

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of	)	DOCKET UG-081317
	)	
NORTHWEST NATURAL GAS	)	ORDER 01
COMPANY,	)	
	)	
	)	
For an Order Authorizing the Sale of	)	
that Certain Property Located in	)	ORDER GRANTING
Albany, Oregon.	)	APPLICATION
	)	
.....	)	

**BACKGROUND**

- 1 On July 16, 2008, Northwest Natural Gas Company (Northwest Natural or Company) filed an application seeking an Order under WAC 480-143-180 deeming the real property that formerly served as a customer service center in Albany, Oregon, as no longer “necessary or useful” and finding that it should be sold. In the alternative the Company seeks an Order under WAC 480-143-120 authorizing the sale of the property and finding the sale to be consistent with the public interest pursuant to WAC 480-143-170.
  
- 2 Northwest Natural is located in Portland, Oregon and serves approximately 63,000 customers in Vancouver and surrounding areas of southwest Washington.
  
- 3 The property in question is located on 730 34<sup>th</sup> Avenue SW, Albany, Oregon 97321. Northwest Natural purchased the property in July 1961 for use as its customer service center for the Company’s Central Willamette Valley District. As the customer base grew over the years, the Company’s operations outgrew that service center. The Company conducted a facilities study including all available remodeling and expansion options and determined the most appropriate and viable option was to relocate the customer service center. In 2006, Northwest Natural relocated its customer service operations to a more suitable facility, located at 7150 Supra Drive in Albany, Oregon. Since the relocation, the property has been vacant and not used for any other purpose. Staff has reviewed the supporting data and concluded the property is no longer used and useful and should be sold.

- 4 The sale of the property will result in a gain of approximately \$470,000, before taxes. The Company proposes to either net the gain against the cost of the new facility or defer the gain and pass it back to customers through its annual Purchase Gas Adjustment filing.
- 5 Prior to 2000, Washington rates were determined based on a system average. In the Commission's final order in Docket UG-000073, the Company's Washington rates have been set on an allocated basis. Under the allocation method, the property under discussion has not been included in Washington results as it has been directly assigned to Oregon. Although the Company's application raises the question of whether current Washington rate payers are entitled to any of the gain based on providing the return on and the return of the property from 1961 until 2000, this question does not need to be resolved in this docket. The question of whether Washington rate payers are entitled to any of the gain and if so how should the gain be booked will be resolved in the pending rate case in Docket UG-080546. The sole purpose of this filing is to determine whether the property in question is necessary and useful to perform the Company's public duties, and whether the Company may dispose of the property.

### FINDINGS AND CONCLUSIONS

- 6 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including gas companies. *RCW 80.01.040; RCW 80.04; RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*
- 7 (2) Northwest Natural is a gas company and is a public service company subject to Commission jurisdiction.
- 8 (3) WAC 480-143-180 states "A public service company must not dispose of any property necessary or useful to perform its public duties unless it first applies for, and obtains, written authority from the commission."
- 9 (4) The property is no longer necessary and useful as it has been replaced by a more suitable facility, at 7150 Supra Drive in Albany, Oregon, and is no longer being used by the Company for any other purpose. The relocation occurred in 2006.

- 10 (5) In this docket, the Commission neither approves nor disapproves the reasonableness of any fees, charges, rates, purchase price, or accounting allocations involved with the proposed arrangement and reserves the right to review those fees, charges, rates, or accounting allocations in a future rate proceeding.
- 11 (6) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission adopted pursuant thereto. *RCW 480-143.*
- 12 (7) This matter was brought before the Commission at its regularly scheduled meeting on August 14, 2008.
- 13 (8) After reviewing the application Northwest Natural Gas Company filed in Docket UG-081317 on July 16, 2008 and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the application is consistent with the public interest and should be granted.

**ORDER**

**THE COMMISSION ORDERS:**

- 14 (1) Northwest Natural Gas Company's request for a determination that the real property that certain property located in Albany, Oregon, is no longer "necessary or useful," or in the alternative, authorization to sell the property, is granted.
- 15 (2) The Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs on any matters that may come before it. Nor shall this Order Granting Application be construed as an agreement or determination of costs, or valuation of property claimed or asserted.
- 16 (3) The Commission retains jurisdiction over the subject matter and Northwest Natural Gas Company to effectuate the provisions of this Order.

- 17 The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective August 14, 2008.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary