

September 14, 2020

NWN WUTC Advice No. 20-8 / UG-

VIA ELECTRONIC FILING

 Mark L. Johnson, Executive Director & Secretary
 Washington Utilities and Transportation Commission
 621 Woodland Square Loop SE
 Lacey, WA 98503

Re: Schedule 305: Adjustment for Certain Income Taxes (2017 Federal Tax Cuts And Jobs Act)

 State Of WASH.
 UTIL. AND TRANSP.
 COMMISSION
 Received
 Records Management
 09/14/20 14:29

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, 2020, as follows:

First Revision of Sheet 305.1	Schedule 305	Adjustment for Certain Income Taxes (2017 Federal Tax Cuts And Jobs Act)
First Revision of Sheet 305.2	Schedule 305	Adjustment for Certain Income Taxes (2017 Federal Tax Cuts And Jobs Act) (continued)
First Revision of Sheet 305.3	Schedule 305	Adjustment for Certain Income Taxes (2017 Federal Tax Cuts And Jobs Act) (continued)
First Revision of Sheet 305.4	Schedule 305	Adjustment for Certain Income Taxes (2017 Federal Tax Cuts And Jobs Act) (continued)

Purpose

The purpose of this filing is to revise Schedule 305 to zero-out the rates for the Phase 2 adjustment described in the tariff, consistent with the tariff and Commission Order 06 in docket UG 181053 entered October 21, 2019. In addition, the Company proposes a housekeeping change to correct a typographical error in the amortization period of the Phase 1 adjustment.

The proposed adjustments are requested to become effective November 1, 2020, coincident with the requested effective date of the Company's Purchased Gas Adjustment (PGA) filing, separately submitted as NW Natural's WUTC Advice No. 20-9.

Background

In NW Natural's last general rate case (docket UG 181053), parties agreed upon, and the Commission approved, the rate treatment for the effects of the Tax Cuts and Jobs Act of 2017 (TCJA). The resolution provided for a one-year amortization of interim period benefits associated with a lower tax rate during the interim period of January 1, 2018, through October 31, 2019. The resolution also provided for a five-year amortization of excess deferred income taxes (EDIT) recorded upon the enactment of the TCJA.

NW Natural implemented these amortizations in its UG 181053 compliance filing in Schedule 305. Per Schedule 305, amortization for the EDIT balances will be over a five-year period beginning November 1, 2019; this amortization is referred to as Phase 1 in the tariff. The amortization for the interim period benefits was set for a one-year amortization period beginning November 1, 2019 and was referred to as Phase 2 in the tariff.

Proposed Changes

NW Natural proposes to zero-out the rates for the Phase 2 amortization of the interim period benefits because the one-year amortization will end October 31, 2020. The estimated residual balance of \$14,004 will be included in the net balance of the Company's tariff advice filing NWN WUTC Advice No. 20-7 to ensure the full amount of benefit is passed back to customers.

In addition, the Company proposes a housekeeping change to correct a typographical error in the amortization period of the Phase 1 adjustment. The amortization period provided on Sheet 305.1 for Phase 1 ends October 30, 2024; the Company proposes to correct this date to October 31, 2024.

It should be noted that the proposed zeroing-out of Phase 2 Schedule 305 adjustments represent just one of the adjustments that are proposed to be applied to customer rates effective November 1, 2020, (See NW Natural's WUTC Advice Nos. 20-5, 20-6, 20-7 and 20-9). As such, the bill effects stated herein are provided for illustrative purposes only, and reflect the effect of removing the current Schedule 305 Phase 2 adjustment.

If there were no other adjustments to rates effective November 1, 2020, the effect of the proposed Schedule 305 changes would be as follows. The average residential Schedule 2 customer using 57 therms would see an increase of \$1.67 per month, and the average Schedule 3 commercial customer using 242 therms would see a bill increase of \$6.36 per month. The bill impact for customers on the other residential and commercial rate schedules is shown on page two of the supporting materials to this filing.

Conclusion

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(4). A copy of this notice is included with the Company's PGA combined effects filing, WUTC Advice No. 20-10.

The proposed rate change will affect all of NW Natural's Washington firm and interruptible sales and transportation customers. NW Natural currently serves approximately 81,360 residential customers, 7,226 business and 83 industrial customers in the Company's Washington service territory.

The Company respectfully requests that the tariff sheets filed herewith be approved to become effective with service on and after November 1, 2020.

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.

Please address correspondence on this matter to me with copies to the following:

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Sincerely,

NW NATURAL

/s/ Natasha Siores

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Attachments:

NEW-NWN-Advice-20-8-Income-Taxes-Trf-Sheet-305-1-09-14-2020
NEW-NWN-Advice-20-8-Income-Taxes-Trf-Sheet-305-2-09-14-2020
NEW-NWN-Advice-20-8-Income-Taxes-Trf-Sheet-305-3-09-14-2020
NEW-NWN-Advice-20-8-Income-Taxes-Trf-Sheet-305-4-09-14-2020
NEW-NWN-Advice-20-8-Income-Taxes-Exh-A-Supporting-Materials-09-14-2020
NEW-NWN-Advice-20-8-Income-Taxes-Exh-A-Supporting-Materials-xlsx-09-14-2020