

EXHIBIT B

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

NW NATURAL
SUPPORTING MATERIALS

Mist Recall Memo

NWN WUTC Advice No. 25-07 / UG-_____

September 15, 2025



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Date: May 1, 2025
To: File; Distribution list
From: Dave Weber and Brody Wilson
Subject: Recall and Transfer of Storage Assets from Interstate to Core Service

Summary

The purpose of this memo is to document the recall of Mist storage assets from Interstate Storage to Core customers and the associated transfer of \$776,760 in net utility plant from Interstate Storage to Core customers.

This recall is based on core customer supply needs as identified in the integrated resource planning process, in conjunction with our current gas supply portfolio. The Mist storage requirement for the 2025-26 heating season is 340,000 Dth/day as shown in Attachment A. This is an incremental Core customer need of 15,000 Dth/day. The assets being recalled include reservoir capacity from the Busch and Schlicker reservoirs. The 15,000 Dth/day of reservoir deliverability equates to ~21% of the Sapphire project which includes the Busch, Schlicker and Als reservoirs. Miller Station and other assets are also being transferred as discussed below.

The transfer of Mist deliverability and capacity from Interstate Storage to Core customers is effective as of May 1, 2025. Customer impacts of this recall will begin on November 1, 2025, when the next PGA is implemented.

Reservoirs

Mist reservoirs are to be recalled starting with the oldest, most depreciated projects and then moving to the next oldest through time. The oldest reservoir project on the Interstate Storage books is the Sapphire project which includes the Busch, Schlicker and Als reservoirs. Sapphire's total deliverability is 70,000 Dth/day and 5,000 Dth/day has already been recalled to Core customers. Of the remaining deliverability on the Interstate Storage books 15,000 Dth/day is being recalled in 2025. This recall of Sapphire project deliverability, and the related capacity, equals \$1,054,220 in net utility plant with \$279,182 of associated deferred taxes for a net rate base impact of \$775,039 as shown in Attachment B. The updated capacity allocated between core and Interstate Storage is shown on Attachment D.

Subsequent reservoir projects on the Interstate books include Pearl 1 (Als and Bruer Reservoirs) with 50,000 Dth/day of reservoir deliverability and Pearl 2 (Flora and Meyer Reservoirs) with 70,000 Dth/day of reservoir deliverability.

Compression

We note that as of this recall date, compression is sufficiently allocated to Core customers as follows: The GC300, GC400 and GC500 compressors were original to the Miller Station facility prior to any Interstate expansion. The GC600 was added later and is subject to recall. The GC600 has a



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maximum compressed flow rate of 255 MMscfd which is to be recalled consistent with Core and Interstate needs through to the end of the Mist Recall process.

As was noted in our 2024 Mist Recall Memo, there have been several modeling improvements to our Mist Storage deliverability modeling. First, the heat content of the gas stored at Mist has increased and stabilized between 1060 btu/cf and 1065 btu/cf, which increases the total energy deliverability and storage capacity at Mist. Second, an analysis of peak day Mist deliverability has revealed that while we expect to withdrawal the 515 MMscfd maximum facility deliverability for several hours on a peak day, this would not be sustained for the full 24-hour period. This modeling indicates that we should expect 480 MMscfd over the full 24-hour period. As such, we are allocating the Mist compression assets over this denominator, which at a 1062.5 btu/cf heat content (mid-point of recently observed range) would be 510,000 Dth/day of deliverability. The following table allocates the existing compression to this 510,000 Dth/day of deliverability and we note that 28% of the GC600 would be allocated to Core after this recall and the current accounting records will approximate this allocation. We also note, that while the heat content continues to shift and modeling continues to improve, we will continue with this basis for GC600 compressor allocation as it remains reasonable, and we will start to recall GC600 assets in the next Mist recall.

	MMSCFD	Allocation	Dth @ 1062.5	Core	ISS
GC300	55	51	54,466	54,466	-
GC400	55	51	54,466	54,466	-
GC500	150	140	148,544	148,544	-
GC600	255	238	252,524	65,524	185,000
Total	515	480	510,000	325,000	185,000

Miller Station and other assets

A portion of Miller Station and other asset costs currently in Interstate Storage should be allocated to Core and are included in the amounts being recalled. These assets will serve utility customers and are being allocated using the remaining deliverability to be recalled. The current recall includes 15,000 of the remaining 185,000, leaving 170,000 for future recall. The total 2025 recall of Miller Station and other assets equals \$2,147 in net utility plant with \$426 of associated deferred taxes for a net rate base impact of \$1,721, as shown in Attachment C.



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Dehydration

There are two dehydration units at Mist. The large dehydration unit, which was in-service prior to the startup of Interstate Storage, has a capacity of 350 MMscfd. The small dehydration unit, which was constructed to allow for Interstate Storage service, has a capacity of 165 MMscfd. Accordingly, this recall does not impact the small dehydration unit's allocation to Interstate Storage. This unit will be subject to recall in the future.

System Compression

There are two system compressor sites in addition to the compression at Miller Station. These compressor sites, Molalla and Deer Island, were constructed for Interstate Storage and enable the full deliverability of Mist Storage by moving Mist supplies onto NW Pipeline for re-delivery to other citygates. Molalla compression is rated at 80 MMscfd and Deer Island is rated at 50 MMscfd. This cumulative 130 MMscfd of system compression is still used to meet Interstate customer deliverability requirements and no recall of these assets is required at this time.

Storage Capacity

Associated with the increased 340,000 Dth/day of Core customer deliverability is 13.082 Bcf of storage capacity which includes 15,000/70,000 for the Sapphire project including the Busch, Schlicker and Als reservoirs. This recall increases Core storage capacity by a total of 0.283 Bcf. The allocation of working gas between Core and Interstate is shown in Attachment D.

A handwritten signature in blue ink, appearing to read 'Dave Weber'.

Dave Weber, Vice President Gas Supply & Utility Support Services

A handwritten signature in black ink, appearing to read 'Brody Wilson'.

Brody Wilson, VP, Controller, Treasurer & Chief Accounting Officer

Attachments:

Attachment A: Key Resource Decisions – Mist Recall

Attachment B: Sapphire Rate Base Recall Calculations

Attachment C: Miller Station and Other Assets Rate Base Recall Calculation

Attachment D: Mist Storage Working Gas Volume

Attachment A: Key Resource Decisions – Mist Recall

NW Natural Peak Day Resource Summary

Resource Type	Max. Daily Rate (Dth/day)
Net Deliverability over Upstream Pipeline Capacity	343,237
Off-System Storage (Jackson Prairie only)	46,030
On-System Storage - Mist	325,000
On-System Storage - Portland LNG	130,800
On-System Storage - Newport LNG	78,000
Recallable Capacity and Supply Agreements	31,000
On-System Supplies	1,211
Segmented Capacity (not primary firm)	60,700
Total Peak Day Resources	1,015,978

	(Dth/day)
2025-2026 Design Day Forecast	1,032,269

	(Dth/day)
Incremental Resource Need for 2025-2026 Winter	16,291
Mist Recall Rounded to the Nearest 5,000	15,000
Total Mist Deliverability Requirement for the Core Utility	340,000

ATTACHMENT B
2025 Interstate Storage Recall of Sapphire Project Into Core
Effective May 1, 2025

	Total Assets Sapphire	Recall of Sapphire Assets Into Core
Gross Plant:		
Offsite/Gathering/Meters/Regs	\$ 706,311	\$ 162,995
Cushion Gas	\$ -	\$ -
Reservoir	\$ -	\$ -
Wells	\$ 5,454,540	\$ 1,258,740
Lines	\$ 1,355,253	\$ 312,750
Total Gross Plant	\$ 7,516,103	\$ 1,734,485
Accumulated Depreciation:		
Offsite/Gathering/Meters/Regs		\$ (76,336)
Cushion Gas		\$ -
Reservoir		\$ -
Wells		\$ (474,822)
Lines		\$ (129,107)
Total Accumulated Deprecation		\$ (680,265)
Net Plant		\$ 1,054,220
Deferred Tax Liabilities:		
Offsite/Gathering/Meters/Regs		\$ (23,033)
Cushion Gas		\$ -
Reservoir		\$ -
Wells		\$ (207,532)
Lines		\$ (48,617)
Total Deferred Tax Liabilities		\$ (279,182)
Rate Base		\$ 775,039

ATTACHMENT C
2025 Interstate Storage Recall of Other Assets Into Core
Effective May 1, 2025

	Total Assets Other	Recall of Other Assets Into Core
Gross Plant:		
Other (See Note 1 below)	\$ 37,218	\$ 3,018
Other Additions	<u>\$ -</u>	<u>\$ -</u>
Total Gross Plant	<u><u>\$ 37,218</u></u>	<u><u>\$ 3,018</u></u>
Accumulated Depreciation:		
Other (See Note 1 below)		<u>\$ (871)</u>
Total Accumulated Depreciation		<u><u>\$ (871)</u></u>
Net Plant		<u><u>\$ 2,147</u></u>
Deferred Tax Liability:		
Other (See Note 1 below)		<u>\$ (426)</u>
Total Deferred Tax Liability		<u><u>\$ (426)</u></u>
Rate Base		<u><u>\$ 1,721</u></u>

Note 1: This represents the cost of miscellaneous other assets that are recorded to non-utility, but do not fall into a specific project.

ATTACHMENT D
Mist Storage Working Gas Volume
Effective May 1, 2025

Pool	Total Physical Capacity					2025 Allocation	
	Original Pressure (Bcf)	5% Delta Pressure (Bcf)	10% Delta Pressure (Bcf)	Increased utilization (Bcf)	Total (Bcf)	Core	Interstate
Als	1.925	0.200	0.290	0.435	2.850	2.272	0.578
Bruer	3.450	0.275	0.350	0.272	4.347	3.680	0.667
Busch	-	-	0.310	0.057	0.367	0.122	0.245
Flora	3.070	0.255	0.250	0.356	3.931	3.376	0.555
Meyer	1.500	-	-	0.036	1.536	-	1.536
Reichhold	2.425	0.250	0.310	0.325	3.310	3.310	-
Schlicker	0.600	-	0.475	0.049	1.124	0.322	0.802
Total Bcf	12.970	0.980	1.985	1.530	17.465	13.082	4.383