

503-226-4211 nwnatural.com

August 1, 2024

NWN OPUC Advice No. 24-18

### VIA ELECTRONIC FILING

Public Utility Commission of Oregon Attn: Filing Center 201 High Street SE, Suite 100 P.O. Box 1088 Salem, OR 97308-1088

Re: REQUEST FOR UPDATED AMORTIZATION RATES OF CERTAIN NON-GAS COST DEFERRED ACCOUNTS RELATING TO: Mist Recall

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following revisions to its Tariff P.U.C. Or. 25, stated to become effective on November 1, 2024.

Third Revision of Sheet 187-1	Schedule 187	Special Rate Adjustment for Mist Capacity Recall
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### **Purpose**

The purpose of this filing is to include the cost to recall 20,000 dekatherms per day (Dth/day) of the Company's Mist storage capacity that was recalled away from interstate/intrastate storage customers to core utility customers. The Company revises rates for this purpose periodically; the last adjustments under Schedule 187 went into effect November 1, 2015, which were later reflected in base rates with the conclusion of the UG 344 rate case proceeding at which time the Schedule 187 rates were set to zero.

### **Background**

This Mist capacity recall is based on core customer supply needs as identified in the 2022 Integrated Resource Plan (IRP), in conjunction with our current gas supply portfolio. The Mist storage requirement for the 2024-25 heating season is 325,000 Dth/day. This is an incremental core customer need of 20,000 Dth/day. The portions of assets being recalled include reservoir capacity, compression, Miller Station, and other assets as described in Exhibit B.

### **Proposed Changes**

The effect of adding the permanent adjustment to rates effective November 1, 2024, is an increase to the Company's annual revenues by \$432,487, or 0.04%.

The monthly bill of the average residential customer served under Rate Schedule 2 using 55 therms per month will increase by \$0.04, or 0.1%. The monthly increase for the average Rate Schedule 3 commercial customer using 251 therms is \$0.14, or 0.00%, the monthly increase for the average Rate Schedule 27 customer using 37 therms is \$0.03, or 0.1% and the monthly increase for the average commercial Rate Schedule 31 firm sales customer using 2,827 therms is about \$1.02, or 0.0%. The average industrial Rate Schedule 32 firm sales customer using 20,942 therms will see a monthly increase of about \$2.92, or 0.0%. Work papers supporting the rate and bill impact calculations will be separately submitted in electronic format.

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The number of customers affected by the proposed change is 640,507 residential customers, and 62,770 commercial and industrial customers.

### Conclusion

NW Natural respectfully request the Commission approve this tariff change to become effective November 1, 2024.

In accordance with ORS 757.205, copies of this letter and the filing made herewith 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 Lora Bourdo at lora.bourdo@nwnatural.com with copies to the following:

eFiling NW Natural Rates & Regulatory Affairs 250 SW Taylor Street Portland, OR 97204 Phone: (503) 610-7330 eFiling@nwnatural.com

Respectfully submitted,

/s/ Kyle Walker, CPA

Kyle Walker, CPA Rates/Regulatory Senior Manager NW Natural 250 SW Taylor Street Portland, OR 97204 (503) 610-7051 kyle.walker@nwnatural.com

Attachment: Exhibit A – Supporting Materials

### **NORTHWEST NATURAL GAS COMPANY**

P.U.C. Or. 25

Third Revision of Sheet 187-1 Cancels Second Revision of Sheet 187-1

(C)

### **SCHEDULE 187** SPECIAL RATE ADJUSTMENT FOR MIST CAPACITY RECALL

### **PURPOSE:**

The purpose of this Schedule is to reflect the rate effects of the Company's recall of Mist storage capacity for use by the Company's core Sales Service Customers.

### **APPLICABLE:**

To the following Rate Schedules of this Tariff:

Rate Schedule 2 Rate Schedule 3

Rate Schedule 31 Rate Schedule 27 Rate Schedule 32

### **APPLICATION TO RATE SCHEDULES:**

Effective: November 1, 2024 The Total Adjustment amounts shown below are included in the Base Adjustments reflected in the above-listed Rate Schedules. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

Rate Schedule/Class	Block	Mist Recall Base Adjustment	Schedule	Block	Mist Recall Base Adjustment
2		\$0.00072	31 CSF	Block 1	\$0.00037
03 CSF		\$0.00054		Block 2	\$0.00034
03 ISF		\$0.00040	31 ISF	Block 1	\$0.00026
27		\$0.00062		Block 2	\$0.00024
32 CSF	Block 1	\$0.00023	32 CSI	Block 1	\$0.00014
	Block 2	\$0.00019		Block 2	\$0.00012
	Block 3	\$0.00014		Block 3	\$0.00008
	Block 4	\$0.00008		Block 4	\$0.00005
	Block 5	\$0.00004		Block 5	\$0.00003
	Block 6	\$0.00002		Block 6	\$0.00001
32 ISF	Block 1	\$0.00015	32 ISI	Block 1	\$0.00013
	Block 2	\$0.00013		Block 2	\$0.00011
_	Block 3	\$0.00009		Block 3	\$0.00008
	Block 4	\$0.00005		Block 4	\$0.00005
	Block 5	\$0.00003		Block 5	\$0.00003
	Block 6	\$0.00001		Block 6	\$0.00001

### **GENERAL TERMS**:

Service under this Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this, any other schedules that by their terms or by the terms of this Schedule apply to service under this Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

Issued August 1, 2024 NWN OPUC Advice No. 24-18 Effective with service on and after November 1, 2024

Issued by: NORTHWEST NATURAL GAS COMPANY d.b.a. NW Natural

## **EXHIBIT A**

# BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

## NW NATURAL SUPPORTING MATERIALS

Non-Gas Cost Deferral Amortizations Relating to:

Mist Recall

NWN OPUC Advice No. 24-18

August 1, 2024

## **NW NATURAL**

## **EXHIBIT A**

## **Supporting Materials**

## Non-Gas Cost Deferral Amortizations Relating to:

### Mist Recall

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Description	Page
Calculation of Increments Allocated on the Equal Percentage of Margin Basis	1
Effects on Average Bill by Rate Schedule	2
Basis for Revenue Related Costs	3
PGA Effects on Revenue	4
Mist Recall Cost of Service	5

#### NW Natural

#### Rates & Regulatory Affairs

#### 2024-25 PGA - Oregon: August Filing

Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS

			Billing	WACOG &	Temps from								Mist Recall	
		Oregon PGA	Rate from	Demand from	Temporary						Proposed Amount:		emporary Increme	
		Volumes page,	Rates page,	Rates page,	Increment page,	MARGIN	Volumetric	Customer			Revenue Sensitive Multiplier:		ev sensitive factor	is built in
	-	Column F	Column A	Column B+C+D*	Column A	Rate E=B-C-D	Margin	Charge	Customers	Margin	Amount to Amortize:	432,487 to Multiplier	Allocation to RS	Increm
Schedule	Block	Α	В	С	D	E .	F = E * A	G	н	1		V	W	X
2R		423,059,269	\$1.29519	\$0.54757	\$0.06135	\$0.68627	\$290,332,884	\$8.00	640,507	\$351,821,556		1.0	\$306,280	\$0.
3C Firm Sales		178,618,735	\$1.08753	\$0.54757	(\$0.01882)	\$0.55878	\$99,808,577	\$15.00	59,212	\$110,466,737		1.0	\$96,167	\$0
31 Firm Sales		5,103,738	\$1.05830	\$0.54757	\$0.06884	\$0.44189	\$2,255,291	\$15.00	339	\$2,316,311		1.0	\$2,016	\$0
27 Dry Out		742,733	\$1.08605	\$0.54757	\$0.03969	\$0.49879	\$370,468	\$8.00	1,685	\$532,228		1.0	\$463	\$0
31C Firm Sales	Block 1 Block 2	12,281,908 10,043,265	\$0.75920 \$0.73098	\$0.44732 \$0.44732	\$0.00500 \$0.00328	\$0.30688 \$0.28038	\$6,585,003	\$325.00	658	\$9,151,203		1.0 1.0	\$7,967	\$0 \$0
31C Firm Trans	Block 1	1,267,742	\$0.29503	\$0.00000	\$0.00328	\$0.27629	\$702,627	\$575.00	59	\$1,109,727		0.0	\$0	\$0
	Block 2	1,392,960	\$0.26998	\$0.00000	\$0.01702	\$0.25296	4,	*******		7-77		0.0	**	\$0
31I Firm Sales	Block 1	3,698,785	\$0.74421	\$0.44732	\$0.06165	\$0.23524	\$2,493,499	\$325.00	174	\$3,172,099		1.0	\$2,761	\$0
	Block 2	7,639,515	\$0.72013	\$0.44732	\$0.06031	\$0.21250						1.0		\$0
31I Firm Trans	Block 1	144,356	\$0.25351	\$0.00000	\$0.01499	\$0.23852	\$110,408	\$575.00	6	\$151,808		0.0	\$0	\$0.
,	Block 2	351,741	\$0.22946	\$0.00000	\$0.01346	\$0.21600						0.0		\$0.
32C Firm Sales <sup>1</sup>	Block 1	34,618,514	\$0.67131	\$0.44732	\$0.06080	\$0.16319	\$7,128,149	\$675.00	520	\$11,443,826		1.0	\$9,962	\$0.
	Block 2 Block 3	9,360,621 1,566,490	\$0.64449 \$0.59997	\$0.44732 \$0.44732	\$0.05874 \$0.05533	\$0.13843 \$0.09732						1.0 1.0		\$0. \$0.
	Block 4	544,281	\$0.55528	\$0.44732	\$0.05333	\$0.05606						1.0		\$0.
	Block 5	0	\$0.52318	\$0.44732	\$0.04944	\$0.02642						1.0		\$0
	Block 6	0	\$0.50796	\$0.44732	\$0.04827	\$0.01237						1.0		\$0
32I Firm Sales <sup>1</sup>	Block 1	8,547,588	\$0.62727	\$0.44732	\$0.05252	\$0.12743	\$2,260,433	\$675.00	88	\$2,999,474		1.0	\$2,611	\$0
	Block 2	7,603,172	\$0.60740	\$0.44732	\$0.05182	\$0.10826						1.0		\$0
	Block 3	2,763,251	\$0.57416	\$0.44732	\$0.05061	\$0.07623						1.0		\$0
	Block 4	3,005,494	\$0.54104	\$0.44732	\$0.04942	\$0.04430						1.0		\$0
	Block 5 Block 6	195,767	\$0.51791	\$0.44732 \$0.44732	\$0.04858 \$0.04817	\$0.02201 \$0.01079						1.0 1.0		\$0 \$0
32C Firm Trans	Block 1	2,721,537	\$0.50628 \$0.13325	\$0.00000	\$0.00423	\$0.01079	\$671,636	\$925.00	27	\$987,040		0.0	\$0	\$0 \$0
320 1 11111 11 11113	Block 2	2,020,003	\$0.13325	\$0.00000	\$0.00338	\$0.11028	3071,030	3323.00	2,	\$367,040		0.0	Ç0	\$0
	Block 3	707,839	\$0.08114	\$0.00000	\$0.00198	\$0.07916						0.0		\$0
	Block 4	869,038	\$0.04857	\$0.00000	\$0.00058	\$0.04799						0.0		\$0
	Block 5	0	\$0.02899	\$0.00000	(\$0.00027)	\$0.02926						0.0		\$0
	Block 6	0	\$0.01601	\$0.00000	(\$0.00084)	\$0.01685						0.0		\$0
32I Firm Trans	Block 1	11,657,702	\$0.13029	\$0.00000	\$0.00345	\$0.12684	\$5,974,736	\$925.00	101	\$7,233,851		0.0	\$0	\$0
	Block 2 Block 3	17,056,306 10,569,490	\$0.11125 \$0.07953	\$0.00000 \$0.00000	\$0.00279 \$0.00169	\$0.10846 \$0.07784						0.0 0.0		\$0 \$0
	Block 4	22,324,991	\$0.04783	\$0.00000	\$0.00169	\$0.07784						0.0		\$0
	Block 5	22,115,808	\$0.02874	\$0.00000	(\$0.00009)	\$0.02883						0.0		\$0
	Block 6	7,865,614	\$0.01613	\$0.00000	(\$0.00052)	\$0.01665						0.0		\$0
32C Interr Sales	Block 1	4,649,733	\$0.64462	\$0.44732	\$0.05827	\$0.13903	\$2,121,406	\$675.00	39	\$2,437,306		1.0	\$2,122	\$0
	Block 2	6,816,872	\$0.62250	\$0.44732	\$0.05712	\$0.11806						1.0		\$0
	Block 3	3,782,502	\$0.58557	\$0.44732	\$0.05519	\$0.08306						1.0		\$0
	Block 4 Block 5	5,561,835	\$0.54861 \$0.52644	\$0.44732 \$0.44732	\$0.05325 \$0.05209	\$0.04804 \$0.02703						1.0 1.0		\$0 \$0
	Block 6	3,284,822 0	\$0.52644	\$0.44732 \$0.44732	\$0.05209	\$0.02703						1.0		\$0 \$0
32I Interr Sales	Block 1	4,653,469	\$0.62793	\$0.44732	\$0.05593	\$0.12468	\$2,007,813	\$675.00	55	\$2,453,313		1.0	\$2,136	\$0
	Block 2	6,055,122	\$0.60846	\$0.44732	\$0.05521	\$0.10593	7-,,	*******		7-7,7,		1.0	+-,	\$0
	Block 3	3,505,859	\$0.57596	\$0.44732	\$0.05398	\$0.07466						1.0		\$0
	Block 4	9,726,364	\$0.54347	\$0.44732	\$0.05278	\$0.04337						1.0		\$0
	Block 5	4,171,536	\$0.52396	\$0.44732	\$0.05204	\$0.02460						1.0		\$0
	Block 6	0	\$0.50968	\$0.44732	\$0.05150	\$0.01086	4540.5	4005		4540.5		1.0	4-	\$0
32C Interr Trans	Block 1 Block 2	822,778	\$0.12471 \$0.10645	\$0.00000 \$0.00000	\$0.00240 \$0.00183	\$0.12231 \$0.10462	\$510,575	\$925.00	3	\$543,875		0.0 0.0	\$0	\$0 \$0
	Block 2	1,679,150 978,518	\$0.10645	\$0.00000	\$0.00183	\$0.10462						0.0		\$0
	Block 4	3,232,735	\$0.04557	\$0.00000	(\$0.00007)	\$0.07514						0.0		\$0
	Block 5	472,307	\$0.02730	\$0.00000	(\$0.00065)	\$0.02795						0.0		\$0
	Block 6	0	\$0.01517	\$0.00000	(\$0.00102)	\$0.01619						0.0		\$0
32I Interr Trans	Block 1	6,144,023	\$0.12543	\$0.00000	\$0.00307	\$0.12236	\$5,680,357	\$925.00	73	\$6,490,657		0.0	\$0	\$0
	Block 2	10,403,074	\$0.10713	\$0.00000	\$0.00247	\$0.10466						0.0		\$0
	Block 3	6,958,044	\$0.07662	\$0.00000	\$0.00145	\$0.07517						0.0		\$0
	Block 4	15,417,391	\$0.04610	\$0.00000	\$0.00045	\$0.04565						0.0		\$0
	Block 5 Block 6	35,960,832 99,266,501	\$0.02781 \$0.01563	\$0.00000 \$0.00000	(\$0.00016) (\$0.00056)	\$0.02797 \$0.01619						0.0 0.0		\$0 \$0
33	DIUCK 0	99,266,501	\$0.01563	\$0.00000	(\$0.00147)	\$0.01619	\$0	\$38,000.00	0	\$0		0.0	0	\$(
pecial Contracts		54,127,531	\$0.00544	\$0.00000	\$0.00191	\$0.00353	\$191,070	\$0.00	7	\$191,070		0.0	\$0	\$0
								,				-		
TALS		1,098,129,249				\$			\$			\$ 496,794,053	\$ 432,485	
urces for line 2 abo						9	38,693,003		9	50,681,560				

<sup>73</sup> Tariff Schedules
74 Rate Adjustment Schedule
75 Note: Allocation to rate schedule or blocks with zero volumes is calculated on an overall margin percentage change basis.

 <sup>\*</sup>Since Billing Rates for all schedules above 31 do not include demand, column c for those schedules is WACOG only
 Rate schedule 32 firm service includes as total margin the storage and distrubtion capacity charges and are derived using MDDV therm usages

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	cts on Average Bill b		edule [1]								Advice 24-18
	OLUMES IN THERN	ΛS									See note [17]
1			Oregon PGA		Normal				Proposed	Proposed	Proposed
2			Normalized		Therms	Minimum	11/1/2023	11/1/2023	11/1/2024	11/1/2024	11/1/2024
_									Schedule 187	Schedule 187	Schedule 187
3			Volumes page,	Therms in	Monthly	Monthly	Billing	Current	Mist Recall	Mist Recall	Mist Recall
					_						
4		-	Column D	Block	Average use	Charge	Rates	Average Bill	Rates	Average Bill	% Bill Change
5								F=D+(C * E)		AF = D+(C * AE)	AG = (AF- F)/F
6	Schedule	Block	Α	В	С	D	E	F	AE	AF	AG
7	2R		423,059,269	N/A	55	\$8.00	\$1.29519	\$79.24	\$1.29591	\$79.28	0.1%
8	3C Firm Sales		178,618,735	N/A	251	\$15.00	\$1.08753	\$287.97	\$1.08807	\$288.11	0.0%
9	31 Firm Sales		5,103,738	N/A	1,255	\$15.00	\$1.05830	\$1,343.17	\$1.05870	\$1,343.67	0.0%
10	27 Dry Out		742,733	N/A	37	\$8.00	\$1.08605	\$48.18	\$1.08667	\$48.21	0.1%
11	31C Firm Sales	Block 1	12,281,908	2,000	2,827	\$325.00	\$0.75920	\$2,447.92	\$0.75957	\$2,448.94	0.0%
12		Block 2	10,043,265	all additional			\$0.73098		\$0.73132		
13	31C Firm Trans	Block 1	1,267,742	2,000	3,758	\$575.00	\$0.29503	\$1,639.68	\$0.29503	\$1,639.68	0.0%
14		Block 2	1,392,960	all additional			\$0.26998		\$0.26998		
15	31I Firm Sales	Block 1	3,698,785	2,000	5,430	\$325.00	\$0.74421	\$4,283.47	\$0.74447	\$4,284.81	0.0%
16		Block 2	7,639,515	all additional			\$0.72013		\$0.72037		
17	31I Firm Trans	Block 1	144,356	2,000	6,890	\$575.00	\$0.25351	\$2,204.08	\$0.25351	\$2,204.08	0.0%
18		Block 2	351,741	all additional			\$0.22946		\$0.22946		
19	32C Firm Sales	Block 1	34,618,514	10,000	7,386	\$675.00	\$0.67131	\$5,633.30	\$0.67154	\$5,634.99	0.0%
20		Block 2	9,360,621	20,000			\$0.64449		\$0.64468		
21		Block 3	1,566,490	20,000			\$0.59997		\$0.60011		
22		Block 4	544,281	100,000			\$0.55528		\$0.55536		
23		Block 5	0	600,000			\$0.52318		\$0.52322		
24		Block 6	0	all additional			\$0.50796		\$0.50798		
25	32I Firm Sales	Block 1	8,547,588	10,000	20,942	\$675.00	\$0.62727	\$13,593.87	\$0.62742	\$13,596.79	0.0%
26		Block 2	7,603,172	20,000			\$0.60740		\$0.60753		
27		Block 3	2,763,251	20,000			\$0.57416		\$0.57425		
28		Block 4	3,005,494	100,000			\$0.54104		\$0.54109		
29		Block 5	195,767	600,000			\$0.51791		\$0.51794		
30		Block 6	0	all additional			\$0.50628		\$0.50629		
31	32C Firm Trans	Block 1	2,721,537	10,000	19,501	\$925.00	\$0.13325	\$3,337.38	\$0.13325	\$3,337.38	0.0%
32	320 111111 110113	Block 2	2,020,003	20,000	15,501	Ç525.00	\$0.11366	73,337.30	\$0.13323	73,337.30	0.070
33		Block 3	707,839	20,000			\$0.08114		\$0.08114		
34		Block 4	869,038	100,000					\$0.04857		
35		Block 5	0 0	600,000			\$0.04857 \$0.02899		\$0.04837		
36			0								
37	221 Firm Trans	Block 6	11,657,702	all additional	75,569	\$925.00	\$0.01601	\$7,266.47	\$0.01601	\$7,266.47	0.0%
	32I Firm Trans	Block 1		10,000	75,509	\$925.00	\$0.13029	\$7,266.47	\$0.13029	\$7,266.47	0.0%
38		Block 2	17,056,306	20,000			\$0.11125		\$0.11125		
39		Block 3	10,569,490	20,000			\$0.07953		\$0.07953		
40		Block 4	22,324,991	100,000			\$0.04783		\$0.04783		
41		Block 5	22,115,808	600,000			\$0.02874		\$0.02874		
42	22011 01	Block 6	7,865,614	all additional	54.407	4675.00	\$0.01613	422 222 22	\$0.01613	400 400 00	0.00/
43	32C Interr Sales	Block 1	4,649,733	10,000	51,487	\$675.00	\$0.64462	\$32,098.38	\$0.64476	\$32,103.86	0.0%
44		Block 2	6,816,872	20,000			\$0.62250		\$0.62262		
45		Block 3	3,782,502	20,000			\$0.58557		\$0.58565		
46		Block 4	5,561,835	100,000			\$0.54861		\$0.54866		
47		Block 5	3,284,822	600,000			\$0.52644		\$0.52647		
48		Block 6	0	all additional		40	\$0.51023	400	\$0.51024	400	
49	32I Interr Sales	Block 1	4,653,469	10,000	42,594	\$675.00	\$0.62793	\$26,377.14	\$0.62806	\$26,381.65	0.0%
50		Block 2	6,055,122	20,000			\$0.60846		\$0.60857		
51		Block 3	3,505,859	20,000			\$0.57596		\$0.57604		
52		Block 4	9,726,364	100,000			\$0.54347		\$0.54352		
53		Block 5	4,171,536	600,000			\$0.52396		\$0.52399		
54		Block 6	0	all additional			\$0.50968		\$0.50969		
55	32C Interr Trans	Block 1	822,778	10,000	199,597	\$925.00	\$0.12471	\$11,732.30	\$0.12471	\$11,732.30	0.0%
56		Block 2	1,679,150	20,000			\$0.10645		\$0.10645		
57		Block 3	978,518	20,000			\$0.07601		\$0.07601		
58		Block 4	3,232,735	100,000			\$0.04557		\$0.04557		
59		Block 5	472,307	600,000			\$0.02730		\$0.02730		
60		Block 6	0	all additional			\$0.01517		\$0.01517		
61	32I Interr Trans	Block 1	6,144,023	10,000	198,801	\$925.00	\$0.12543	\$11,821.46	\$0.12543	\$11,821.46	0.0%
62		Block 2	10,403,074	20,000			\$0.10713		\$0.10713		
63		Block 3	6,958,044	20,000			\$0.07662		\$0.07662		
64		Block 4	15,417,391	100,000			\$0.04610		\$0.04610		
65		Block 5	35,960,832	600,000			\$0.02781		\$0.02781		
66		Block 6	99,266,501	all additional			\$0.01563		\$0.01563		
67	33		0	N/A	0.0	\$38,000.00	\$0.00862	\$38,000.00	\$0.00862	\$38,000.00	
68	Special Contracts		54,127,531	N/A	0	\$0	\$0.00544	\$0.00	\$0.00544	\$0.00	
69											

Totals 1,098,129,249

69 70

## NW Natural Rates and Regulatory Affairs 2024-2025 PGA Filing - OREGON Basis for Revenue Related Costs

1		Twelve Months Ended 06/30/24	
2			
3	Total Billed Gas Sales Revenues	\$ 920,096,835	
4	Total Oregon Revenues	\$ 925,565,009	
5			
6	Regulatory Commission Fees [1]	n/a	0.450% Statutory rate
7	City License and Franchise Fees	\$ 21,672,271	2.342% Line 7 ÷ Line 4
8	Net Uncollectible Expense [2]	\$ 845,048	0.091% Line 8 ÷ Line 4
9			
10	Total		2.883% Sum lines 8-9
11		•	

### 13 **Note:**

12

- 14 [1] Dollar figure is set at statutory level of 0.275% times Total Oregon Revenues (line 4).
- 15 Because the fee changed since our last general rate case, the difference between the previous fee of 0.375%
- 16 and the new fee of 0.450%, as it affects our base rates, is being captured as a temporary deferral.
- 17 [2] Represents the normalized net write-offs based on a three-year average.

**Including** 

NW Natural Rates & Regulatory Affairs

2024-2025 PGA Filing - Oregon: August Filing

PGA Effects on Revenue Schedule 187: Mist Recall

1		Revenue Sensitive  Amount
2	Temporary Increments	
3		
4	Removal of Current Temporary Increments	
5	Amortization of Mist Recall	0
6		0
7	Addition of Proposed Temporary Increments	
8	Amortization of of Mist Recall	432,487
9		432,487
10		
11	TOTAL OF ALL COMPONENTS OF RATE CHANGES	<u>\$432,487</u>
12		
13		
14		
15	2023 Oregon Earnings Test Normalized Total Revenues	\$975,829,919
16		
17	Effect of this filing, as a percentage change (line 11 ÷ line 15)	0.04%

### NW Natural Mist Recall to Core from Interstate - June 2024 Determination of Cost of Service (\$000)

1	Inpu	t Capital Costs and Rates			
2					
3	Cost	of Capital			Weighted
4			6 of Capital	Cost	Cost
5					
6	Debt		50.00%	4.271%	2.136%
7		rred Equity	0.00%	0.000%	0.000%
8	Com	mon Equity	50.00%	9.400% _	4.700%
9		<u> </u>	100.00%	=	6.836%
10	<b>.</b> .				
11		Tax Rate			7.60%
		ral Tax Rate			21.00%
		nue Sensitive Rate			2.88%
	-	eciation Rate erty Tax Rate			1.50% 1.38%
16	Piop	erty rax Rate			1.30%
	  Tnve	stment		Г	\$3,691,590
18	11110	, cincinc			ψ5,051,550
19					OR share
20	1	Depreciation			55,384
21	2	Property Taxes			50,832
22					
23		Taxes on Equity Return			
24	3	State			17,929
25	4	Federal		_	45,776
26	5	Total Taxes			63,705
27		Datama an Data Dasa			
28 29	6	Return on Rate Base Debt			70 242
30	6 7	Preferred Equity			78,243 0
31	8	Common Equity			172,203
32	9	Total Return		-	250,446
33	•				_55, 5
34	10	Subtotal Cost of Service			420,366
35	11	Revenue Sensitive Items		_	12,120
36				_	
37	12	Total Cost of Service		=	\$432,487
38					
39	_				
	Rate	Base - (Plant less Depreciation & I	Deferred Taxes		\$3,663,898
41	T	T			
	TUCOI	ne Taxes			225.000
43 44		Gross up of Equity Return Less: State tax			235,908 17,929
45		Federal Taxable Income		-	217,979
46		Less: Federal Tax			
47		Return		-	45,776 172,203
17					1,2,203

## **EXHIBIT B**

# BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

## NW NATURAL SUPPORTING MATERIAL

Non-Gas Cost Deferral Amortizations Relating to:

Mist Recall

NWN OPUC Advice No. 24-18
August 11, 2024

## **NW NATURAL**

## **EXHIBIT B**

**Supporting Material** 

Non-Gas Cost Deferral Amortizations Relating to:

Mist Recall

NWN OPUC ADVICE NO. 24-18

	Description	
Mist Recall Memorandum		1



503-226-4211 nwnatural.com

**Date:** May 1, 2024

**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 \$4,522,147 in net utility plant from Interstate Storage to Core customers.

This recall is based on core customer supply needs as identified in the 2022 Integrated Resource Plan (IRP), in conjunction with our current gas supply portfolio. The Mist storage requirement for the 2024-25 heating season is 325,000 Dth/day as shown in Attachment A. This is an incremental Core customer need of 20,000 Dth/day. The assets being recalled include reservoir capacity, of which 15,000 Dth/day is the remaining Reichhold reservoir capacity available to be recalled by Core and 5,000 Dth/day of Sapphire project reservoir capacity (~7% of this 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, 2024. Customer impacts of this recall will begin on November 1, 2024, 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 Reichhold reservoir is the oldest reservoir project that was constructed by Interstate Storage. Reichhold's total capacity is 110,000 Dth/day and 95,000 Dth/day has already been recalled to Core customers. This recall includes the remaining 15,000/110,000 of Reichhold's outstanding investment, and after recall Reichhold is entirely a Core customer asset. The 2024 recall of Reichhold deliverability includes \$4,165,941 in net utility plant with \$278,300 of associated deferred taxes for a net rate base impact of \$3,887,641 as shown in Attachment B.

The next oldest reservoir project on the Interstate Storage books is the Sapphire project which includes the Busch, Schlicker and Als reservoirs. This project includes total reservoir deliverability of 70,000 Dth/day of which 5,000 Dth/day is being recalled in this 2024 recall. This recall of Sapphire project deliverability equals \$352,304 in net utility plant with \$93,268 of associated deferred taxes for a net rate base impact of \$259,036 as shown in Attachment B.



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The combined total transfer of recalled Mist assets related to reservoirs is \$4,518,245 in net utility plant with \$371,568 of associated deferred taxes for a net rate base impact of \$4,146,677 as shown in Attachment B.

Sebsequent 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 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.

There have been several modeling improvements to our Mist Storage deliverability modeling since the last recall took place in 2015. 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 reallocating the Mist compression assets over this updated 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.

	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 20,000/205,000 of these assets, leaving 185,000 Dth for future recall. The total 2024 recall of Miller Station and other assets equals \$3,902 in net utility plant with \$860 of associated deferred taxes for a net rate base impact of \$3,042, 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 325,000 Dth/day of Core customer deliverability is 12.799 Bcf of storage capacity which includes the remaining 15,000/110,000 for Reichhold reservoir and 5,000/70,000 for the Sapphire project including the Busch, Schlicker and Als reservoirs. This recall increases Core storage capacity by a total of 1.149 Bcf. The allocation of working gas between Core and Interstate is shown in Attachment D.

Dave Weber, Vice President Gas Supply & Utility Support Services

Brody Wilson, Interim CFO, VP, Treasurer & Chief Accounting Officer

Attachments:

Attachment A: Key Resource Decisions - Mist Recall

Attachment B: Reichhold and 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)
Resource Type	(Dunday)
Net Deliverability over Upstream Pipeline Capacity	343,237
Off-System Storage (Jackson Prairie only)	46,030
On-System Storage - Mist	305,000
On-System Storage - Portland LNG	78,000
On-System Storage - Newport LNG	132,840
Recallable Capacity and Supply Agreements	31,000
Citygate Deliveries	-
On-System Supplies	1,200
Segmented Capacity (not primary firm)	60,700
Total Peak Day Resources	998,007

	(Dth/day)
2024-2025 Design Day Forecast	1,018,533

	(Dth/day)
Incremental Resource Need for 2024-2025 Winter	20,526
Mist Recall Rounded to the Nearest 5,000	20,000
Total Mist Deliverability Requirement for the Core Utility	325,000

ATTACHMENT B
2024 Interstate Storage Recall of Reichhold and Sapphire Projects Into Core
Effective May 1, 2024

				•						
		Total Assets	_	Recall of Reichhold Assets		Total Assets		Recall of Sapphire Assets	Reic	Total Recall of Reichhold & Sapphire Assets
Gross Plant:		Reichhold		Into Core		Sapphire		Into Core		Into Core
Offsite/Gathering/Meters/Regs	<del>∽</del>	2,264,160	9	814,119	↔	618,831	∽	53,163	↔	867,282
Cushion Gas	€	704,273	S	96,037	↔		\$	•	\$	96,037
Reservoir	<del>\$</del>	6,019,613	\$	1,098,984	<del>∽</del>	Ī	S	•	<del>\$</del>	1,098,984
Wells	8	2,749,070	S	2,749,070	<del>∽</del>	4,907,432	S	341,453	\$	3,090,523
Lines	8	53,802	\$	53,802	S	1,457,528	S	102,275	\$	156,078
Total Gross Plant	S	11,790,917	\$	4,812,012	€	6,983,792	S	496,892	se l	5,308,904
Accumulated Depreciation:										
Offsite/Gathering/Meters/Regs			s	(177,149)			8	(6,802)	s	(183,951)
Cushion Gas			<b>∽</b>	•			<b>∽</b>	•	ss.	
Reservoir			S	(389,985)			S	Ī	<del>∽</del>	(389,985)
Wells			S	(77,685)			\$	(92,920)	\$	(170,605)
Lines			\$	(1,253)			S	(44,866)	8	(46,119)
Total Accumulated Deprecation			\$	(646,072)			8	(144,588)	<del>\$</del>	(790,660)
Net Plant			se l	4,165,941			8	352,304	<b>∞</b>	4,518,245
Deferred Tax Liabilities:										
Offsite/Gathering/Meters/Regs			8	(50,730)			<b>∽</b>	(12,273)	\$	(63,003)
Cushion Gas			<b>⇔</b> •				<del>s</del> > •	•	<del></del>	. 002 2017
Mells			9 64	(33,669)			9 <b>9</b> 9	(962-59)	9 69	(187,693)
Lines			· s	(6,202)			÷ •	(15,199)	÷ •	(21,401)
Total Deferred Tax Liabilities			8	(278,300)			s	(93,268)	<del>\$</del>	(371,568)
Rate Base			s	3,887,641			S	259,036	÷	4,146,677

## ATTACHMENT C 2024 Interstate Storage Recall of Other Assets Into Core Effective May 1, 2024

Gross Plant:		Total Assets Other	Othe	ecall of er Assets to Core
Other (See Note 1 below) Other Additions	\$ \$	71,665 -	\$ \$	7,000
Total Gross Plant	\$	71,665	\$	7,000
Accumulated Depreciation:				
Other (See Note 1 below)			\$	(3,098)
Total Accumulated Deprecation			\$	(3,098)
Net Plant			\$	3,902
Deferred Tax Liability:				
Other (See Note 1 below)			\$	(860)
Total Deferred Tax Liability			\$	(860)
Rate Base			\$	3,042

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

## ATTACHMENT D Mist Storage Working Gas Volume Effective May 1, 2024

	Total Physical Capacity				2	
Pool	Original Pressure (Bcf)	5% Delta Pressure (Bcf)	10% Delta Pressure (Bcf)	Increased utilization (Bcf)	Total (Bcf)	Co
Als	1.925	0.200	0.290	0.435	2.850	
Bruer	3.450	0.275	0.350	0.272	4.347	
Busch	-	-	0.310	0.057	0.367	
Flora	3.070	0.255	0.250	0.356	3.931	
Meyer	1.500	-	-	0.036	1.536	
Reichhold	2.425	0.250	0.310	0.325	3.310	
Schlicker	0.600	-	0.475	0.049	1.124	
Total Bcf	12.970	0.980	1.985	1.530	17.465	1

2024 Allocation				
Core	Interstate			
2.272	0.578			
3.680	0.667			
-	0.367			
3.376	0.555			
-	1.536			
3.310	-			
0.161	0.963			
12.799	4.666			