

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

In the Matter of the Application of

NORTHWEST NATURAL GAS  
COMPANY,

For an Order determining that Certain  
Property Located in Astoria, Oregon is No  
Longer Necessary or Useful

DOCKET UG-200120

ORDER 01

DETERMINING PROPERTY IS NOT  
NECESSARY OR USEFUL

**BACKGROUND**

- 1 On February 18, 2020, Northwest Natural Gas Company (NW Natural or Company) filed with the Washington Utilities and Transportation Commission (Commission) an application (Application) under WAC 480-143-180 seeking a Commission determination that the real property located at 176 West Marine Drive in Astoria, Oregon, commonly known as the Astoria Resource Center (Astoria Resource Center), is no longer necessary or useful.
- 2 Northwest Natural placed the property in service in 1965 and since then has used it as the operations and resource center for the Astoria regional district. The property is located in a Coastal Tsunami Zone. The results of a seismic assessment indicated the facility requires extensive seismic upgrading and has high tsunami and liquefaction hazards. Due to these hazards and the cost of seismic upgrading, the Company decided to relocate the operations and resource center to Warrenton, Oregon. The Company expects to complete the relocation in October of 2021.
- 3 Northwest Natural has entered into an agreement to sell the property, and the sale is scheduled to close in December 2021. The Company commissioned a broker to value the property as part of the sale process. The sale price received by Northwest Natural is at the high end of the broker's valuation of the property. Northwest Natural estimates that the sale of the property will result in a net gain of \$1,071,269 (system-wide) after taxes, \$52,492 of which would be allocated to the Company's Washington operations. The Company proposes to record the net gain on the sale to a regulatory liability account and accrue interest at the Company's authorized rate of return until it can be credited back to customers.

4 Commission staff (Staff) has reviewed the Application and supporting documents and believes that once the operations and resource center is relocated to Warrenton, Oregon, the property in Astoria, Oregon will be rendered surplus and unneeded. Staff further notes that per the Commission's final order in Docket UG-000073,<sup>1</sup> costs associated with the Astoria Resource Center have not been allocated to Washington or included in Washington rates since 2000. Staff believes that the Commission's conclusion in that order that the facility should be situs allocated to Oregon was tantamount to a determination that the property was not necessary or useful for Washington ratepayers. Staff recommends that the Commission reaffirm that conclusion here and issue an order determining that the Astoria Resource Center is no longer necessary or useful.

### DISCUSSION

5 We agree with Staff's recommendation. Pursuant to WAC 480-143-180, a public service company must apply for and obtain written authority from the Commission before disposing of property that is necessary or useful to perform its public duties, or, in the alternative, apply for and obtain a Commission determination that the property is not necessary or useful. We interpret this Application as a request for the latter.

6 WAC 480-143-180(1)-(4) provide criteria for determining that property is not necessary or useful. As Staff aptly notes, the Commission's determination with respect to the Astoria Resource Center in its final order in Docket UG-000073 was, in effect, a determination that the facility was not necessary or useful for the Company in performing its public duties in Washington state. Moreover, that order required the removal of the Astoria Resource Center from rates, including from rate base. As such, the Company's Application in this docket is consistent with the criterion set forth in WAC 480-143-180(4) which provides that property excluded from a company's rate base by Commission order does not constitute necessary or useful property. Accordingly, we grant the Company's Application and determine under WAC 480-143-180 that the property is not necessary or useful for the Company's performance of its public duties in Washington State.

### FINDINGS AND CONCLUSIONS

7 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities,

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<sup>1</sup> *WUTC v. Northwest Natural Gas Co.*, Docket UG-000073, Second Supplemental Order (October 26, 2000).

and transfers of property and affiliated interests of public service companies, including natural gas companies.

- 8 (2) Northwest Natural is a public service company subject to Commission jurisdiction.
- 9 (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.”
- 10 (4) WAC 480-143-180 states that “The public service company must file an application for commission determination that the property is not necessary or useful, prior to disposing of such property...”
- 11 (5) Necessary or useful property includes all property except items identified in WAC 480-143-180(1)-(4).
- 12 (6) This matter was brought before the Commission at its regularly scheduled meeting on June 25, 2020.
- 13 (7) After reviewing Northwest Natural’s Application filed in Docket UG-200120 on February 18, 2020, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Company’s Application for a determination that property is not necessary or useful is consistent with the criterion set forth in WAC 480-143-180(4). Accordingly, the Application should be granted.

### ORDER

#### THE COMMISSION ORDERS:

- 14 (1) Northwest Natural Gas Company’s request for a determination that the real property located in Astoria, Oregon is no longer necessary or useful 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.

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

DATED at Lacey, Washington, and effective June 25, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON,  
Executive Director and Secretary