

September 6, 2024

NWN OPUC Advice No. 24-18A / UG 517

**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: REPLACEMENT FILING  
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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This filing replaces, in its entirety, the tariff sheet and Exhibits A and B originally filed under NWN OPUC Advice No. 24-18 (UG 517), dated August 1, 2024. The purpose of this replacement filing is to update the revenue sensitivity rate from 2.883% to 3.035% as the Company inadvertently did not update the uncollectible portion of the rate at the time of the August 1 filing.

**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 \$433,124, 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.

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](http://www.nwnatural.com).

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

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

Sincerely,

NW NATURAL

*/s/ Kyle Walker, CPA*

Kyle Walker, CPA  
Rates/Regulatory Senior Manager

Attachments: Exhibit A – Supporting Materials  
Exhibit B – Mist Recall Memorandum



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. 24-18A / UG 517

September 6, 2024

# NW NATURAL

## EXHIBIT A

### Supporting Materials

Non-Gas Cost Deferral Amortizations Relating to:

Mist Recall

NWN OPUC ADVICE NO. 24-18A / UG 517

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Mist Recall Cost of Service	5

NW Natural  
 Rates & Regulatory Affairs

2024-25 PGA - Oregon: September Filing

Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS

ALL VOLUMES IN THERMS

Line	Schedule	Block	Oregon PGA Volumes page, Column F	Billing Rate from Rates page, Column A	WACOG & Demand from Rates page, Column B+C+D*	Temps from Temporary Increment page, Column A	MARGIN Rate E=B-C-D	Volumetric Margin F = E * A	Customer Charge G	Customers H	Total Margin I	Proposed Amount: Revenue Sensitive Multiplier: Amount to Amortize:	Mist Recall			
													433,124	Temporary Increment	N/A rev sensitive factor is built in	
													433,124 to all sales			
													Multiplier	Allocation to RS	Increment	
													V	W	X	
7	2R		423,059,269	\$1.29519	\$0.54757	\$0.06135	\$0.68627	\$290,332,884	\$8.00	640,507	\$351,821,556		1.0	\$306,732	\$0.00073	
8	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	\$96,309	\$0.00054	
9	3I Firm Sales		5,103,738	\$1.05830	\$0.54757	\$0.06884	\$0.44189	\$2,255,291	\$15.00	339	\$2,316,311		1.0	\$2,019	\$0.00040	
10	27 Dry Out		742,733	\$1.08605	\$0.54757	\$0.03969	\$0.49879	\$370,468	\$8.00	1,685	\$532,228		1.0	\$464	\$0.00062	
11	31C Firm Sales	Block 1	12,281,908	\$0.75920	\$0.44732	\$0.00500	\$0.30688	\$6,585,003	\$325.00	658	\$9,151,203		1.0	\$7,978	\$0.00037	
12		Block 2	10,043,265	\$0.73098	\$0.44732	\$0.00328	\$0.28038						1.0		\$0.00034	
13	31C Firm Trans	Block 1	1,267,742	\$0.29503	\$0.00000	\$0.01874	\$0.27629	\$702,627	\$575.00	59	\$1,109,727		0.0	\$0	\$0.00000	
14		Block 2	1,392,960	\$0.26998	\$0.00000	\$0.01702	\$0.25296						0.0		\$0.00000	
15	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	\$2,766	\$0.00026	
16		Block 2	7,639,515	\$0.72013	\$0.44732	\$0.06031	\$0.21250						1.0		\$0.00024	
17	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	\$0.00000	
18		Block 2	351,741	\$0.22946	\$0.00000	\$0.01346	\$0.21600						0.0		\$0.00000	
19	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	\$9,977	\$0.00023	
20		Block 2	9,360,621	\$0.64449	\$0.44732	\$0.05874	\$0.13843						1.0		\$0.00019	
21		Block 3	1,566,490	\$0.59997	\$0.44732	\$0.05533	\$0.09732						1.0		\$0.00014	
22		Block 4	544,281	\$0.55528	\$0.44732	\$0.05190	\$0.05606						1.0		\$0.00008	
23		Block 5	0	\$0.52318	\$0.44732	\$0.04944	\$0.02642						1.0		\$0.00004	
24		Block 6	0	\$0.50796	\$0.44732	\$0.04827	\$0.01237						1.0		\$0.00002	
25	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	\$2,615	\$0.00015	
26		Block 2	7,603,172	\$0.60740	\$0.44732	\$0.05182	\$0.10826						1.0		\$0.00013	
27		Block 3	2,763,251	\$0.57416	\$0.44732	\$0.05061	\$0.07623						1.0		\$0.00009	
28		Block 4	3,005,494	\$0.54104	\$0.44732	\$0.04942	\$0.04430						1.0		\$0.00005	
29		Block 5	195,767	\$0.51791	\$0.44732	\$0.04858	\$0.02201						1.0		\$0.00003	
30		Block 6	0	\$0.50628	\$0.44732	\$0.04817	\$0.01079						1.0		\$0.00001	
31	32C Firm Trans	Block 1	2,721,537	\$0.13325	\$0.00000	\$0.00423	\$0.12902	\$671,636	\$925.00	27	\$987,040		0.0	\$0	\$0.00000	
32		Block 2	2,020,003	\$0.11366	\$0.00000	\$0.00338	\$0.11028						0.0		\$0.00000	
33		Block 3	707,839	\$0.08114	\$0.00000	\$0.00198	\$0.07916						0.0		\$0.00000	
34		Block 4	869,038	\$0.04857	\$0.00000	\$0.00058	\$0.04799						0.0		\$0.00000	
35		Block 5	0	\$0.02899	\$0.00000	(\$0.00027)	\$0.02926						0.0		\$0.00000	
36		Block 6	0	\$0.01601	\$0.00000	(\$0.00084)	\$0.01685						0.0		\$0.00000	
37	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	\$0.00000	
38		Block 2	17,056,306	\$0.11125	\$0.00000	\$0.00279	\$0.10846						0.0		\$0.00000	
39		Block 3	10,569,490	\$0.07953	\$0.00000	\$0.00169	\$0.07784						0.0		\$0.00000	
40		Block 4	22,324,991	\$0.04783	\$0.00000	\$0.00058	\$0.04725						0.0		\$0.00000	
41		Block 5	22,115,808	\$0.02874	\$0.00000	(\$0.00009)	\$0.02883						0.0		\$0.00000	
42		Block 6	7,865,614	\$0.01613	\$0.00000	(\$0.00052)	\$0.01665						0.0		\$0.00000	
43	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	\$2,125	\$0.00014	
44		Block 2	6,816,872	\$0.62250	\$0.44732	\$0.05712	\$0.11806						1.0		\$0.00012	
45		Block 3	3,782,502	\$0.58557	\$0.44732	\$0.05519	\$0.08306						1.0		\$0.00008	
46		Block 4	5,561,835	\$0.54861	\$0.44732	\$0.05325	\$0.04804						1.0		\$0.00005	
47		Block 5	3,284,822	\$0.52644	\$0.44732	\$0.05209	\$0.02703						1.0		\$0.00003	
48		Block 6	0	\$0.51023	\$0.44732	\$0.05124	\$0.01167						1.0		\$0.00001	
49	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	\$2,139	\$0.00013	
50		Block 2	6,055,122	\$0.60846	\$0.44732	\$0.05521	\$0.10593						1.0		\$0.00011	
51		Block 3	3,505,859	\$0.57596	\$0.44732	\$0.05398	\$0.07466						1.0		\$0.00008	
52		Block 4	9,726,364	\$0.54347	\$0.44732	\$0.05278	\$0.04337						1.0		\$0.00005	
53		Block 5	4,171,536	\$0.52396	\$0.44732	\$0.05204	\$0.02460						1.0		\$0.00003	
54		Block 6	0	\$0.50968	\$0.44732	\$0.05150	\$0.01086						1.0		\$0.00001	
55	32C Interr Trans	Block 1	822,778	\$0.12471	\$0.00000	\$0.00240	\$0.12231	\$510,575	\$925.00	3	\$543,875		0.0	\$0	\$0.00000	
56		Block 2	1,679,150	\$0.10645	\$0.00000	\$0.00183	\$0.10462						0.0		\$0.00000	
57		Block 3	978,518	\$0.07601	\$0.00000	\$0.00087	\$0.07514						0.0		\$0.00000	
58		Block 4	3,232,735	\$0.04557	\$0.00000	(\$0.00007)	\$0.04564						0.0		\$0.00000	
59		Block 5	472,307	\$0.02730	\$0.00000	(\$0.00065)	\$0.02795						0.0		\$0.00000	
60		Block 6	0	\$0.01517	\$0.00000	(\$0.00102)	\$0.01619						0.0		\$0.00000	
61	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	\$0.00000	
62		Block 2	10,403,074	\$0.10713	\$0.00000	\$0.00247	\$0.10466						0.0		\$0.00000	
63		Block 3	6,958,044	\$0.07662	\$0.00000	\$0.00145	\$0.07517						0.0		\$0.00000	
64		Block 4	15,417,391	\$0.04610	\$0.00000	\$0.00045	\$0.04565						0.0		\$0.00000	
65		Block 5	35,960,832	\$0.02781	\$0.00000	(\$0.00016)	\$0.02797						0.0		\$0.00000	
66		Block 6	99,266,501	\$0.01563	\$0.00000	(\$0.00056)	\$0.01619						0.0		\$0.00000	
67	33		0	\$0.00862	\$0.00000	(\$0.00147)	\$0.01009	\$0	\$38,000.00	0	\$0		0.0	\$0	\$0.00000	
68	Special Contracts		54,127,531	\$0.00544	\$0.00000	\$0.00191	\$0.00353	\$191,070	\$0.00	7	\$191,070		0.0	\$0	\$0.00000	
70	TOTALS		1,098,129,249					\$ 429,204,932			\$ 513,502,081		\$ 496,794,053	\$ 433,124		
71	Sources for line 2 above:							\$ 38,693,003			\$ 50,681,560					
72	Inputs page												Line 63			
73	Tariff Schedules															
74	Rate Adjustment Schedule												Sched 187			
75	Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.															
76	* Since Billing Rates for all schedules above 31 do not include demand, column c for those schedules is WACOG only															
77	* Rate schedule 32 firm service includes as total margin the storage and distribution capacity charges and are derived using MDDV therm usages															

		Oregon PGA		Normal	Minimum	11/1/2023	11/1/2023	Proposed	Proposed	Proposed
		Normalized		Therms				11/1/2024	11/1/2024	11/1/2024
		Volumes page,	Therms in	Monthly	Monthly	Billing	Current	Schedule 187	Schedule 187	Schedule 187
		Column D	Block	Average use	Charge	Rates	Average Bill	Mist Recall	Mist Recall	Mist Recall
							F=D*(C * E)		AF = D*(C * AE)	% Bill Change
Schedule	Block	A	B	C	D	E	F	AE	AF	AG
2R		423,059,269	N/A	55	\$8.00	\$1,29519	\$79.24	\$1,29592	\$79.28	0.1%
3C Firm Sales		178,618,735	N/A	251	\$15.00	\$1,08753	\$287.97	\$1,08807	\$288.11	0.0%
3I Firm Sales		5,103,738	N/A	1,255	\$15.00	\$1,05830	\$1,343.17	\$1,05870	\$1,343.67	0.0%
27 Dry Out		742,733	N/A	37	\$8.00	\$1,08605	\$48.18	\$1,08667	\$48.21	0.1%
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%
	Block 2	10,043,265	all additional			\$0.73098		\$0.73132		
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%
	Block 2	1,392,960	all additional			\$0.26998		\$0.26998		
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%
	Block 2	7,639,515	all additional			\$0.72013		\$0.72037		
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%
	Block 2	351,741	all additional			\$0.22946		\$0.22946		
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%
	Block 2	9,360,621	20,000			\$0.64449		\$0.64468		
	Block 3	1,566,490	20,000			\$0.59997		\$0.60011		
	Block 4	544,281	100,000			\$0.55528		\$0.55536		
	Block 5	0	600,000			\$0.52318		\$0.52322		
	Block 6	0	all additional			\$0.50796		\$0.50798		
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%
	Block 2	7,603,172	20,000			\$0.60740		\$0.60753		
	Block 3	2,763,251	20,000			\$0.57416		\$0.57425		
	Block 4	3,005,494	100,000			\$0.54104		\$0.54109		
	Block 5	195,767	600,000			\$0.51791		\$0.51794		
	Block 6	0	all additional			\$0.50628		\$0.50629		
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%
	Block 2	2,020,003	20,000			\$0.11366		\$0.11366		
	Block 3	707,839	20,000			\$0.08114		\$0.08114		
	Block 4	869,038	100,000			\$0.04857		\$0.04857		
	Block 5	0	600,000			\$0.02899		\$0.02899		
	Block 6	0	all additional			\$0.01601		\$0.01601		
32I Firm Trans	Block 1	11,657,702	10,000	75,569	\$925.00	\$0.13029	\$7,266.47	\$0.13029	\$7,266.47	0.0%
	Block 2	17,056,306	20,000			\$0.11125		\$0.11125		
	Block 3	10,569,490	20,000			\$0.07953		\$0.07953		
	Block 4	22,324,991	100,000			\$0.04783		\$0.04783		
	Block 5	22,115,808	600,000			\$0.02874		\$0.02874		
	Block 6	7,865,614	all additional			\$0.01613		\$0.01613		
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%
	Block 2	6,816,872	20,000			\$0.62250		\$0.62262		
	Block 3	3,782,502	20,000			\$0.58557		\$0.58565		
	Block 4	5,561,835	100,000			\$0.54861		\$0.54866		
	Block 5	3,284,822	600,000			\$0.52644		\$0.52647		
	Block 6	0	all additional			\$0.51023		\$0.51024		
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%
	Block 2	6,055,122	20,000			\$0.60846		\$0.60857		
	Block 3	3,505,859	20,000			\$0.57596		\$0.57604		
	Block 4	9,726,364	100,000			\$0.54347		\$0.54352		
	Block 5	4,171,536	600,000			\$0.52396		\$0.52399		
	Block 6	0	all additional			\$0.50968		\$0.50969		
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%
	Block 2	1,679,150	20,000			\$0.10645		\$0.10645		
	Block 3	978,518	20,000			\$0.07601		\$0.07601		
	Block 4	3,232,735	100,000			\$0.04557		\$0.04557		
	Block 5	472,307	600,000			\$0.02730		\$0.02730		
	Block 6	0	all additional			\$0.01517		\$0.01517		
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%
	Block 2	10,403,074	20,000			\$0.10713		\$0.10713		
	Block 3	6,958,044	20,000			\$0.07662		\$0.07662		
	Block 4	15,417,391	100,000			\$0.04610		\$0.04610		
	Block 5	35,960,832	600,000			\$0.02781		\$0.02781		
	Block 6	99,266,501	all additional			\$0.01563		\$0.01563		
33		0	N/A	0.0	\$38,000.00	\$0.00862	\$38,000.00	\$0.00862	\$38,000.00	
Special Contracts		54,127,531	N/A	0	\$0	\$0.00544	\$0.00	\$0.00544	\$0.00	
<b>Totals</b>		<b>1,098,129,249</b>								

[1] For convenience of presentation, demand charges for Rate Schedules 31 and 32 have been removed.  
 [2] Tariff Advice Notice 24-04: Non-Gas Cost Deferral Amortizations - Intervenor Funding  
 [3] Tariff Advice Notice 24-05A: Non-Gas Cost Deferral Amortizations - Oregon PUC Fee  
 [4] Tariff Advice Notice 24-06A: Non-Gas Cost Deferral Amortizations - SRRM  
 [5] Tariff Advice Notice 24-07A: Non-Gas Cost Deferral Amortizations - Industrial DSM  
 [6] Tariff Advice Notice 24-08: Non-Gas Cost Deferral Amortizations - Decoupling  
 [7] Tariff Advice Notice 24-09: Non-Gas Cost Deferral Amortizations - WARM  
 [8] Tariff Advice Notice 24-10: Non-Gas Cost Deferral Amortization - Corporate Activity Tax (CAT) Amortization  
 [9] Tariff Advice Notice 24-11A: Non-Gas Cost Amortization - Net Curtailment and Entitlement Revenues  
 [10] Tariff Advice Notice 24-12A: Non-Gas Cost Amortization - Regulatory Rate Adjustment  
 [11] Tariff Advice Notice 24-13A: Non-Gas Cost Amortization - Residential Rate Mitigation  
 [12] Tariff Advice Notice 24-14: Non-Gas Cost Amortization - RNG Transport Allocation  
 [13] Tariff Advice Notice 24-15A: COVID  
 [14] Tariff Advice Notice 24-16: Non-Gas Cost Amortization - TSA Security Directive  
 [15] Tariff Advice Notice 24-19: PGA  
 [16] Tariff Advice Notice 24-17A: RNG Adj Mechanism  
 [17] Tariff Advice Notice 24-18A: Mist Recall

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

	Twelve Months <u>Ended 06/30/24</u>	
1		
2		
3	\$ 920,096,835	
4	\$ 925,565,009	
5		
6	n/a	0.450% Statutory rate
7	\$ 21,672,271	2.342% Line 7 ÷ Line 4
8	\$ 2,248,412	<u>0.243% Line 8 ÷ Line 4</u>
9		
10		<u><b>3.035%</b></u> Sum lines 8-9
11		
12		

13 **Note:**

- 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 two-year average.



**NW Natural**  
**Rates & Regulatory Affairs**  
**2024-2025 PGA Filing - Oregon: September Filing**  
**PGA Effects on Revenue**  
**Schedule 187: Mist Recall**

	<b>Including Revenue Sensitive Amount</b>
1	
2 <b><u>Temporary Increments</u></b>	
3	
4 <u>Removal of Current Temporary Increments</u>	
5 Amortization of Mist Recall	0
6	0
7 <u>Addition of Proposed Temporary Increments</u>	
8 Amortization of of Mist Recall	433,124
9	<u>433,124</u>
10	
11 <b>TOTAL OF ALL COMPONENTS OF RATE CHANGES</b>	<b><u><u>\$433,124</u></u></b>
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)**

<b>Input Capital Costs and Rates</b>			
<b>Cost of Capital</b>	<b>% of Capital</b>	<b>Cost</b>	<b>Weighted Cost</b>
<b>Debt</b>	50.00%	4.271%	2.136%
<b>Preferred Equity</b>	0.00%	0.000%	0.000%
<b>Common Equity</b>	50.00%	9.400%	4.700%
	<u>100.00%</u>		<u>6.836%</u>
<b>State Tax Rate</b>			7.60%
<b>Federal Tax Rate</b>			21.00%
<b>Revenue Sensitive Rate</b>			3.03%
<b>Depreciation Rate</b>			1.50%
<b>Property Tax Rate</b>			1.38%
<b>Investment</b>			<b>\$3,691,590</b>

		<u>OR share</u>
<b>1</b>	<b>Depreciation</b>	55,384
<b>2</b>	<b>Property Taxes</b>	50,832
	<b>Taxes on Equity Return</b>	
<b>3</b>	<b>State</b>	17,929
<b>4</b>	<b>Federal</b>	45,776
<b>5</b>	<b>Total Taxes</b>	<u>63,705</u>
	<b>Return on Rate Base</b>	
<b>6</b>	<b>Debt</b>	78,243
<b>7</b>	<b>Preferred Equity</b>	0
<b>8</b>	<b>Common Equity</b>	172,203
<b>9</b>	<b>Total Return</b>	<u>250,446</u>
<b>10</b>	<b>Subtotal Cost of Service</b>	420,366
<b>11</b>	<b>Revenue Sensitive Items</b>	<u>12,758</u>
<b>12</b>	<b>Total Cost of Service</b>	<u>\$433,124</u>

**Rate Base - (Plant less Depreciation & Deferred Taxes)** \$3,663,898

<b>Income Taxes</b>		
	<b>Gross up of Equity Return</b>	235,908
	<b>Less: State tax</b>	17,929
	<b>Federal Taxable Income</b>	<u>217,979</u>
	<b>Less: Federal Tax</b>	45,776
	<b>Return</b>	<u>172,203</u>

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. 24-18A / UG 517

September 6, 2024

# **NW NATURAL**

## **EXHIBIT B**

### **Supporting Material**

**Non-Gas Cost Deferral Amortizations Relating to:**

**Mist Recall**

**NWN OPUC ADVICE NO. 24-18A / UG 517**

<b>Description</b>	<b>Page</b>
Mist Recall Memorandum	1



250 SW Taylor Street  
Portland, OR 97204

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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503-226-4211  
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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.

Subsequent 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.

	<b>MMSCFD</b>	<b>Allocation</b>	<b>Dth @ 1062.5</b>	<b>Core</b>	<b>ISS</b>
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
<b>Total</b>	<b>515</b>	<b>480</b>	<b>510,000</b>	<b>325,000</b>	<b>185,000</b>

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.

A handwritten signature in blue ink, appearing to read 'Dave Weber'.

Dave Weber, Vice President Gas Supply & Utility Support Services

A handwritten signature in blue ink, appearing to read 'Brody Wilson'.

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)
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
<b>Total Peak Day Resources</b>	<b>998,007</b>

	(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
<b>Total Mist Deliverability Requirement for the Core Utility</b>	<b>325,000</b>



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

<b>Gross Plant:</b>	<b>Total Assets Reichhold</b>	<b>Recall of Reichhold Assets Into Core</b>	<b>Total Assets Sapphire</b>	<b>Recall of Sapphire Assets Into Core</b>	<b>Total Recall of Reichhold &amp; Sapphire Assets Into Core</b>
Offsite/Gathering/Meters/Regs	\$ 2,264,160	\$ 814,119	\$ 618,831	\$ 53,163	\$ 867,282
Cushion Gas	\$ 704,273	\$ 96,037	-	-	\$ 96,037
Reservoir	\$ 6,019,613	\$ 1,098,984	-	-	\$ 1,098,984
Wells	\$ 2,749,070	\$ 2,749,070	\$ 4,907,432	\$ 341,453	\$ 3,090,523
Lines	\$ 53,802	\$ 53,802	\$ 1,457,528	\$ 102,275	\$ 156,078
<b>Total Gross Plant</b>	<b>\$ 11,790,917</b>	<b>\$ 4,812,012</b>	<b>\$ 6,983,792</b>	<b>\$ 496,892</b>	<b>\$ 5,308,904</b>

**Accumulated Depreciation:**

Offsite/Gathering/Meters/Regs	\$ (177,149)	\$ (6,802)	\$ (183,951)
Cushion Gas	\$ -	\$ -	\$ -
Reservoir	\$ (389,985)	\$ -	\$ (389,985)
Wells	\$ (77,685)	\$ (92,920)	\$ (170,605)
Lines	\$ (1,253)	\$ (44,866)	\$ (46,119)
<b>Total Accumulated Depreciation</b>	<b>\$ (646,072)</b>	<b>\$ (144,588)</b>	<b>\$ (790,660)</b>

**Net Plant**

	\$ 4,165,941	\$ 352,304	\$ 4,518,245
--	--------------	------------	--------------

**Deferred Tax Liabilities:**

Offsite/Gathering/Meters/Regs	\$ (50,730)	\$ (12,273)	\$ (63,003)
Cushion Gas	\$ -	\$ -	\$ -
Reservoir	\$ (187,699)	\$ -	\$ (187,699)
Wells	\$ (33,669)	\$ (65,796)	\$ (99,465)
Lines	\$ (6,202)	\$ (15,199)	\$ (21,401)
<b>Total Deferred Tax Liabilities</b>	<b>\$ (278,300)</b>	<b>\$ (93,268)</b>	<b>\$ (371,568)</b>

**Rate Base**

	\$ 3,887,641	\$ 259,036	\$ 4,146,677
--	--------------	------------	--------------

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

<b>Gross Plant:</b>	<b>Total Assets Other</b>	<b>Recall of Other Assets Into Core</b>
	<u>                    </u>	<u>                    </u>
Other (See Note 1 below)	\$ 71,665	\$ 7,000
Other Additions	\$ -	\$ -
<b>Total Gross Plant</b>	<u>\$ 71,665</u>	<u>\$ 7,000</u>
<b>Accumulated Depreciation:</b>		
Other (See Note 1 below)		<u>\$ (3,098)</u>
<b>Total Accumulated Depreciation</b>		<u>\$ (3,098)</u>
<b>Net Plant</b>		<u>\$ 3,902</u>
<b>Deferred Tax Liability:</b>		
Other (See Note 1 below)		<u>\$ (860)</u>
<b>Total Deferred Tax Liability</b>		<u>\$ (860)</u>
<b>Rate Base</b>		<u>\$ 3,042</u>

Note 1: This represents the cost of miscellaneous 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**

Pool	Total Physical Capacity					2024 Allocation	
	Original Pressure (Bcf)	5% Delta Pressure (Bcf)	10% Delta Pressure (Bcf)	Increased utilization (Bcf)	Total (Bcf)	Core	Interstate
Als	1.925	0.200	0.290	0.435	2.850	2.272	0.578
Bruer	3.450	0.275	0.350	0.272	4.347	3.680	0.667
Busch	-	-	0.310	0.057	0.367	-	0.367
Flora	3.070	0.255	0.250	0.356	3.931	3.376	0.555
Meyer	1.500	-	-	0.036	1.536	-	1.536
Reichhold	2.425	0.250	0.310	0.325	3.310	3.310	-
Schlicker	0.600	-	0.475	0.049	1.124	0.161	0.963
<b>Total Bcf</b>	<b>12.970</b>	<b>0.980</b>	<b>1.985</b>	<b>1.530</b>	<b>17.465</b>	<b>12.799</b>	<b>4.666</b>