

**PUBLIC UTILITY COMMISSION OF OREGON  
INTRAOFFICE CORRESPONDENCE**

DATE: October 31, 2024  
TO: Scott Gibbens  
FROM: Curtis Dlouhy, Julie Dyck, Will Wheeler, Jean Falconer, Luz Mondragon, Ted Drennan, and Eric Shierman  
SUBJECT: Verification of Northwest Natural’s (Company) Tariff Rates Effective November 1, 2024, informed by Compliance Filing Advice No. 24-20, and Supplements and workpapers thereto.

In Order No. 24-359 (Order) entered October 25, 2024, in Docket No. UG 490, the Commission adopted three partial stipulations as revised therein as well as additional adjustments to the Company’s rate base related to line extension allowance overcharges and the Company’s lobbying costs. The Commission issued Order No. 24-363 correcting a typo related to the single-family and multi-family basic charges in Order No. 24-359.

On October 29, 2024, Northwest Natural filed Advice No. 24-06 with updated tariff pages (Advice) to reflect the Order along with supporting workpapers. On October 31, 2024, the Company filed a Supplemental Advice filing to remedy typos in Schedule 100 and Schedule 167.

The overall impact of this general rate case is a 17.6 percent margin revenue increase across all customer classes. When combined with the Purchase Gas Agreement (PGA) update, the overall impact is a 4.5 percent increase to all revenues. The table below summarizes the changes to revenues collected to three main customer classes:

Customer Type	Schedule 2 Residential	Schedule 3 Commercial	Schedule 3 Industrial
Margin Revenue Increase	17.7%	22.9%	7.9%
Total Revenue Increase (PGA + UG 490)	4.9%	8.1%	-0.4%

As a result of the Order, an average single family residential customer **not participating** in the Company’s bill discount program consuming 54.6 therms per month would see a bill increase of \$3.96 per month.

Drivers for the rate increase include the recovery of expenses related to inflation, modernization of informational technology and service systems, constructing seismically secure resource centers, upgrading its distribution system and storage operations, complying with Transportation and Security Administration cybersecurity directives, and updating depreciation rates, culminating in an initial request by the Company to increase its revenue requirement by \$154.9 million. Following three stipulations and the other conditions in the Order, the

Company's revenue increase was limited to \$93.3 million. This was further offset by a decrease in purchased gas costs of \$51.4 million in the PGA filings, resulting in a total revenue increase of \$41.9 million.

Also included in the Order was a directive to phase down the line extension allowance (LEA) in Schedule X to \$0 by November 1, 2027, and a change to the Company's bill discount program that raised discount levels up to 85 percent for eligible residential customers.

Staff has reviewed the Advice and finds it complies with the Commission's Order following the Company's Supplemental Advice filing on October 31. Staff did the following things to verify the accuracy of rates and tariffs:

- Confirm the revenue target is correctly calculated in the Company's revenue requirement workpapers based on the Commission-directed amounts found within the Order.
- Confirm that the load forecast uses appropriate values in Stipulations.
- Confirm from the Rate Spread and Design spreadsheets and workpapers that the proposed tariff prices are calculated to produce revenues in accordance with the Commission's Order in this case.
- Confirm the Company's tariff pages and workpapers conform to the Order, including any supporting formulas.
- Verify accurate implementation of all changes, including tariff language changes, authorized by the Commission.
- Confirm that the tariff sheets are properly updated with the rates present in the Rate Spread and Design worksheet, advice number, revision number, date, and any other appropriate language changes.

Staff raised concerns and reached resolution on the following issues:

1. Staff identified a language change in the Company's Schedule X for residential LEAs that removed certain demographic or structural characteristics that could be used to calculate a residential LEA. The Company confirmed that the new language is meant to align with how the Company has traditionally calculated residential LEAs.
2. Staff noted that the Advice filing omitted a page in Schedule 198 containing language that had been moved. The Company clarified that the moved language was approved in UG 516 during the PGA Special Public Meeting. Staff reviewed the tariffs filed in UG 516 and found that the language move was approved in that docket.
3. Staff found a typo on the proposed Schedule 100 that referred to Schedule 183 by the incorrect name. The Company corrected this mistake in its October 31 Supplemental Advice filing.
4. Staff found a typo on the proposed Schedule 167 that contained some errant characters. The Company corrected this mistake in its October 31 Supplemental Advice filing.

Staff confirmed that the Company's new tariff sheets will produce rates that conform to the Commission's Order. Therefore, Staff recommends that an acknowledgement letter be sent and that rates go into effect November 1, 2024.