	\$	\$	-	
Schedule 42C Firm Sales	1,640,031	1.8%	\$ 330,606	\$ 82,276.31	\$ 5,142.27	\$ 5,142.27	\$	\$	575,934	
Schedule 42I Firm Sales	1,084,359	1.2%	\$ 218,591	\$ 63,132.31	\$ 3,945.77	\$ 3,945.77	\$	\$	568,191	
Schedule 42C Firm Trans	1,507,763	1.7%	\$ 303,943	\$ 82,276.31	\$ 5,142.27	\$ 5,142.27	\$	\$	82,276	
Schedule 42I Firm Trans	5,477,193	6.1%	\$ 1,104,121	\$ 63,132.31	\$ 3,945.77	\$ 3,945.77	\$	\$	441,926	
Schedule 42C Interr Sales	933,673	1.0%	\$ 188,215	\$ 82,276.31	\$ 5,142.27	\$ 5,142.27	\$	\$	164,553	
Schedule 42I Interr Sales	196,352	0.2%	\$ 39,582	\$ 63,132.31	\$ 3,945.77	\$ 3,945.77	\$	\$	63,132	
Schedule 42I Interr Trans	-	0.0%	\$ -	\$ -	\$ -	\$ -	\$	\$	-	
Schedule 42I Inter Trans	1,697,938	1.9%	\$ 342,279	\$ 63,132.31	\$ 3,945.77	\$ 3,945.77	\$	\$	631,323	
Schedule 43 Firm Trans	-	0.0%	\$ -	\$ -	\$ -	\$ -	\$	\$	-	
Schedule 43 Interr Trans	-	0.0%	\$ -	\$ -	\$ -	\$ -	\$	\$	-	
	89,167,921	100%	\$ 17,974,929				\$	\$	17,974,929	

Excluded Volumes from CCA [2]	
	\$ 6,819
	6,916,533
	567,071
Total	7,490,423

[2] Volumes are TTM June 30, 2024 for 2025 and Jan - April 30, 2024 for 2026

[3] 732,000 per year 42TF and Remaining on 42TI 732,000 per Bill Book

June 30, 2024 Volumes & Customers									
Schedule	Block	Volumes (Therms)	Customer Count	Customer Adjustment	Customer Count for CCA Credits				
1R	n/a	291,644	1,878.0	(662.0)	1,216.0				
1C	n/a	14,842	35.0	0.0	35.0				
2R	n/a	53,751,774	88,378.0	(4,357.0)	84,021.0				
3 CFS	n/a	19,572,452	6,785.0	(399.0)	6,476.0				
3 IFS	n/a	194,783	21.0	(2.0)	19.0				
27R	n/a	57,239	390.0	0.0	390.0				
41C Firm Sales	Block 1	1,372,878	97.0	(7.0)	90.0				
	Block 2	2,229,000							
41I Firm Sales	Block 1	329,825	21.0	(3.0)	18.0				
	Block 2	735,388							
41C Interr Sales	Block 1	-	0.0	0.0	0.0				
	Block 2	-							
41I Interr Sales	Block 1	-	0.0	0.0	0.0				
	Block 2	-							
41C Firm Transpt	Block 1	151,507	8.0	0.0	8.0				
	Block 2	253,149	0.0						
41I Firm Transpt	Block 1	-	0.0	0.0	0.0				
	Block 2	-							
42C Firm Sales	Block 1	629,200	8.0	(1.0)	7.0				
	Block 2	853,172							
	Block 3	334,173							
	Block 4	73,268							
	Block 5	-							
	Block 6	-							
42I Firm Sales	Block 1	892,388	11.0	(2.0)	9.0				
	Block 2	653,690							
	Block 3	94,172							
	Block 4	11,180							
	Block 5	-							
	Block 6	-							
42C Firm Transpt	Block 1	190,000	1.0	0.0	1.0				
	Block 2	380,000							
	Block 3	380,000							
	Block 4	557,763							
	Block 5	-							
	Block 6	-							
42I Firm Transpt	Block 1	786,713	8.0	(1.0)	7.0				
	Block 2	1,136,740							
	Block 3	1,026,635							
	Block 4	2,414,188							
	Block 5	844,917							
	Block 6	-							
42C Interr Sales	Block 1	240,000	2.0	0.0	2.0				
	Block 2	456,502							
	Block 3	205,009							
	Block 4	31,562							
	Block 5	-							
	Block 6	-							
42I Interr Sales	Block 1	120,000	1.0	0.0	1.0				
	Block 2	76,352							
	Block 3	-							
	Block 4	-							
	Block 5	-							
	Block 6	-							
42C Inter Transpt	Block 1	-	0.0	0.0	0.0				
	Block 2	-							
	Block 3	-							
	Block 4	-							
	Block 5	-							
	Block 6	-							
42I Inter Transpt	Block 1	788,698	10.0	0.0	10.0				
	Block 2	1,380,850							
	Block 3	1,072,385							
	Block 4	3,072,884							
	Block 5	1,567,654							
	Block 6	-							
43 Firm Transpt	n/a	-	-	-	-				
43 Interr Transpt	n/a	-	-	-	-				
Special Contract	n/a	-	-	0.0	0.0				

Customers that joined system after July 25, 2021 (5,344.0)

ESET Report out of CIS as of 7/31/2021

Sales/Typ	Rate	#Services	#Heat	State	Month	Therms	Amount	Price	MONTH
SALES R01	1216		404	WA	202107	4706.1	-11097.26	-2.3581	Jul-21
SALES R02	84021	79582	WA	202107	1305833.6	-1833006.8	-1.4037	Jul-21	
SALES C01	44	33	WA	202107	3390.3	-4332.1	-1.2778	Jul-21	
SALES C03	6477	6035	WA	202107	561644.1	-631429.25	-1.1243	Jul-21	
SALES C27	734	719	WA	202107	3131.1	-7491.57	-2.3926	Jul-21	
SALES C41	90	71	WA	202107	155518	-141007.25	-0.9067	Jul-21	
SALES C42	7	4	WA	202107	86838.4	-59236.96	-0.6822	Jul-21	
SALES I03	19	12	WA	202107	9333.3	-8137.93	-0.8719	Jul-21	
SALES I41	18	16	WA	202107	43101.1	-32797.45	-0.7597	Jul-21	
SALES I42	10	9	WA	202107	119560.4	-76261.92	-0.6379	Jul-21	
SALES X42	5	0	WA	202107	66047	-40053.74	-0.6064	Jul-21	
TRANS C41	8	8	WA	202107	9790	-7308.94	-0.7466	Jul-21	
TRANS C42	2	0	WA	202107	128774	-17897.85	-0.139	Jul-21	
TRANS I42	8	7	WA	202107	481933	-61710.81	-0.128	Jul-21	
TRANS I61	1	0	WA	202107	225956	-19786.32	-0.0876	Jul-21	
TRANS X42	10	1	WA	202107	582031	-66215.17	-0.1138	Jul-21	

2024-25 PGA Forecast

	WA RES	WA COM	WA IND FIRM	WA IND INT	WA TRANSP FIRM	WA TRANSP INT	TOTAL
Nov-24	6,875,078	2,764,402	278,327	130,292	980,533	831,796	11,860,428
Dec-24	9,615,883	3,766,482	406,636	123,274	1,039,016	794,295	15,745,586
Jan-25	10,104,605	4,015,689	402,620	130,083	1,044,623	701,898	16,399,517
Feb-25	8,537,695	3,497,804	392,958	120,985	962,063	727,027	14,238,532
Mar-25	7,299,484	3,044,032	376,398	127,973	992,848	845,850	12,686,585
Apr-25	5,074,436	2,262,141	332,294	105,410	924,271	796,438	9,494,990
May-25	3,080,816	1,534,369	239,334	89,538	874,333	747,382	6,565,771
Jun-25	2,018,282	1,165,194	177,885	74,459	829,839	795,737	5,061,395
Jul-25	1,719,837	1,018,966	153,729	69,084	779,044	758,079	4,498,739
Aug-25	1,367,996	866,367	134,812	69,982	770,871	687,183	3,897,211
Sep-25	1,622,581	944,000	165,318	71,237	741,308	1,060,129	4,604,572
Oct-25	3,831,759	1,704,549	177,133	89,300	833,831	1,036,847	7,673,418
Nov-25	6,875,078	2,764,402	278,327	130,292	980,533	831,796	11,860,428
Dec-25	9,615,883	3,766,482	406,636	123,274	1,039,016	794,295	15,745,586
Jan-26	10,104,605	4,015,689	402,620	130,083	1,044,623	701,898	16,399,517
Feb-26	8,537,695	3,497,804	392,958	120,985	962,063	727,027	14,238,532
Mar-26	7,299,484	3,044,032	376,398	127,973	992,848	845,850	12,686,585
Apr-26	5,074,436	2,262,141	332,294	105,410	924,271	796,438	9,494,990

2025 112,726,745
2026 (Jan - April) 52,819,624

2025	Q1	43,324,634	38.43%
2025	Q2	21,122,156	18.74%
2025	Q3	13,000,522	11.53%
2025	Q4	35,279,433	31.30%
2026	Q1+April	52,819,624	46.86%

	WA RES	WA COM
Winter %	69.39%	64.28%
Non-Winter %	30.61%	35.72%

Monthly CCA Cost

Rate Schedule	Average Monthly Usage (in therms)	Cost Per Therm	CCA Average Cost per Month
1 - Residential	15	\$ 0.24073	\$ 3.61
1 - Commercial	37	\$ 0.24073	\$ 8.91
2 - Residential	57	\$ 0.24073	\$ 13.72
3 - Industrial	870	\$ 0.24073	\$ 209.44
3 - Commercial	254	\$ 0.24073	\$ 61.15
27 - Commercial	13	\$ 0.24073	\$ 3.13
41 - Commercial Firm Sales	3,272	\$ 0.24073	\$ 787.68
41 - Industrial Firm Sales	4,876	\$ 0.24073	\$ 1,173.82
41 - Commercial Interruptible Sales	0	\$ 0.24073	\$ -
41 - Industrial Interruptible Sales	0	\$ 0.24073	\$ -
41 - Commercial Firm Transportation	4,715	\$ 0.24073	\$ 1,135.06
41 - Industrial Firm Transportation	0	\$ 0.24073	\$ -
42 - Commercial Firm Sales	20,815	\$ 0.24073	\$ 5,010.89
42 - Industrial Firm Sales	13,556	\$ 0.24073	\$ 3,263.40
42 - Commercial Firm Transportation	166,388	\$ 0.24073	\$ 40,055.32
42 - Industrial Firm Transportation	86,701	\$ 0.24073	\$ 20,871.92
42 - Commercial Interruptible Sales	41,596	\$ 0.24073	\$ 10,013.59
42 - Industrial Interruptible Sales	16,942	\$ 0.24073	\$ 4,078.52
42 - Commercial Interruptible Transportation	0	\$ 0.24073	\$ -
42 - Industrial Interruptible Transportation	81,522	\$ 0.24073	\$ 19,625.15

November 15, 2024

Lower rates for NW Natural customers in Washington started November 1 Further reductions possible starting January 1, 2025

Lower rates for NW Natural customers in Washington took effect Nov. 1, 2024, to reflect the annual Purchased Gas Adjustment for the expected cost of natural gas. On Nov. 15, 2024, NW Natural requested other rate changes with the Washington Utilities & Transportation Commission (WUTC). If all rate changes are approved by the WUTC as filed, starting Jan. 1, 2025, residential and small-commercial bills will further decrease, but the amount will depend on the State of Washington's rules regarding when your premises was connected to NW Natural's system OR if you are an Identified Low-Income Customer.

The combined effects of new rate adjustments

- **Premises connected to the natural gas system before July 25, 2021:** If approved, bills will decrease by a combined total of about \$5 a month for residential customers using an average of 57 therms per month. Small-commercial rates will decrease by about \$30 based on average usage of 254 therms per month.
- **Premises connected to the natural gas system after July 25, 2021:** If approved, bills will decrease by a combined total of about \$14 a month for residential customers using an average of 57 therms per month. Small-commercial rates will decrease by about \$63 based on average usage of 254 therms per month.
- **Low-income customers:** If approved, bills will increase by less than \$1 a month for residential low-income customers using an average of 57 therms per month. Low-income customers are held harmless from all Climate Commitment Act costs.

This means NW Natural customers will be paying less than they did 20 years ago for their natural gas bills.

How NW Natural is keeping natural gas affordable

The company has taken several steps to maximize affordability, such as locking in gas purchases at lower rates, smart investments in energy storage, and energy-efficiency measures. The combined effects of the following filings contribute to rate changes for customers in Washington as shown on the next page.

What are the components of the rate adjustments?

Starting Nov. 1, the Purchased Gas Adjustment portion of residential rates—reflecting the commodity cost of natural gas—decreased by about \$8 a month for customers using an average of 57 therms per month. Small-commercial rates decreased by about \$33 based on average usage of 254 therms per month. This rate adjustment was approved by the WUTC.

Additionally, two other rate adjustments have been filed by NW Natural and are pending approval by the WUTC. If approved as filed, these adjustments would go into effect Jan. 1, 2025:

- The Climate Act Fee to comply with Washington's Climate Commitment Act would decrease bills by about \$6 per month for residential customers and \$32 per month for small-commercial customers. For customers who connected to the natural gas system after July 25, 2021, a residential customer will see monthly bill decreases of about \$15 and small-commercial customers will see a decrease of about \$65 per month.
- The Washington Bill Discount Program, which funds assistance for low-income NW Natural customers in Washington would increase bills by less than \$1 per month for residential customers and about \$2 per month for small-commercial customers.

Continued on page 2

Relief for income-qualified customers

We know households are facing financial pressures with continued cost increases for everyday goods and services. NW Natural offers **bill discounts of 15% to 80%** to cut energy costs for customers whose household income is at or below 80% of area median income or federal poverty level.

Our **Equal Pay payment plan** is another way that could help make the winter heating season more affordable. Equal Pay is designed to take the ups and downs out of monthly gas bills, which would typically rise and fall depending on the weather and gas use. With Equal Pay, customers may receive steady, predictable bills throughout the year.

Type of Service	Schedule Number	Current Total Billing Rate	Proposed Total Billing Rate	Percent Change in Average Bill*
General Residential Sales Service	1	\$1.91107	\$1.66830	-1.2%
General Commercial Sales Service	1	\$1.91670	\$1.67264	3.8%
Residential Sales Service	2	\$1.56419	\$1.31527	-6.9%
Commercial Sales Service	3	\$1.52836	\$1.27854	-9.2%
Industrial Sales Service	3	\$1.48049	\$1.23031	5.5%
Residential Heating Dry-Out Service	27	\$1.35525	\$1.11591	-11.7%
Commercial Firm Sales	41	\$1.25470	\$1.00339	-2.9%
Commercial Firm Transportation	41	\$0.86235	\$0.61077	-13.7%
Industrial Firm Sales	41	\$1.16597	\$0.91368	-8.1%
Industrial Firm Transportation	41	N/A	N/A	0.00%
Large Volume Commercial Firm Sales	42	\$1.02058	\$0.76647	0.4%
Large Volume Commercial Interruptible Sales	42	\$0.93896	\$0.68430	-17.5%
Large Volume Industrial Firm Sales	42	\$0.97351	\$0.72031	0.6%
Large Volume Industrial Interruptible Sales	42	\$0.93724	\$0.68339	2.0%
Large Volume Commercial Firm Transportation	42	\$0.61482	\$0.35937	-41.1%
Large Volume Industrial Firm Transportation	42	\$0.60337	\$0.34803	-30.1%

*Estimates include Climate Act Credits available for customers connected to the gas system prior to July 25, 2021. Identified low-income customers are not subject to the Climate Commitment Act. For more information, visit nwnatural.com/cca

NW Natural's filings are requests, subject to public review and a decision by the WUTC. Customers may comment on the proposed rate changes by clicking "Submit a Comment" at www.utc.wa.gov, emailing comments@utc.wa.gov, calling 1-888-333-9882 (WUTC), or mailing Washington Utilities and Transportation Commission, PO Box 47250, Olympia, WA 98504-7250. Customers can also request more information, review the filing, and find out about open meetings. For more information, visit the Rates and Regulations section of nwnatural.com.