

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

Cascade Natural Gas Corporation,

Petitioner,

Seeking Exemption from the Provisions
of WAC 480-90-238(4) Relating to
Submission of Company's 2020
Integrated Resource Plan (IRP)

DOCKET UG-190714

ORDER 01

GRANTING PETITION FOR
EXEMPTION FROM RULE

BACKGROUND

- 1 On January 16, 2020, Cascade Natural Gas Corporation (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting an exemption from WAC 480-90-238(4) (Petition). Cascade subsequently amended its petition on January 21 and 28, 2020.
- 2 WAC 480-90-238(4) requires natural gas companies to file an Integrated Resource Plan (IRP) within two years after the date on which the previous plan was filed with the Commission, “[u]nless otherwise ordered by the Commission.” Cascade last filed an IRP on December 14, 2018. Currently, Cascade’s deadline to file a new IRP in this Docket is December 14, 2020.
- 3 In its Petition, Cascade seeks to delay the filing of its next IRP until February 26, 2021. Cascade has agreed to file its revised workplan within two weeks of the effective date of this Order, and its draft IRP no later than December 1, 2020.
- 4 The Company cites the numerous pieces of legislation that were passed in 2019 in both Washington and Oregon to support its request. In Washington, Engrossed 3rd Substitute House Bill 1257 and Engrossed 2nd Substitute House Bill 1444 created new energy efficiency requirements and appliance standards for natural gas companies, most notably requirements that natural gas companies have conservation potential assessments approved by the Commission, and that companies have biennial conservation plans in place for the first time by 2022. Additionally, renewable natural gas provisions in both Washington Engrossed 3rd Substitute House Bill 1257 and Oregon Senate Bill 98 could open up a path forward to acquire these supply-side resources as a means to reduce

carbon emissions. Final rules for all of these bills, which could impact the Company's IRP processes, are not expected until mid-2021.

5 Staff reached out to several stakeholders in the natural gas IRP process, including the Northwest Energy Coalition (NVEC), Alliance of Western Energy Consumers (AWEC), and the Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel). AWEC and Public Counsel had no concerns with the Petition. NVEC did not express immediate concerns, but noted that early 2021 will be a very busy time for Staff given that all five natural gas and electric companies would be submitting IRPs in that timeframe if the Commission approves the three natural gas petitions. Staff understands these concerns, but believes that having fresh data for the plan and the Company's conservation potential assessment is critical. Additionally, Staff believes reviewing the three IRPs together could assist with its comparison and analysis.

6 Commission Staff reviewed the request and recommends granting Cascade's request for exemption. Staff further recommends that the Company's due dates for all future IRPs be calculated from February 26, 2021.

DISCUSSION

7 We grant Cascade's Petition and require the Company to file its revised workplan within two weeks of the effective date of this Order, its draft IRP no later than December 1, 2020, and its next IRP by February 26, 2021. We agree with Staff that Cascade's request is reasonable to ensure that the Company's IRP incorporates the most recent requirements into its modeling process.

8 We agree with Staff that the granting the Petition is in the public interest. On August 27, 2019, we issued our Energy Legislation Implementation Plan in Docket U-190485 for developing rules to address these new statutory requirements. Natural gas IRP and conservation rulemakings are set to commence in the second quarter of 2020 and be completed by the second quarter of 2021. The results of such rulemakings could have a significant impact on the modeling required by the IRP process, potentially including re-running models to incorporate the full impact of the legislation. Additionally, delaying Cascade's IRP is consistent with action we have previously taken with respect to the Washington electric utilities at the Commission's November 7, 2019, Open Meeting,¹ and action we are currently considering for other Washington natural gas utilities.²

¹ Docket UE-180259 (Pacific Power); Dockets UE-180607 and UG-180608 (Puget Sound Energy); and Docket UE-180738 (Avista Corporation).

² UG-190711 (NW Natural Gas) and UG-190724 (Avista Corporation).

9 The upcoming IRP will provide the basis to determine the amount of conservation Cascade will be statutorily obligated to acquire in the 2022-2023 biennium. If the current timing for the IRP is retained, the Company's conservation potential assessment (CPA) will necessarily rely on market data that will be inappropriately out of date for setting binding acquisition targets. Cascade's Petition allows the CPA to include updated market and savings data, thereby making the IRP conservation targets more efficient.

10 Accordingly, we find that granting the Company's Petition for an exemption is in the public interest and consistent with both the purposes underlying the rule and applicable statutes.

FINDINGS AND CONCLUSIONS

11 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including natural gas companies.

12 (2) Cascade is engaged in the business of providing natural gas services within the state of Washington and is a public service company subject to Commission jurisdiction.

13 (3) Cascade is subject to WAC 480-90-238(4), which requires natural gas companies to file an Integrated Resource Plan (IRP) within two years after the date on which the previous plan was filed with the Commission.

14 (4) Under WAC 480-90-008, the Commission may grant an exemption from the provisions of any rule in WAC 480-90 if doing so is consistent with the public interest, the purposes underlying regulation, and applicable statutes. See also WAC 480-07-110.

15 (5) This matter came before the Commission at its regularly scheduled meeting on February 6, 2020.

16 (6) After reviewing the Petition filed in Docket UG-190714 by Cascade and giving due consideration, the Commission finds that granting the exemption is in the public interest and is consistent with the purposes underlying the regulation and applicable statutes and should be granted.

ORDER

THE COMMISSION ORDERS:

- 17 (1) Cascade Natural Gas Corporation's Petition for an exemption from WAC 480-90-238(4) is granted.
- 18 (2) The Commission retains jurisdiction over the subject matter and Cascade Natural Gas Corporation 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 February 6, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary