

# NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Second Revision of Sheet H-1  
Cancels First Revision of Sheet H-1

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## RATE SCHEDULE H LARGE VOLUME NON-RESIDENTIAL HIGH PRESSURE GAS SERVICE (HPGS) RIDER

### **PURPOSE:**

To provide Company-owned and maintained high pressure gas infrastructure sited on a Customer's Premise where the Company's standard Distribution System operating pressures are insufficient to meet Customer's requirements for fueling motor vehicles.

### **SERVICE APPLICABILITY:**

Service under this Rate Schedule Rider is available to a Customer who:

(1) has an approved Service Election under Rate Schedule 3, Rate Schedule 31, or Rate Schedule 32 for service to the High Pressure Gas facilities ("HPGS Facilities"); (2) has entered into a High Pressure Gas Service Agreement ("HPGS Agreement") under this Rate Schedule Rider for a minimum initial term of ten years; and (3) has satisfied the prerequisites for service commencement set forth in the Customer's HPGS Agreement.

### **PROGRAM TERM:**

HPGS shall remain in effect until January 31, 2023 or until such other time as the Commission may approve. (C)

### **SERVICES PROVIDED:**

Service under this Rate Schedule Rider includes High Pressure Gas Service ("HPGS"), Scheduled Maintenance, Unscheduled Maintenance, and Back-Up Service.

HPGS Facilities - The Company will design, plan, engineer, permit, construct, install, inspect, test, and maintain all Standard HPGS Facilities installed in accordance with this rider. NW Natural reserves the right to designate the location of all Distribution Facilities and HPGS Facilities required for such service.

Standard HPGS Facilities – Standard HPGS Facilities include the following:

- Compression system, which includes remote monitoring equipment
- Main distribution panel
- Remote feeder panel
- Transformer pad
- Compressor pad
- Remote Power Panel Pad
- Dispenser pad
- Transformer pad
- Trenches
- Compressor skid
- Dryers
- Regeneration pad
- Storage vessel(s)
- Priority panel
- Protective traffic bollards
- Fast fill meter/dispenser(s) (does not include hanging hardware)
- ASME Cascade Buffer – one three pack installed on the roof
- Control System and remote power panel

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**RATE SCHEDULE H  
LARGE VOLUME NON-RESIDENTIAL  
HIGH PRESSURE GAS SERVICE (HPGS) RIDER**

**SERVICES PROVIDED (continued):**

Non-Standard HPGS Facilities - Non-Standard HPGS Facilities include any equipment related to HPGS not identified above as Standard HPGS Facilities. Examples of Non-Standard HPGS facilities include but are not limited to slow-fill dispensers and hanging hardware. The Customer will own all Non-Standard HPGS Facilities. Upon the Customer's request, the Company may assist a Customer in the purchase, installation, and maintenance of Non-Standard HPGS Facilities. The installed cost for any Non-Standard HPGS Facilities will be borne by the Customer and must be paid in full at the time the parties enter into the HPGS Agreement. NW Natural is not liable for any damage to or damage caused by Non-Standard HPGS Facilities.

Scheduled Maintenance - NW Natural shall procure and furnish all materials, utilities, equipment, services, supplies, and labor necessary for the routine operation and maintenance of the HPGS Facilities. Scheduled Maintenance shall include, but shall not be limited to, periodic testing, adjustment, and calibration of the meter, external inspection of above-ground portions of the HPGS Facilities, and maintenance of all valves, piping, meter and instruments. Scheduled Maintenance does not include maintenance of non-standard customer-owned HPGS Facilities.

Unscheduled Maintenance – NW Natural will procure and furnish all materials, equipment, supplies, services, and labor necessary to perform non-routine maintenance on the HPGS Facilities as needed to ensure efficient and continued operation. Such Unscheduled Maintenance shall include dispatching Company personnel to investigate any abnormality or emergency situation affecting the HPGS Facilities, including the tripping of an alarm observed by the Company through its monitoring of HPGS Facilities, and the repair or replacement of HPGS Facilities or their components that result from normal wear or facility failure. Unscheduled Maintenance also includes equipment additions, upgrades, or replacements that the Company determines are required to comply with any changes in law, evolving industry and/or NW Natural engineering design, or field operational standards. Unscheduled Maintenance does not include maintenance of non-standard, Customer-owned HPGS Facilities, or of any other equipment that is not associated with or required for the operation of the HPGS Facilities.

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**RATE SCHEDULE H  
LARGE VOLUME NON-RESIDENTIAL  
HIGH PRESSURE GAS SERVICE (HPGS) RIDER**

**SERVICES PROVIDED (Continued)**

Back-Up Service – NW Natural may provide compressed natural gas (“CNG”) as a Back-Up Service when Scheduled Maintenance or Unscheduled Maintenance disrupts the flow of Natural Gas to the HPGS Facilities for an extended period of time. The availability and duration of Back-Up Service is subject to Company discretion and availability. For purposes of this provision, Back-Up Service may be provided via tanker deliveries of CNG to the Customer’s site at NW Natural’s discretion. The Company may limit the number of vehicles that may use NW Natural fueling stations under this Back-Up Service provision. Back-Up Service is not available as a replacement supply source under Curtailment conditions or when Customer-owned gas supplies do not arrive at the Receipt Point. Customer is not relieved of its obligations under this Rider, including the Customer’s obligation to pay any charges set forth in this Rider during the period of any service disruption resulting from Unscheduled Maintenance.

**INSTALLATION COSTS:**

In the event that new Distribution Facilities are required to provide service under this Rate Schedule Rider, such facilities shall be installed in accordance with Schedule X of the Tariff of which this Rate Schedule is a part. For purposes of this Rate Schedule Rider, the Company-owned facilities beyond the meter will not be considered Distribution Facilities as they are defined in NW Natural’s General Rules and Regulations. Any costs for site preparation and Company-owned facilities installed beyond the meter will be included in the Monthly Facility Charge calculation.

**MONTHLY CHARGES:**

All costs and charges are specific to each HPGS Facilities’ installation and shall be set forth in the HPGS Agreement between NW Natural and the Customer. A description of each charge follows:

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**RATE SCHEDULE H  
LARGE VOLUME NON-RESIDENTIAL  
HIGH PRESSURE GAS SERVICE (HPGS) RIDER**  
(continued)

**Monthly Billing Rate (continued)**

Monthly Facility Charge is the amount a Customer will pay for the installation and use of the HPGS Facilities, calculated as follows:

$$(\text{Actual Project Costs} * \text{Cost Recovery Factor}) / 12$$

Where:

Actual Project Costs equals the sum of 1) An allocation of all first-time costs of developing the HPGS program, including costs for drafting agreements, providing general pricing review, and performing market research; and 2) The cost for all equipment associated with the provision of HPGS, and the costs to design, plan, engineer, permit, construct, install, inspect, and test the HPGS Facilities, adjusted as needed for any subsequent capital additions or improvements that result from Unscheduled Maintenance.

and

Cost Recovery Factor equals the adjustment for incremental capital-related costs of the HPGS Facilities. Incremental capital-related costs include depreciation, interest, property taxes, and any other costs customarily relating to a utility investment. The cost of capital and cost of long-term debt used in the Cost Recovery Factor shall be the amounts authorized by the Commission in the Company's most recent general rate case. The Cost Recovery Factors for each year of the initial ten year term of service, using current incremental capital-related costs are shown in the table below. One column reflects conditions where normal accelerated tax depreciation exists and the second column reflects conditions where bonus acceleration tax depreciation is available.

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Third Revision of Sheet H-5  
Cancels Second Revision of Sheet H-5

## RATE SCHEDULE H LARGE VOLUME NON-RESIDENTIAL HIGH PRESSURE GAS SERVICE (HPGS) RIDER (continued)

### Monthly Billing Rate (continued)

Cost Recovery Factors Primary 10-Year Term Effective November 1, 2018		
Year	No Bonus Depreciation	With Bonus Depreciation
Year 1	21.1%	20.6%
Year 2	19.8%	18.8%
Year 3	18.4%	17.7%
Year 4	17.1%	16.6%
Year 5	15.9%	15.6%
Year 6	14.8%	14.6%
Year 7	13.7%	13.6%
Year 8	12.7%	12.6%
Year 9	11.7%	11.7%
Year 10	10.8%	10.8%

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Scheduled Maintenance Charge includes the costs associated with providing Scheduled Maintenance on HPGS Facilities as well as an annual charge of \$10,087 per Customer for administrative services, which includes but is not limited to costs for managing the program, marketing, applying administrative and general overhead allocations, performing Customer credit evaluations, drafting the Customer agreements and site licenses, billing, warehousing and managing inventory of spare parts, monitoring, and dispatching. Scheduled Maintenance costs are initially based on expected labor and material costs known at the time the HPGS Agreement is executed. The labor component recovered through this charge includes the costs for administration. The Scheduled Maintenance Charge may be adjusted annually on the anniversary date of the execution of the HPGS Agreement to reflect any adjustments for differences between expected costs and actual costs, and to reflect any cost changes expected for the next 12-month period.

In addition to the Monthly Facility Charge and the Scheduled Maintenance Charge, the Company will bill and the Customer will be responsible to pay all actual costs associated with the Company's provision of Unscheduled Maintenance and Back-Up Services.

Unscheduled Maintenance will be billed as costs are incurred at actual costs for labor and materials plus overhead expenses.

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**RATE SCHEDULE H  
LARGE VOLUME NON-RESIDENTIAL  
HIGH PRESSURE GAS SERVICE (HPGS) RIDER  
(continued)**

**Monthly Billing Rate (continued)**

Back-Up Services will be billed as costs are incurred. Sales Service Customers will be billed according to the rate, and terms and conditions of the Rate Schedule on which the Customer receives gas service as part of its service under this Rider. For Transportation Customers, an additional amount will apply for each therm of back-up gas consumed, priced at the monthly incremental cost of gas in accordance with Rate Schedule 150. The charge will also include all mobilization costs, associated time and materials, and administrative and general overheads.

**Tax Credits and Other Monetary Benefits**

Any tax credits, refunds, grants, rebates or other monetary benefits received and recognized by the Company for accounting purposes as a result of the installation of an HPGS Facility at a Customer's Premise will be credited, net of any applicable taxes, to the Actual Project Costs, or the Monthly Facility Charge at the time of recognition, as appropriate.

**Special Conditions**

1. Service under this Schedule first requires a signed Site Design and Permit Evaluation Agreement, which must be superseded by a signed HPGS Agreement under which Customer elects to take service under this Rider for a primary term of ten years commencing on the first day of the first Billing Month following the date that the HPGS Facilities are installed. At the end of the initial ten-year term of the HPGS Agreement, the Company and Customer may choose to negotiate a new HPGS Agreement if the Company is offering HPGS at that time. If HPGS is no longer available, the Company will either remove the HPGS Facilities or negotiate with the Customer to reassign ownership of the HPGS Facilities.
2. The Company will honor the terms and conditions of any HPGS Agreement that it has executed with its Customers regardless of whether or not the Commission determines at a later date that the Company should either modify or terminate its HPGS program.
3. The Company will not use Proprietary Customer Information as defined in OAR 860-086-0010 to identify potential HPGS Customers but will rely on publicly-available information.

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**RATE SCHEDULE H  
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HIGH PRESSURE GAS SERVICE (HPGS) RIDER  
(continued)**

**Special Conditions (continued)**

- 4. The Company will not use rate-payer funded direct marketing channels to communicate the availability of HPGS to Customers.
- 5. The Company will track all costs associated with providing HPGS to ensure the administrative charge of \$10,087 included in the Scheduled Maintenance Charge is appropriately priced. (C)  
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(C)
- 6. If the Company makes any material revisions to cost of service terms and conditions in the Site Design and Permit Evaluation Agreement or the HPGS Agreements as filed in Commission Docket No.UG-266, the Company will provide a copy of the revised agreement(s) to Commission Staff, Citizens' Utility Board (CUB), and Northwest Industrial Gas Users (NWIGU).
- 7. The Company or Customer may terminate service under this Rate Schedule Rider for the reasons and in the manner set forth in the HPGS Agreement. In the event of termination prior to the end of the ten-year initial term, Customer must pay any amounts due for the early termination of service to the Company in accordance with the terms and conditions of the HPGS Agreement. Upon termination of service, NW Natural will safely cap utilities used at the HPGS Facilities and remove the HPGS Facilities, except for all cement concrete pads.
- 8. With the sole exception of the use of the fueling apparatus, the Customer may not access or modify, or allow another party to access or modify, the HPGS Facilities without the express written permission of NW Natural.
- 9. The Customer shall operate the fueling apparatus in accordance with all applicable regulations and laws.
- 10. The Customer shall maintain the minimum clearances around the HPGS Facilities as directed by NW Natural.

(continue to Sheet H-8)

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**RATE SCHEDULE H  
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HIGH PRESSURE GAS SERVICE (HPGS) RIDER  
(continued)**

**Special Conditions (continued)**

11. The Customer shall not fuel any receptacle that is not fit and certified for transporting and, or containing compressed natural gas.
12. The Customer is solely responsible for compliance with laws related to the use of CNG in a vehicle and, if applicable, the operation as a retailer of CNG, including responsibility for payment of any state and federal highway or other taxes associated with or related to the sales and, or use of compressed natural gas under this Rider.
13. All Applicants for HPGS will be subject to a credit review, and if requested by Company, the Customer shall provide financial assurance in advance of construction by making a cash payment, or providing an irrevocable letter of credit or other guaranty of Customer's obligations in a form acceptable to NW Natural for an amount equal to part or all of the site design costs as defined in the Site Design and Permit Evaluation Agreement or the Estimated Project Costs as defined in the High Pressure Gas Service Agreement..
14. Customer shall notify NW Natural as soon as reasonably possible of any conditions that may affect operation of HPGS Facilities, including, but not limited to, force majeure, fires, vandalism, accidents, planned construction, or power disruptions at Customer's premises and specifically on or near the Site.
15. NW Natural will attempt to conduct Scheduled Maintenance and Unscheduled Maintenance in a manner that minimizes disruption of the flow of Natural Gas through the HPGS Facilities.
16. The Customer shall establish and maintain electricity services necessary for the continual operation of the HPGS Facilities. The Company may assist in the siting of the electric services on the Customer Premise.
17. The Customer shall own and maintain a lockable security fence around the site or around the HPGS Facilities.

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**RATE SCHEDULE H  
LARGE VOLUME NON-RESIDENTIAL  
HIGH PRESSURE GAS SERVICE (HPGS) RIDER**

**Special Conditions (continued):**

18. Unobstructed access to the Company's HPGS Facilities, meters and other property of the Company located on the Customer's Premises must be given to the Company, its employees, its contractors, subcontractors, and agents, at all times for installation, inspection, adjustment, repair, maintenance, removal and other purposes. Failure to permit access is grounds for Disconnection of Service.
19. For the purposes of this Rider, the Custody Transfer Point is the meter located at the point of interconnection between the Company's Distribution Facilities and the Company-owned service line to its HPGS Facilities. All service under this Rider occurs beyond the Custody Transfer Point.

**GENERAL TERMS:**

Service under this Rider is governed by the terms and condition of the Service Agreement between Customer and NW Natural, by the terms of this Rate Schedule Rider, by the terms of the Rate Schedule from which the Customer is receiving Natural Gas service, by any other Schedules that by their terms or by the terms of this Rate Schedule Rider apply to Service under this Rate Schedule Rider, by the General Rules and Regulations contained in this Tariff, and by all rules and regulations prescribed by regulatory authorities as amended from time to time. In the event of inconsistent terms, the terms of this Rate Schedule Rider and the Customer's Service Agreement shall prevail over the Tariff. In the event of inconsistent terms, the terms in the Customer's Service Agreement shall prevail over this Rate Schedule Rider.

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