

Notice of Request for Rate Increase

In December 2018, NW Natural asked the Washington Utilities and Transportation Commission (WUTC) for approval of a general rate increase totaling \$8.3 million, which is an overall average rate increase to its Washington customers of 12.6%. NW Natural has not requested a general rate increase at the WUTC since 2008.

Approximately 11% of NW Natural's customers are in Washington, and approximately 10% of its revenues are from there.

This rate request would pay for increased operating costs and system investments, including the following:

- \$6.8 million to cover annual operating costs not covered by current rates
- \$1.5 million per year for new system investments and infrastructure improvements experienced since the last general rate increase

In addition, NW Natural proposes the benefits of federal tax reform related to the Tax Cuts and Jobs Act be returned to Washington customers. This would result in a 2.4% reduction to customer rates for the first two years after the rate case.

Summary of Requested Rate Increase

| Type of Service | Schedule(s) | Overall Percentage Increase ¹ |
|--------------------------------|-------------|--|
| Residential | 2 | 10.8% |
| Commercial Sales | 3 | 8.8% |
| Industrial Firm Sales | 42 | 4.7% ² |
| Industrial Interruptible Sales | 42 | 4.4% ² |

¹ Residential customers will see lower or higher percentage increases based on actual use.
² Actual effect will vary by customer based on customer-specific rate choices.

Effects on Residential Customers

The effect of the proposed rate change for the typical residential customer would be a monthly increase of approximately \$5.19 or 10.8% broken down as follows:

| | Current Bill | Proposed |
|---------------------------------|--------------|-----------|
| Rate per therm | \$0.73546 | \$0.79252 |
| Basic charge per month | \$7.00 | \$9.00 |
| Total monthly bill at 56 therms | \$48.20 | \$53.39 |

General Rate Case Information

A general rate case is the legal proceeding in which the WUTC will examine a utility's operations and costs to ensure regulated companies provide safe and reliable service to customers at reasonable rates, while allowing the utility to earn a fair return on its investments.

The WUTC will conduct an investigation and hold hearings to examine the requested increase. The WUTC Staff, NW Natural, Public Counsel, and other parties will participate and make recommendations to the commission. It has the authority to set final rates based on the results of the investigation, which may be higher or lower than what NW Natural requested. The WUTC has up to 11 months to review the request. If approved, changes will go into effect no later than December 1, 2019.

The public can submit comments to the WUTC in numerous ways including in person at a public hearing on:

July 16, 2019 at 6 p.m.

Vancouver Water Resources Education Center
Bruce E Hagensen Community Room
4600 SE Columbia Way
Vancouver, WA 98661

The public may also submit comments in the following ways:

WUTC

P.O. Box 47250, Olympia, WA 98504-7250
comments@utc.wa.gov | 1-888-333-WUTC (9882)
www.utc.wa.gov click on Submit a Comment link
Reference Docket Number: UG-181053

Public Counsel*

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*represents residential customers and small businesses in this process.

You can contact NW Natural at:

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