

November 15, 2024

NWN WUTC Advice No. 24-16

VIA ELECTRONIC FILING

Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

Re: Schedule 308 – Washington Climate Commitment Act (“CCA”) Cost Recovery Mechanism

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), herewith files the following revisions to its Tariff WN U-6, stated to become effective January 1, 2025.

First Revision of Sheet 308.1	Schedule 308	Washington Climate Commitment Act Recovery Mechanism
First Revision of Sheet 308.2	Schedule 308	Washington Climate Commitment Act Recovery Mechanism

Purpose

The purpose of this filing is to request that the Washington Utilities & Transportation Commission (Commission) approve updates to Schedule 308, Washington Climate Commitment Act Recovery Mechanism. Schedule 308 permits NW Natural to recover the costs associated with purchasing allowances and decarbonization efforts to comply with the Climate Commitment Act (CCA). As explained below, the CCA also requires NW Natural to consign to auction a certain percentage of allowances that it receives at no cost, resulting in the Company receiving revenue from these consigned allowances. Schedule 308 ensures that the revenues benefit customers as directed by the CCA, including holding low-income customers harmless from CCA costs. NW Natural respectfully requests that the proposed Schedule 308 updates have an effective date of January 1, 2025.

Background

The CCA, passed by the Washington State Legislature in 2021, directs the Washington Department of Ecology (“Ecology”) to develop and implement rules for a cap-and-invest program designed to meet emissions reduction targets and reduce emissions by 95% of 1990 levels by 2050. On September 29, 2022, Ecology issued its final rules to implement the CCA, with the program beginning on January 1, 2023.

As a natural gas utility, NW Natural must comply with the CCA. Under the CCA, natural gas utilities must reduce emissions or acquire allowances for the greenhouse gas (GHG) emissions associated with the use of natural gas. Although natural gas utilities will receive a certain number of allowances at no cost based on their average emissions from 2015-2019, such allowances will

decline over time. Beginning in 2023, natural gas utilities will be allocated allowances at no cost to cover 93% of their 2015-2019 baseline, declining 7% per year through 2030. From 2031-2042, these allowances decrease by 1.8% per year and, from 2043-2049, they decrease by 2.6% per year. After 2049, natural gas utilities will not be allocated any allowances at no cost.

In addition to receiving a declining amount of allowances at no cost, natural gas utilities must consign an increasing percentage of these allowances to auction, which means that they cannot be used for CCA compliance. NW Natural must consign 65% of the allowances it receives at no cost in 2023 and that percentage increases 5% each year until 2030 when NW Natural must consign 100% of allowances allocated at no cost.

Since NW Natural will receive a declining amount of allowances at no cost and is required to consign a large (and increasing) percentage of those allowances to auction, it must further reduce emissions or purchase additional allowances to comply with the CCA. Schedule 308 is designed to recover those CCA compliance costs.

In addition to cost recovery, Schedule 308 also has a component related to the revenue that NW Natural will receive from consigning allowances to auction. The CCA requires such revenue to be used for the benefit of customers as determined by the Commission, including at minimum, eliminating any additional cost burden to low-income customers due to the implementation of the CCA.¹ Revenues from allowances must be returned by providing non-volumetric credits on ratepayer utility bills, prioritizing low-income customers, or used to minimize cost impacts on low-income, residential, and small business customers through actions that include, but are not limited to, weatherization, decarbonization, conservation and efficiency services, and bill assistance.²

Proposed Recovery Mechanism

NW Natural's proposed Schedule 308 update is designed to recover the prudently incurred costs associated with CCA compliance. It will also use revenue that NW Natural receives from allowances consigned to auction to hold all identified low-income customers harmless from CCA costs.³ Any remaining funds will benefit all customers whose premises were connected to the natural gas system prior to July 25, 2021 consistent with CCA requirements.⁴

Rate Effective Date and Cadence of Rate Changes

NW Natural proposes to include the deferral account that captured the difference between forecasted cost and actual cost from 2024 and estimated costs for 2025 and the first four months of 2026. The deferral is a regulatory liability that will reduce costs to be recovered in this update. Due to January having significant heating load on customers, we propose to forecast costs through April 30, 2026 to avoid rate changes during the winter heating season. Consigned allowance revenue forecasted in 2025 and the first four months of 2026 will hold low-income customers harmless from CCA costs. All remaining consigned allowance revenue will be given back as non-volumetric rate credits to customers whose premises were connected to the natural gas system as of July 25, 2021. In subsequent years, NW Natural may propose using those funds for weatherization, decarbonization, conservation and efficiency services consistent with CCA requirements and Commission guidance. Any such proposals would be

¹ WAC 173-446-300.

² *Id.*

³ *Id.*

⁴ *Id.*

made as part of an update filing that will occur on May 1 for annual cost and consigned revenue estimates.

By March 15th, annual filings will be made to update the next calendar year’s annual cost estimates as well as the Company’s proposal for remaining funds from consigned allowances, after holding low-income customers harmless.

Forecast Estimates

The forecast of costs and consigned allowance revenue is based on the summary of allowance allocations to natural gas utilities for 2023-2026 provided by Ecology, and using allowance prices from a 3rd party futures exchange, Nodal.⁵ The estimated cost per therm for each rate schedule is \$0.24073. For credits, please see the “Non-volumetric Credits” section below.

The forecast of low-income customers is based on the number of customers enrolled in NW Natural’s bill discount program and the estimate of customers expected to be added over the next 12 months, which is based on the Company’s experience with enrollments and expectations consistent with the Company’s 2024 energy burden assessment.

Non-volumetric Credits

All non-low-income customers whose premises were connected to the natural gas system prior to July 25, 2021 will receive a non-volumetric credit.⁶ Customers on Schedule 2 residential, or Schedule 3 commercial, will receive a winter-based credit (November 1 through March 31) and a non-winter credit (April 1 through October 31) to help relieve high usage month bills, as these customers typically use natural gas for winter heating needs. As stated above, all low-income customers will be held harmless from CCA costs consistent with applicable regulations.⁷

For this update of Schedule 308, NW Natural includes an estimate of \$2.6 million to hold low-income customers harmless, which represents an estimated 10,680 customers. Any low-income customers identified during the year will automatically be enrolled to receive offsetting revenues to hold those customers harmless. The table below shows the non-low income customer credits by rate schedule:

Schedule	Winter Credit	Non-Winter Credit
1 - Residential	\$ 1.82	\$ 1.82
1 - Commercial	\$ 5.34	\$ 5.34
2 - Residential	\$ 10.97	\$ 4.84
3 - Industrial	\$ 129.16	\$ 129.16
3 - Commercial	\$ 46.59	\$ 25.89
27 - Commercial	\$ -	\$ -
41 - Commercial	\$ 515.09	\$ 515.09
41 - Industrial	\$ 622.72	\$ 622.72
42 - Commercial	\$ 5,142.27	\$ 5,142.27
42 - Industrial	\$ 3,945.77	\$ 3,945.77

⁵ www.nodalexchange.com, contracts WBI and WBJ for 2025 and 2026 vintage, respectively.

⁶ WAC 173-446-300

⁷ *Id.*

Low-income Customers

NW Natural's bill discount program for income-qualified residential customers began on January 1, 2024. The bill discount program features a low-barrier enrollment for customers that allows for self-attestation of income eligibility. In addition, NW Natural automatically enrolls in the bill discount program those customers that have received energy assistance or participated in our low income energy efficiency program. These energy assistance programs include the federal LIHEAP program and the Company's grant programs, the Gas Residential Energy Assistance Tariff (GREAT) program and the Gas Assistance Program (GAP). NW Natural's low-income energy efficiency program is referred to as the Washington Low-Income Energy Efficiency (WALIEE) program. All of these programs are supported by a robust and extensive community outreach effort that has been informed by community partners and prioritizes the hardest to reach populations. This outreach will focus on ensuring low-income, fixed-income, seniors, those facing food insecurity and hard-to-reach communities are aware of the bill discount program and how to enroll.

Through September 2024, 7,322 customers are enrolled in NW Natural's bill discount program. This represents just over 40 percent of NW Natural's estimated low income customers.

Customers enrolled in NW Natural's bill discount program are automatically qualified to be held harmless from CCA costs and will therefore not incur the Schedule 308 costs of \$0.24073 per therm.

Cost Recovery

NW Natural proposes an update to Schedule 308 to recover the costs and provide credits to customers consistent with CCA requirements explained above. The Company will continue using a balancing account to track the collections and program costs to ensure costs and collections match without under- or over-recovery over time.

The proposed Schedule 308 will decrease the Company's annual Washington revenues by \$1,620,363, or about 1.33%. The average residential Schedule 2 customer using 57 therms would see a decrease of \$5.80 per month, and the average Schedule 3 commercial customer using 254 therms would see a bill decrease of \$31.97 per month. For customers who have recently connected to the natural gas system after July 25, 2021, a residential Schedule 2 customer using 57 therms would see a decrease of \$14.62 per month, and the average Schedule 3 commercial customer using 254 therms would see a bill decrease of \$65.15 per month. The bill impact for customers on other residential rate schedules is shown on page 2 of Exhibit A.

The proposed rate change will affect all of NW Natural's Washington sales and transportation service customers. NW Natural currently serves approximately 90,256 residential customers and 7,326 commercial and 72 industrial customers in the Company's Washington service territory.

Conclusion

NW Natural respectfully requests an effective date of January 1, 2025 for Schedule 308.

NW Natural will provide notice to customers in a manner consistent with WAC 480-90-194(3). This notice will include the impact of both the proposed rate changes in this filing as well as the impact of the proposed update to Schedule 231 that has been separately filed in NW Natural's

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WUTC Advice No. 24-15. The combined notice is intended to reduce confusion for customers since both rate changes are requested to become effective January 1, 2025. A copy of this notice is included with this filing.

In accordance with WAC 480-90-193, 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.

As requested by WAC 480-80-103(4)(a), I certify that I have authority to issue tariff revisions on behalf of NW Natural.

For the purposes of establishing a service list for this docket, and for any questions, please address correspondence on this matter to me with copies to the following:

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250 SW Taylor Street
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Respectfully submitted,

/s/ Kyle T. Walker

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Attachments:

NEW-NWN-WUTC-Advice-24-16-Trf-Sheet-308-1-11-15-24
NEW-NWN-WUTC-Advice-24-16-Trf-Sheet-308-2-11-15-24
NEW-NWN-WUTC-Advice-24-16-Exh-A-11-15-24
NEW-NWN-WUTC-Advice-24-16-Exh-A-WP-11-15-24

NORTHWEST NATURAL GAS COMPANY

WN U-6

First Revision of Sheet 308.1

Cancels Original Sheet 308.1

SCHEDULE 308 WASHINGTON CLIMATE COMMITMENT ACT RECOVERY MECHANISM

PURPOSE:

The purpose of this Schedule is to identify adjustments to rates in the Rate Schedules listed below for the forecast and amortization of balances in the Washington Climate Commitment Act (“CCA”) Recovery Mechanism related to costs and revenues associated with CCA compliance.

TERM:

Adjustments under this Schedule shall occur annually and continue for a period of one (1) year consistent with the Collection Period below, or such other date as the Commission may approve.

APPLICABLE:

To all Sales and Transportation Service Customers served under the following Rate Schedules of the Tariff of which Schedule 308 is a part:

Rate Schedule 1	Rate Schedule 41
Rate Schedule 2	Rate Schedule 42
Rate Schedule 3	Rate Schedule 43
Rate Schedule 27	

(D)

DEFINITIONS:

The following definitions apply to this Schedule:

Collection Period is the 12-month period May 1 through April 30 in which amounts deferred and forecasted will be amortized and embedded into rates.

(C)

Costs shall be charged to all customers in the Applicable section above on an equal cent per therm basis.

Revenues will be given to customers, except New Customers, either through non-volumetric bill credits from this Schedule, or benefit customers in other ways through Commission approval. Bill credits are capped at the total Costs charged on individual bills.

Low Income customers are held harmless and will see a charge and offsetting credit on their bill.

New Customers are defined as premises that were connected to the natural gas system after July 25, 2021.

Winter Credits provided in this tariff are in effect from November through March.

Non-winter Credits provided in this tariff are in effect from April through October.

(continue to Sheet 308.2)

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and after January 1, 2025

NORTHWEST NATURAL GAS COMPANY

WN U-6

First Revision of Sheet 308.2

Cancels Original Sheet 308.2

SCHEDULE 308 WASHINGTON CLIMATE COMMITMENT ACT RECOVERY MECHANISM (continued)

APPLICATION TO RATE SCHEDULES:

Effective: January 1, 2025

(C)

CCA Costs

The Total Adjustment amount shown below is associated with the CCA costs and is included in the Temporary Adjustments reflected in the above-listed Rate Schedules. Low income and Energy Intensive Trade Exposed customers will see an offsetting credit on their bill and will be held harmless. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

All Therms: \$0.24073

(R)

CCA Revenues

The Total Adjustment amount shown below is associated with the CCA revenues and is included as a non-volumetric monthly credit in the Temporary Adjustments reflected in the above-listed Rate Schedules. Only premises that were connected to the natural gas system as of July 25, 2021, are eligible for these credits. Credits will be capped at the total Costs included on individual bills. NO ADDITIONAL ADJUSTMENT TO RATES IS REQUIRED.

	Winter Credit	Non-Winter Credit	Average Credit
1 - Residential	\$ 1.82	\$ 1.82	\$ 1.82
1 - Commercial	\$ 5.34	\$ 5.34	\$ 5.34
2 - Residential	\$ 10.97	\$ 4.84	\$ 7.91
3 - Industrial	\$ 129.16	\$ 129.16	\$ 129.16
3 - Commercial	\$ 46.59	\$ 25.89	\$ 36.24
27 - Commercial	\$ -	\$ -	\$ -
41 - Commercial	\$ 515.09	\$ 515.09	\$ 515.09
41 - Industrial	\$ 622.72	\$ 622.72	\$ 622.72
42 - Commercial	\$ 5,142.27	\$ 5,142.27	\$ 5,142.27
42 - Industrial	\$ 3,945.77	\$ 3,945.77	\$ 3,945.77

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(D)

GENERAL TERMS:

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, 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.

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Effective with service on
and after January 1, 2025

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

NW NATURAL SUPPORTING MATERIALS

WASHINGTON CLIMATE COMMITMENT ACT (“CCA”)
COST RECOVERY MECHANISM

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NW NATURAL

EXHIBIT A

Supporting Materials

WASHINGTON CLIMATE COMMITMENT ACT (“CCA”)

COST RECOVERY MECHANISM

NWN WUTC ADVICE NO. 24-16

Description	Page
Climate Commitment Act Cost Recovery	1
Summary of Allowance Allocation to Natural Gas Utilities for 2023-2026	2
Effects on Average Bill by Rate Schedule	3
Total Allocated Credits by Schedule	4
2024-25 PGA Forecast	5
Monthly CCA Cost	6
Customer Notice	7

Climate Commitment Act Recovery Tariff
 Cost Recovery January 1, 2025 - April 30, 2026

CCA Allowance Costs		
	2025	2026 (Jan - April)
CCA Deferral		
Forecasted Allowance Cost		
Total Allowance Cost		
Total Cost for Rate Making	\$ 33,907,088	

CCA Consigned Allowance Revenue		
	2025	2026 (Jan - April)
Forecasted Allowance Revenue		
Less: Low Income (LI) Offset		
Total Available Revenue to Non-LI		
Total Revenue to Non-LI for Rate Making	\$ 17,974,929	

Total Therms Subject to CCA		
	Forecast	Total
2025	112,726,745	112,726,745
	5,320,946	5,320,946
Total Volumes Subject to CCA	107,405,799	107,405,799
2026 (Jan - April)	52,819,624	52,819,624
Less: EITEs	2,169,476	2,169,476
	50,650,148	50,650,148

Excluded Volumes from CCA		
	2025 [1]	2026 (Jan - April) [2]
	4,091	2,728
	4,917,592	1,998,941
	399,263	167,807
Total	5,320,946	2,169,476

[1] Volumes are TTM June 30, 2024

[2] Volumes are Jan 1 - April 30, 2024

[2] 2,000 per day on I42TF and Remaining on I42TI

Summary of Allowance Allocations to Natural Gas Utilities for 2023-2026

NGS Name	2023	2024	2025	2026
Avista Corporation	980,564	906,758	832,952	759,146
Cascade Natural Gas	1,660,397	1,535,421	1,410,445	1,285,469
City of Ellensburg	38,036	35,173	32,310	29,447
City of Enumclaw	21,147	19,556	17,964	16,372
NW Natural Gas	453,324	419,203	385,082	350,960
Puget Sound Energy	4,906,163	4,536,882	4,167,601	3,798,320

Therms to MT CO2e:	0.00531148
Consigned % 2024:	70%
Consigned % 2025:	75%
Revenue Sensitive Rate	4.357%
# of Low Income Customers	10,680
Residential Customer UPC	670.6
Residential Customer UPC (16 Mon.)	1,010.4

Cost to Comply with CCA

	2025	2026 (Jan - April)
Therms Subject to CCA Compliance		
MT CO2e Subject to CCA Compliance		
Expected Assigned Allowances [1]	385,082	164,447
Consigned Allowances	269,557	123,335
Total Allowances Needed		

Deferral	183,058	
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Projected Purchased Allowances (Rounded to 000's)		
Q1		
Q2		
Q3		
Q4		
Total Allowances		

Projected Allowance Costs [2]:		
Q1		
Q2		
Q3		
Q4		
Total Cost		

Total Deferral and Projected Cost	\$ 27,431,448	\$ 6,475,640
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Total Cost for Rate Making	\$ 33,907,088
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Total Deferral and Projected Cost per Therm	\$ 0.24073
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[1] We have heard, anecdotally, that the Washington State Department of Revenue may assert that the receipt of allocated emission allowances is a taxable event subject to business and occupation (B&O) tax. We believe that this assertion, if made, would be in error and inconsistent with the statute as written (i.e., RCW 70A.65.130(1)). For the benefit of ratepayers, allowances must be allocated at no cost to covered entities that are natural gas utilities. However, to the extent that Washington imposes an incremental tax liability on the receipt of emission allowances, that would increase the Total Actual and Projected Cost figures. To the extent that federal taxing authorities adopt a similar position, a federal income tax liability could also be imposed upon the receipt of allocated emission allowances resulting in additional Actual and Projected Cost figures.

[2] Prices from Nodal forward curve on 11.13.24, contract WBI and WBJ for 2025 and 2026 vintage, respectively

Revenues Received from Consigned Allowances

	2025	2026 (Jan - April)
Consigned Allowances	269,557	123,335

Projected Allowances Consigned		
Q1		
Q2		
Q3		
Q4		
Total Consigned Allowances		

Projected Allowance Revenue [1][2]:		
Q1		
Q2		
Q3		
Q4		
Sub-Total Revenue		

Allocation of Credits for Rate Making (Incl. Rev. Sens.)	\$ 20,572,717.28
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Allocation to Low Income (LI) [3]	\$ 2,597,788
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Revenue Available to Non-LI	\$ 17,974,929
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[1] The Washington State Department of Revenue issued a Special Notice that, effective January 1, 2023, income earned from selling, transferring, trading, or retirement of allowances is taxable and subject to the business and occupation (B&O) tax. As a result, we anticipate that consignment auction sales proceeds will incur a Washington B&O tax liability in the year of sale. To the extent that the auction sales proceeds are provided as bill credits to customers, we would anticipate that the reduction in cash collection, as a result of the bill credits, would result in a reduction of the B&O tax liability in the year the credit is provided. https://dor.wa.gov/sites/default/files/2022-02/sn_21_CarbonCapTradePrograms.pdf Federal income taxes will also be applicable to the consignment auction sales proceeds in the year of sale, and a corresponding federal income tax reduction in the year of the customer bill credit would be expected.

[2] Prices from Nodal forward curve on 11.13.24, contract WBI and WBJ for 2025 and 2026 vintage, respectively

[3] Assume all low income customers are on Schedule 2

	2025	2026 (Jan - April)
Q1	\$ 59.00	\$ 60.52
Q2	\$ 59.73	
Q3	\$ 60.50	
Q4	\$ 61.27	

WBI	12/31/2024					58.5000
WBI	1/31/2025					58.7500
WBI	2/28/2025					59.0000
WBI	3/31/2025					59.2300
WBI	4/30/2025					59.4900
WBI	5/31/2025					59.7300
WBI	6/30/2025					59.9900
WBI	7/31/2025					60.2400
WBI	8/31/2025					60.5000
WBI	9/30/2025					60.7600
WBI	10/31/2025					61.0100
WBI	11/30/2025					61.2700
WBI	12/31/2025					61.5000
WBJ	2/28/2026					60.5200

2024-25 PGA Forecast

	WA RES	WA COM	WA IND FIRM	WA IND INT	WA TRANSP FIRM	WA TRANSP INT	TOTAL
Nov-24	6,875,078	2,764,402	278,327	130,292	980,533	831,796	11,860,428
Dec-24	9,615,883	3,766,482	406,636	123,274	1,039,016	794,295	15,745,586
Jan-25	10,104,605	4,015,689	402,620	130,083	1,044,623	701,898	16,399,517
Feb-25	8,537,695	3,497,804	392,958	120,985	962,063	727,027	14,238,532
Mar-25	7,299,484	3,044,032	376,398	127,973	992,848	845,850	12,686,585
Apr-25	5,074,436	2,262,141	332,294	105,410	924,271	796,438	9,494,990
May-25	3,080,816	1,534,369	239,334	89,538	874,333	747,382	6,565,771
Jun-25	2,018,282	1,165,194	177,885	74,459	829,839	795,737	5,061,395
Jul-25	1,719,837	1,018,966	153,729	69,084	779,044	758,079	4,498,739
Aug-25	1,367,996	866,367	134,812	69,982	770,871	687,183	3,897,211
Sep-25	1,622,581	944,000	165,318	71,237	741,308	1,060,129	4,604,572
Oct-25	3,831,759	1,704,549	177,133	89,300	833,831	1,036,847	7,673,418
Nov-25	6,875,078	2,764,402	278,327	130,292	980,533	831,796	11,860,428
Dec-25	9,615,883	3,766,482	406,636	123,274	1,039,016	794,295	15,745,586
Jan-26	10,104,605	4,015,689	402,620	130,083	1,044,623	701,898	16,399,517
Feb-26	8,537,695	3,497,804	392,958	120,985	962,063	727,027	14,238,532
Mar-26	7,299,484	3,044,032	376,398	127,973	992,848	845,850	12,686,585
Apr-26	5,074,436	2,262,141	332,294	105,410	924,271	796,438	9,494,990

2025 112,726,745
2026 (Jan - April) 52,819,624

2025	Q1	43,324,634	38.43%
2025	Q2	21,122,156	18.74%
2025	Q3	13,000,522	11.53%
2025	Q4	35,279,433	31.30%
2026	Q1+April	52,819,624	46.86%

	WA RES	WA COM
Winter %	69.39%	64.28%
Non-Winter %	30.61%	35.72%

Monthly CCA Cost

Rate Schedule	Average Monthly Usage (in therms)	Cost Per Therm	CCA Average Cost per Month
1 - Residential	15	\$ 0.24073	\$ 3.61
1 - Commercial	37	\$ 0.24073	\$ 8.91
2 - Residential	57	\$ 0.24073	\$ 13.72
3 - Industrial	870	\$ 0.24073	\$ 209.44
3 - Commercial	254	\$ 0.24073	\$ 61.15
27 - Commercial	13	\$ 0.24073	\$ 3.13
41 - Commercial Firm Sales	3,272	\$ 0.24073	\$ 787.68
41 - Industrial Firm Sales	4,876	\$ 0.24073	\$ 1,173.82
41 - Commercial Interruptible Sales	0	\$ 0.24073	\$ -
41 - Industrial Interruptible Sales	0	\$ 0.24073	\$ -
41 - Commercial Firm Transportation	4,715	\$ 0.24073	\$ 1,135.06
41 - Industrial Firm Transportation	0	\$ 0.24073	\$ -
42 - Commercial Firm Sales	20,815	\$ 0.24073	\$ 5,010.89
42 - Industrial Firm Sales	13,556	\$ 0.24073	\$ 3,263.40
42 - Commercial Firm Transportation	166,388	\$ 0.24073	\$ 40,055.32
42 - Industrial Firm Transportation	86,701	\$ 0.24073	\$ 20,871.92
42 - Commercial Interruptible Sales	41,596	\$ 0.24073	\$ 10,013.59
42 - Industrial Interruptible Sales	16,942	\$ 0.24073	\$ 4,078.52
42 - Commercial Interruptible Transportation	0	\$ 0.24073	\$ -
42 - Industrial Interruptible Transportation	81,522	\$ 0.24073	\$ 19,625.15

November 15, 2024

Lower rates for NW Natural customers in Washington started November 1 Further reductions possible starting January 1, 2025

Lower rates for NW Natural customers in Washington took effect Nov. 1, 2024, to reflect the annual Purchased Gas Adjustment for the expected cost of natural gas. On Nov. 15, 2024, NW Natural requested other rate changes with the Washington Utilities & Transportation Commission (WUTC). If all rate changes are approved by the WUTC as filed, starting Jan. 1, 2025, residential and small-commercial bills will further decrease, but the amount will depend on the State of Washington's rules regarding when your premises was connected to NW Natural's system OR if you are an Identified Low-Income Customer.

The combined effects of new rate adjustments

- **Premises connected to the natural gas system before July 25, 2021:** If approved, bills will decrease by a combined total of about \$5 a month for residential customers using an average of 57 therms per month. Small-commercial rates will decrease by about \$30 based on average usage of 254 therms per month.
- **Premises connected to the natural gas system after July 25, 2021:** If approved, bills will decrease by a combined total of about \$14 a month for residential customers using an average of 57 therms per month. Small-commercial rates will decrease by about \$63 based on average usage of 254 therms per month.
- **Low-income customers:** If approved, bills will increase by less than \$1 a month for residential low-income customers using an average of 57 therms per month. Low-income customers are held harmless from all Climate Commitment Act costs.

This means NW Natural customers will be paying less than they did 20 years ago for their natural gas bills.

How NW Natural is keeping natural gas affordable

The company has taken several steps to maximize affordability, such as locking in gas purchases at lower rates, smart investments in energy storage, and energy-efficiency measures. The combined effects of the following filings contribute to rate changes for customers in Washington as shown on the next page.

What are the components of the rate adjustments?

Starting Nov. 1, the Purchased Gas Adjustment portion of residential rates—reflecting the commodity cost of natural gas—decreased by about \$8 a month for customers using an average of 57 therms per month. Small-commercial rates decreased by about \$33 based on average usage of 254 therms per month. This rate adjustment was approved by the WUTC.

Additionally, two other rate adjustments have been filed by NW Natural and are pending approval by the WUTC. If approved as filed, these adjustments would go into effect Jan. 1, 2025:

- The Climate Act Fee to comply with Washington's Climate Commitment Act would decrease bills by about \$6 per month for residential customers and \$32 per month for small-commercial customers. For customers who connected to the natural gas system after July 25, 2021, a residential customer will see monthly bill decreases of about \$15 and small-commercial customers will see a decrease of about \$65 per month.
- The Washington Bill Discount Program, which funds assistance for low-income NW Natural customers in Washington would increase bills by less than \$1 per month for residential customers and about \$2 per month for small-commercial customers.

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Relief for income-qualified customers

We know households are facing financial pressures with continued cost increases for everyday goods and services. NW Natural offers **bill discounts of 15% to 80%** to cut energy costs for customers whose household income is at or below 80% of area median income or federal poverty level.

Our **Equal Pay payment plan** is another way that could help make the winter heating season more affordable. Equal Pay is designed to take the ups and downs out of monthly gas bills, which would typically rise and fall depending on the weather and gas use. With Equal Pay, customers may receive steady, predictable bills throughout the year.

Type of Service	Schedule Number	Current Total Billing Rate	Proposed Total Billing Rate	Percent Change in Average Bill*
General Residential Sales Service	1	\$1.91107	\$1.66830	-1.2%
General Commercial Sales Service	1	\$1.91670	\$1.67264	3.8%
Residential Sales Service	2	\$1.56419	\$1.31527	-6.9%
Commercial Sales Service	3	\$1.52836	\$1.27854	-9.2%
Industrial Sales Service	3	\$1.48049	\$1.23031	5.5%
Residential Heating Dry-Out Service	27	\$1.35525	\$1.11591	-11.7%
Commercial Firm Sales	41	\$1.25470	\$1.00339	-2.9%
Commercial Firm Transportation	41	\$0.86235	\$0.61077	-13.7%
Industrial Firm Sales	41	\$1.16597	\$0.91368	-8.1%
Industrial Firm Transportation	41	N/A	N/A	0.00%
Large Volume Commercial Firm Sales	42	\$1.02058	\$0.76647	0.4%
Large Volume Commercial Interruptible Sales	42	\$0.93896	\$0.68430	-17.5%
Large Volume Industrial Firm Sales	42	\$0.97351	\$0.72031	0.6%
Large Volume Industrial Interruptible Sales	42	\$0.93724	\$0.68339	2.0%
Large Volume Commercial Firm Transportation	42	\$0.61482	\$0.35937	-41.1%
Large Volume Industrial Firm Transportation	42	\$0.60337	\$0.34803	-30.1%

*Estimates include Climate Act Credits available for customers connected to the gas system prior to July 25, 2021. Identified low-income customers are not subject to the Climate Commitment Act. For more information, visit nwnatural.com/cca

NW Natural's filings are requests, subject to public review and a decision by the WUTC. Customers may comment on the proposed rate changes by clicking "Submit a Comment" at www.utc.wa.gov, emailing comments@utc.wa.gov, calling 1-888-333-9882 (WUTC), or mailing Washington Utilities and Transportation Commission, PO Box 47250, Olympia, WA 98504-7250. Customers can also request more information, review the filing, and find out about open meetings. For more information, visit the Rates and Regulations section of nwnatural.com.