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September 16, 2024

NWN WUTC Advice No. 24-14 / UG \_\_\_\_\_

**VIA ELECTRONIC FILING**

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

**Re: Annual Purchased Gas Cost and Deferred Gas Cost Amortization Adjustments and Combined Effects**

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revisions to its Tariff WN U-6, stated to become effective with service on and after November 1, 2024.

Twelfth Revision of Sheet 200.1	Schedule 200	Summary of Adjustments
Thirty-First Revision of Sheet 201.1	Schedule 201	Temporary (Technical) Adjustments to Rates
Twenty-First Revision of Sheet 201.2	Schedule 201	Temporary (Technical) Adjustments to Rates (continued)
Thirty-Second Revision of Sheet 203.1	Schedule 203	Purchased Gas Cost Adjustments to Rates
Thirty-Fourth Revision of Sheet 101.1	Schedule 1	Rate Schedule 1 "General Sales Service"
Thirty-Fifth Revision of Sheet 102.1	Schedule 2	Rate Schedule 2 "Residential Sales Service"
Twenty-Second Revision of Sheet 103.3	Schedule 3	Rate Schedule 3 "Basic Firm Sales Service – Non-Residential (continued)"
Thirty-Fourth Revision of Sheet 127.1	Schedule 27	Schedule 27 "Residential Heating Dry-Out Service"
Twentieth Revision of Sheet 141.9	Schedule 41	Schedule 41 "Non-Residential Sales and Transportation Service (continued)"
Fifteenth Revision of Sheet 141.10	Schedule 41	Schedule 41 "Non-Residential Sales and Transportation Service (continued)"
Twenty-First Revision of Sheet 142.10	Schedule 42	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"

Sixteenth Revision of Sheet 142.10.1	Schedule 42	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Twenty-First Revision of Sheet 142.11	Schedule 42	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Sixth Revision of Sheet 142.12	Schedule 42	Schedule 42 "Large Volume Non-Residential Sales and Transportation Service (continued)"
Twentieth Revision of Sheet 143.6	Schedule 43	Schedule 43 "High Volume Non-Residential Firm and Interruptible Transportation Service (continued)"

### **Purpose**

The purpose of this filing is to revise NW Natural's tariffs for: (1) the effects of changes in purchased gas costs; (2) the effects of changes in deferred gas cost amortization adjustments; and (3) the combined effects for all rate changes proposed for an effective date of November 1, 2024.

In addition, in compliance with the March 17, 2020 acknowledgment letter from the Washington Utilities and Transportation Commission (Commission) in docket UG-190725, NW Natural provides its Annual Hedging Plan.

### **Background**

Each year NW Natural seeks to change rates to reflect the projected cost of natural gas pursuant to tariff Schedule P, Determination of Company's Purchased Gas Cost Adjustments and Weighted Average Cost of Gas. Schedule 203 sets forth the estimated purchased natural gas costs for the forthcoming year beginning November 1. The difference between the actual costs of natural gas purchased and the amount collected from customers are passed through to customers through Schedule 201.

The Company revises rates for these purposes annually; the last such filing was effective on November 1, 2023.

### **Proposed Changes**

#### **1. Purchased Gas Adjustment (PGA)**

This portion of the filing shows: (a) the cost of gas purchased by the Company from its natural gas suppliers, and the derivation of the Annual Weighted Average Cost of Gas (WACOG) (aka commodity rate) and the Winter Weighted Average Cost of Gas proposed to be applied to rates effective November 1, 2024; and (b) the cost of pipeline and storage capacity under contract with the Company's pipeline transporters, and the derivation of the firm and interruptible demand charges (aka pipeline capacity charge) proposed to be applied to rates effective November 1, 2024.

Including revenue sensitive effects, the proposed Annual WACOG is \$0.43274 per therm; the proposed Winter WACOG is \$0.45156; the proposed firm service pipeline capacity cost is \$0.10337 per therm, and the proposed interruptible service pipeline capacity cost is \$0.03612.

The net effect of the combined purchased gas adjustments in this filing is a decrease of \$0.03671 per therm for firm sales rate schedules and an decrease of \$0.03783 per therm for interruptible sales rate schedules.

Should there be a subsequent change in the pipeline's rates or other gas supply costs from levels used to determine the adjustments the Company proposes in this filing, then the Company will reflect such changes to Washington gas customers in a manner approved by the Commission.

## 2. Temporary Rate Adjustment

This portion of the filing shows the account balances in deferred gas cost accounts (Account 191) and calculates the associated adjustments to rates for the amortization of such credit or debit balances.

Collections and refunds under the temporary rate adjustments do not affect the Company's earnings because the accruals to these accounts already have been reflected in recorded results.

The new temporary adjustments include the following:

1. A 12-month amortization of collection balances in accounts 151540 and 151545. The balance in 151540 relates to commodity gas costs incurred below amounts collected in rates during the current PGA period that began on November 1, 2023. The balance in account 151545 is the forecasted residual balance related to deferrals from the previous PGA year that is included in current rates.
2. A 12-month amortization of balances in accounts 151550, 151555 and 232035. The balance in 151550 represents the amount the Company under-collected from its Washington customers during the past year for demand charges. Account 151555 is the remaining unamortized amount from a consolidation of demand-related deferred accounts. Account 232035 relates to the deferral of storage-related off system sales.

It should be noted that the adjustments to rates proposed in this filing represent only part of the changes in customer rates proposed to be effective November 1, 2024 (see also NW Natural's WUTC Advice Nos. 24-05, 24-07 through 24-13). As such, the bill effects stated herein are provided for illustrative purposes only and reflect the effect of removing the current Schedule 201 and Schedule 203 changes and applying the proposed Schedule 201 and Schedule 203 changes to current billing.

If there were no other adjustments to rates effective November 1, 2024, the effect of the rate changes proposed in this filing is a decrease to the average monthly bills in the primary rate schedules as follows: Schedule 2 Residential bills will decrease by 8.1%<sup>1</sup> and Schedule 3 commercial bills will decrease 8.6%. If the effects of the temporary rate adjustments were permanent, the combined result of the rate changes would be a decrease in the Company's revenues from its Washington operations of \$11,287,040 or 9.27%.

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<sup>1</sup> All bill impacts assume Climate Commitment Act charges and credits for non-low income customers who joined NW Natural's system before July 25, 2021, as set out in Schedule 308 - Washington Climate Commitment Act Recovery Mechanism.

In addition to the supporting materials submitted as part of this filing, the Company will separately submit workpapers in electronic format, all of which are incorporated herein by reference.

### 3. Combined Effects

The combined effect of the rate changes proposed to become effective November 1, 2024, is a decrease to the average monthly bills in the primary rate schedules as follows: Residential Schedule 2 bills will decrease by 9.4% and commercial Schedule 3 bills will decrease 9.1%. The combined result of all components of the rate changes would be a decrease in the Company's revenues from its Washington operations of \$12,428,370, or 10.20%.

In addition to the supporting materials submitted as part of this filing, the Company will separately submit workpapers in electronic format, all of which are incorporated herein by reference.

#### Annual Hedge Plan

In compliance with the Commission's March 17, 2020 acknowledgment letter in docket UG-190725, NW Natural has included its Annual Hedging Plan as part of this PGA filing. The enclosed Annual Hedging Plan is in compliance with the March 13, 2017 Policy and Interpretive Statement in docket UG-132019. **Some of the information contained in the plan is confidential pursuant to WAC 480-07-160 as the plan contains proprietary commercial information.**

#### Renewable Natural Gas (RNG)

NW Natural has included two RNG purchase agreements as part of its PGA. Schedule P of NW Natural's tariff already permits the Company to include RNG as part of its PGA, but these are the first RNG purchases that NW Natural has included in a Washington PGA filing. NW Natural is seeking recovery of these purchases pursuant to RCW 80.28.385 in order to take direct actions to decarbonize its gas supply.

Concurrent with its PGA filing, NW Natural is filing a motion for a modified standard protective order with enhanced protection of highly confidential information pursuant to WAC 480-07-420(2). The RNG purchase agreements contain the material terms and conditions of its recent RNG acquisitions, and the supporting documentation shows how NW Natural evaluates potential RNG acquisitions. The public release of this highly sensitive information would provide a distinct advantage to NW Natural's competitors, as well as sellers of RNG, and would harm NW Natural and, ultimately, its customers. **Therefore, NW Natural is seeking to designate this information as highly confidential pursuant to WAC 480-07-160 and WAC 480-07-420.**

#### Conclusion

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after November 1, 2024.

This rate change affects all of NW Natural's Washington sales customers. NW Natural currently serves approximately 90,256 residential customers and 7,326 commercial and 72 industrial customers in the Company's Washington service territory.

In accordance with WAC 480-90-198 and WAC 480-90-194(5), the Company will provide notice to customers as stated in WAC 480-90-194(1). Included with this filing is a copy of the customer letter that will be sent to all impacted customers, and will also be provided to local media and our community agencies and posted to our website.

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

Copies of this letter and the attached filing are available in the Company's main office in Portland, Oregon, and on its website at [www.nwnatural.com](http://www.nwnatural.com).

Please address correspondence on this matter Lora Bourdo at [lora.bourdo@nwnatural.com](mailto:lora.bourdo@nwnatural.com) with copies to the following:

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Sincerely,

NW NATURAL

*/s/ Kyle Walker, CPA*

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Attachments:

NEW-NWN-WUTC-Advice-24-14-PGA-Trf-Sheets-09-16-24  
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NEW-NWN-WUTC-Advice-24-14-Hedging-Plan-09-16-24 (R)