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Portland, OR 97204

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November 16, 2022

NWN OPUC Advice No. 22-20

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Post Office Box 1088  
Salem, Oregon 97308-1088

**Re: Revisions to Schedule A – Billing for City and County Exactions**

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 January 1, 2023.

Eighth Revision of Sheet A-1	Schedule A	Billing for City, County and Local Exactions
First Revision of Sheet A-2	Schedule A	Billing for City, County and Local Exactions

**Purpose**

The purpose of this filing is two-fold, 1) to revise the exaction rate to Schedule A for the Metro Supportive Housing Services (“MSHS”) tax for calendar year 2023; and 2) to revise Schedule A to adjust the Multnomah County Business Income Tax (“MCBIT”) percentage rate applicable to customers that live in Multnomah County for the 2023 calendar year.

**Background**

Schedule A includes business or occupation taxes, license, franchise or operating permit fees, or similar exactions imposed upon the Company by any city, county or local entity.

**Metro**

In May 2020, voters in Multnomah County, Washington County, and Clackamas County approved Measure 26-210, supporting homeless services through a higher earners’ personal income tax and business profits tax. The program is administered by the Portland Area Metropolitan Service District (“Metro”) and funded by a 1% tax on taxable income of more than \$125,000 for individuals and \$200,000 for couples filing jointly, and a 1% tax on profits from businesses with gross receipts of more than \$5 million. The taxes are effective for tax years beginning on and after January 1, 2021.

### MCBIT

Multnomah County assesses a business income tax to everyone doing business in the county. Revenue generated from MCBIT go toward the county general fund and used to finance libraries, law enforcement, community corrections, jails, juvenile justice, bridges, social services and health services.

### Proposed MSHS Tax Collection

The MSHS Tax will be collected from customers located in the Metro jurisdictional region, consistent with the Company's treatment of the MCBIT, which is also collected through Schedule A, described above. A MSHS Tax balancing account will be maintained to accrue any difference between the Company's actual Metro Tax expense and the amount collected from customers. Any over- or under-collection reflected in this account will be considered whenever the MSHS Tax Rate is updated.

The proposed Schedule A rate is applied on a percentage basis of customers' bills for those customers taking natural gas service in Metro's jurisdictional region.

NW Natural estimates the MSHS Tax liability to be collected will be a credit of \$209,430. This equates to a proposed MSHS rate of -0.04% to be refunded through Schedule A. A worksheet showing the derivation of the MSHS rate is included with this filing.

In compliance with OAR 860-022-0025 the Company states that the number of customers in the Metro jurisdictional region affected by the proposed change is 442,756. The proposed MSHS rate will decrease the average bill of a residential customer in the Metro jurisdictional region using an average of 53 therms per month by about \$0.03, and the average Schedule 3 non-residential customer in the Metro jurisdictional region using an average of 237 therms per month by about \$0.12. There is no change in the Company's operating revenue as a result of the proposed change in MSHS rate.

### Proposed Adjustment – MCBIT

The Company estimates it will end calendar year 2022 with an over collection of \$321,616, including a 2021 tax true-up credit of \$169,731. The MCBIT tax liability estimate for 2023 will be about \$206,989, resulting in a total amount to be refunded in 2023 of \$115,760 including interest. This equates to a proposed MCBIT rate of -0.05%, which is a decrease of 0.07% from the current rate of 0.02%. The last time the Company updated the MCBIT rate was January 1, 2022. A worksheet showing the derivation of the proposed rate is included with this filing.

In compliance with OAR 860-022-0025 NW Natural states the proposed change in the MCBIT rate will decrease the average bill of a Multnomah County residential customer using an average of 53 therms per month by about \$0.04 and the average Schedule 3 non-residential customer using an average of 237 therms per month by about \$0.15. There are about 212,330 NW Natural customers in Multnomah County, which is 30.51% of NW Natural's total Oregon customer base. There is no change in the Company's operating revenue as a result of the change in the proposed MCBIT rate.

**Conclusion**

NW Natural respectfully requests that the Commission approve this tariff change to become effective January 1, 2023.

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 me with copies to the following:

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Rates & Regulatory Affairs  
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Respectfully submitted,

*/s/ Kyle T. Walker*

Kyle T. Walker, CPA  
Manager, Rates and Regulatory Affairs

Enclosures

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Eighth Revision of Sheet A-1  
Cancels Seventh Revision of Sheet A-1

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## SCHEDULE A BILLING FOR CITY, COUNTY, AND LOCAL EXACTIONS

### APPLICABLE:

To all Customers served by the Company under the Tariff of which this Schedule is a part.

### PURPOSE:

To specify the method for billing of business or occupation taxes, license, franchise or operating permit fees, or similar exactions, hereinafter referred to in the entirety as "Exactions", imposed upon the Company by any city, county or local/regional entity for engaging in business therein or for use and occupancy of streets and public ways.

### CITY EXACTIONS:

The aggregate of the Exactions imposed on the Company, up to 3% of the Company's gross revenues, will be applied to rates in accordance with OAR 860-022-040 (1), except that the actual amount of Exactions applicable to Customers taking service under Special Contracts set forth in **Schedule 60** will be added to the total of all charges due.

When the aggregate of the Exactions imposed on the Company by any city exceeds 3%, the excess shall be billed pro rata to Customers served within that city, and the excess amount will be separately stated on the Customer's regular billings.

Any other Exactions unilaterally imposed or increased by any city during the unexpired term of an existing franchise that contains a provision for compensation, shall be billed pro rata to Customers served within that city in the manner stated above.

### COUNTY EXACTIONS:

The full amount of all new or increased taxes, license, franchise or operating permit fees imposed on the Company by any county, other than a city/county, shall be billed pro rata to Customers served within that county. If the taxes or fees cover the Company's operations in only a portion of the county, the amount shall be billed pro rata to Customers served within that portion of the county. The amount associated with these taxes or fees shall be separately stated on Customer's regular billings.

### **Multnomah County Business Income Tax (MCBIT):**

**Applicable:** All customers that receive Natural Gas service within Multnomah County

A MCBIT Balancing Account will be maintained to accrue any difference between the Company's actual MCBIT expense and the amount collected from Customers. Any over- or under-collection reflected in this account will be considered when the MCBIT Rate is established. The Balancing Account will accrue interest at the rate approved by the Commission.

The MCBIT Rate is based on the following calculation:

(Forecast MCBIT expense +/- Balancing Account amounts) / Forecast Multnomah County Gas Revenues

**Rate:** **-0.05%** of the total billed amount for Rate Schedule charges excluding public purposes charges billed pursuant to Schedule 301 or Schedule 310, and all other separately stated taxes. (R)

(continue to Sheet A-2)

Issued November 16, 2022  
NWN OPUC Advice No. 22-20

Effective with service on  
and after January 1, 2023

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**SCHEDULE A**  
**BILLING FOR CITY, COUNTY, AND LOCAL EXACTIONS**  
(continued)

**LOCAL EXACTIONS:**

The full amount of all new or increased taxes, license, franchise or operating permit fees imposed on the Company by any local or regional entity shall be billed pro rata to Customers served within the jurisdiction covered by the local or regional entity. The amount associated with these taxes or fees shall be separately stated on Customer's regular billings.

**Metro Supportive Housing Services (MSHS) Tax:**

**Applicable:** All customers that receive Natural Gas service within Metro's jurisdiction in Clackamas, Washington and Multnomah Counties.

A Metro Tax Balancing Account will be maintained to accrue any difference between the Company's actual Metro Tax expense and the amount collected from Customers. Any over- or under-collection reflected in this account will be considered when the MSHS Tax Rate is established. The Balancing Account will accrue interest at the rate approved by the Commission.

The MSHS Tax Rate is based on the following calculation:

Forecast MSHS Tax expense +/- Balancing Account amounts / Forecast Metro regional Gas Revenues

**Rate:** **-0.04%** of the total billed amount for Rate Schedule charges excluding public purposes charges billed pursuant to Schedule 301 or Schedule 310, and all other separately stated taxes. (R)

**GENERAL TERMS:**

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

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

NW NATURAL SUPPORTING MATERIALS

NWN OPUC Advice No. 22-20, ADV\_\_\_\_

November 16, 2022

# NW NATURAL

## EXHIBIT A

### Supporting Materials

NWN'S OPUC ADVICE NO. 22-20 / ADV \_\_\_\_\_

Description	Page
Calculation of MCBIT Rate	1
Calculation of Metro Rate	2

**NW Natural**  
**Rates & Regulatory Affairs**  
**Tariff Advice 22-20**  
**Exhibit A - Multnomah County Business Income Tax**  
**Calculation of MCBIT Rate**

1	Over collections at 12/31/21	(\$228,218)
2	2021 Tax True-up	(169,731)
3	Estimated 2022 Collections	(\$53,094)
4	2022 Estimated Provision	\$129,428
5	2023 Estimated Provision	<u>\$206,989</u>
6		
7	Amount to collect/(refund)	(\$114,627)
8		
9	Interest during collection/(refund)	<u>(\$1,133)</u>
10		
11	<b>TOTAL to collect/(refund)</b>	<b><u>(\$115,760)</u></b>
12		
13	2023 Estimated Multnomah County Revenues (line 24)	<u>\$243,680,382</u>
14		
15	<b>2023 Proposed MCBIT rate</b>	<b><u>-0.05%</u></b>
16		
17	2022 Modified Blended Treasury Rate (UM 1147)	1.82%
18		
19		
20	<u>Estimate of 2022 Multnomah Revenues:</u>	
21		
22	2022 Multnomah Revenues Estimate	243,680,382
23	Number of Multnomah Customers	212,330

**NW Natural  
 Rates & Regulatory Affairs  
 Tariff Advice 22-20  
 Exhibit A - Metro Supportive Housing Service Tax  
 Calculation of Metro Rate**

1		
2	Estimated under collections at 12/31/21	\$208,881
3	Estimated 2022 collections	(\$652,587)
4	2021 Tax Return true-up	(\$107,943)
5	2022 Estimated tax	\$132,449
6	2023 Estimated tax	<u>\$211,820</u>
7		
8	Amount to collect/(refund)	(\$207,380)
9		
10	Interest during collection/(refund)	<u>(\$2,050)</u>
11		
12	<b>TOTAL to collect/(refund)</b>	<b><u>(\$209,430)</u></b>
13		
14	2023 Estimated Metro County Revenues (line 24)	<u>\$495,850,007</u>
15		
16	<b>2023 Proposed Metro rate</b>	<b><u>-0.04%</u></b>
17		
18	2022 Modified Blended Treasury Rate (UM 1147)	1.82%
19		
20		
21	<u>Estimate of 2022 Multnomah Revenues:</u>	
22		
23	2022 Metro Revenues Estimate	495,850,007
24	Number of Metro Customers	442,756