



Information Sheet for NW Natural's General Rate Case UTC Docket UG-200994

Prepared by Public Counsel Division, Attorney General's Office
800 Fifth Avenue • Suite 2000 • TB-14 • Seattle, WA 98104
utility@atg.wa.gov • www.atg.wa.gov

Q. How much is NW Natural's requested rate increase for natural gas customers?

A. On December 18, 2020, NW Natural filed a general rate case with the Washington Utilities and Transportation Commission ("UTC") to increase natural gas rates for Washington customers. NW Natural proposes a two-year rate plan. In the first year, beginning on November 1, 2021, NW Natural requests a rate increase of 8 percent or \$6.3 million, which would increase the average residential customer's bill by \$2.66 per month. In the second year, beginning on November 1, 2022, NW Natural requests a rate increase of 3.7 percent or \$3.2 million, which would increase the average residential customer's bill by \$2.17 per month. NW Natural also proposes to maintain the amount of profit paid to investors at the currently approved level of 9.4 percent.

Q. Why is NW Natural requesting a rate increase?

A. NW Natural states that distribution, storage, and updates to information technology projects are driving the rate increases. Each of the projects identified by the Company are long-term projects. According to the Company, they avoided projects that were not critically important to running and operating their system.

Q. Who are the parties in this case?

A. The UTC considers the recommendations and evidence of every party. The parties in this case are:

- NW Natural
- UTC Staff*
- Washington Attorney General's Office, Public Counsel Unit (residential and small business customer advocate)
- Alliance of Western Energy Consumers (industrial electric and natural gas customer advocate)
- The Energy Project (low-income customer advocate)

*In formal UTC proceedings, regulatory Staff participates like any other party and UTC Commissioners make the decision. The Commissioners, the presiding administrative law judge, and the Commissioners' policy and accounting advisors do not discuss the merits of the proceeding with any party, including UTC Staff, without giving notice and an opportunity for all parties to participate.

Q. Is there a settlement in this case?

A. Yes. Several parties have reached a settlement to resolve all issues in this case. The settling parties are NW Natural, UTC Staff, AWEC, and The Energy Project. Public Counsel did not join the settlement.

The settling parties have agreed to the following terms:

- The settlement accepts a two-year rate plan. The settlement provides for a rate increase in year one, beginning on November 1, 2021, of \$5 million. In year two, beginning on November 1, 2022, the settlement provides for a rate increase of \$3 million. The year two rate increase will be subject to refund, based on a review of the capital projects on which the rate increase is based.
- The settlement allows for an overall rate of return of 6.814 percent, which is lower than the Company's requested 6.913 percent. The settling parties could not agree on the level of profit, cost of debt, or the capital structure (how much debt and equity the Company has), so those components are unspecified.
- The settlement adopts NW Natural's rate mitigation measures, which allow the rate increases in this case to be lower than they would be otherwise. The settling parties agree to spread \$2.3 million in rate mitigation over the two year rate plan, rather than over one year as originally proposed by the Company.



- Some rate classes are paying more than the cost to serve them, and others are paying less than the cost to serve them. The settlement spreads the rate increases among the customer classes in a way that moves the rate classes closer to the cost to serve them. This means that a slightly larger share of the increase is allocated to residential and other customer classes that are paying less than the cost to provide service, and a slightly smaller share of the increase is allocated to customer classes that are paying more than the cost to serve them, including large industrial customers.
- The settlement allows the Company to track the costs of its Conservation Potential Assessment, which is a critical component of the Company's customer-facing energy efficiency program planning. Actual costs will be amortized to all customers on an equal basis over one year.
- The settlement provides that the Company will maintain its low-income advisory group, the Gas Residential Energy Assistance Tariff (GREAT) Program Advisory Group. The Advisory Group's goals are to prevent disconnections, provide assistance to more customers, lower the energy burden of GREAT Program participants, and collect data to inform assessments of the GREAT Program and ongoing policy discussions.
- The settlement provides that NW Natural will file annual reports with the UTC regarding the GREAT program, beginning in 2022.
- The settlement provides that NW Natural will prepare a low-income evaluation study to assess the need for low-income assistance among the Company's Washington customers.

Q. What is Public Counsel's position on the settlement?

A. Public Counsel participated in the settlement negotiations but did not join the settlement. While Public Counsel believes the terms related

to low-income programs and reviewing the capital projects that are included in year two rates are reasonable, Public Counsel neither supports nor opposes the settlement overall.

Q. When will there be a decision?

A. The UTC scheduled an evidentiary hearing on August 23, 2021, to consider the settlement. In reviewing the settlement, the UTC may accept, modify, or reject the settlement terms. By law, the UTC has 11 months to review a general rate case filing and make a decision. The UTC will issue a decision in time for the new rates to go into effect.

Q. How can customers comment to the UTC about this case?

The public can submit comments in the following ways:

- Via UTC web form at: utc.wa.gov/consumers/ (click on "Submit a Comment" link at the top of the web page)
- By e-mail at: comments@utc.wa.gov
- By mail at: **UTC, P.O. Box 47250, Olympia, WA 98504-7250**
- By phone: **1-888-333-WUTC (9882)**

Please include your name and mailing address, NW Natural General Rate Case, and Docket Number UG-200994. For more information, see <http://www.utc.wa.gov/>, or call 1-800-562-6150.

Who is Public Counsel?

The Public Counsel Unit of the Washington Attorney General's Office represents residential and small business customers of state regulated electric, natural gas, water, and telecommunications companies and customers of transportation companies regulated by the UTC. Public Counsel advocates on behalf of customers before the UTC and courts regarding rates, mergers, business practices, service quality, energy efficiency, safety, and policy matters.

You can contact Public Counsel by email at: utility@atg.wa.gov, or by mail at: Attorney General's Office, Public Counsel Unit, 800 Fifth Avenue, Suite 2000, Seattle, WA 98104.