

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

Northwest Natural Gas Company,

Petitioner,

Seeking Exemption from the Provisions of
WAC 480-90-238(4) Relating to Submittal
of the 2020 Integrated Resource Plan

DOCKET UG-190711

ORDER 01

GRANTING PETITION FOR
EXEMPTION FROM RULE

BACKGROUND

- 1 On January 14, 2020, Northwest Natural Gas Company (NW Natural or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting an exemption from WAC 480-90-238(4) (Petition). NW Natural subsequently amended its Petition on January 29 and 30, 2020.
- 2 WAC 480-90-238(4) requires natural gas companies, unless otherwise ordered by the Commission, to submit an integrated resource plan (IRP) within two years after the date on which the previous plan was filed with the Commission. Currently, NW Natural's next IRP is due by August 21, 2020. Not later than 12 months prior to the due date of a plan, utilities must provide a work plan for informal Commission review. The work plan must outline the content of the IRP to be developed by the utility and the method for assessing potential resources.
- 3 In its Petition, NW Natural seeks to delay the filing of its next IRP until February 26, 2021, file a draft IRP by December 4, 2020, and file a revised work plan no later than March 7, 2020. According to the Company, the exemption is in the public interest because, most notably, a six-month delay would enable NW Natural to incorporate findings from studies related to aging natural gas storage facilities.¹ Insights gained from these studies, which will not be completed by August 21, 2020, would increase the accuracy of the portfolio analyses and alternative selection process that will inform NW Natural's next IRP. Additionally, the Company cites ongoing Commission staff (Staff) investigations into renewable natural gas (RNG), programmatic design, and pipeline

¹ See 2018 NW Natural IRP, pages 6.23-6.24.

safety standard development,² as well as an Oregon Public Utilities Commission RNG program rulemaking.³ NW Natural believes the results of these efforts, neither of which are likely to conclude in time to inform a final IRP due August 21, will “direct[ly] impact...the accuracy and transparency of its IRP planning process.”⁴

4 NW Natural further states that delaying its IRP filing by six months would better position the Company to incorporate additional relevant Commission rulemakings stemming from the 2019 Washington Legislative Session, commencing later in 2020. The legislation passed in 2019 added statutory requirements utilities must incorporate into natural gas IRPs.⁵ For example, conservation potential assessments (CPAs) that inform the IRP modeling process will establish new biennial conservation targets. NW Natural’s initial conservation target must take effect by 2022.⁶ Hence, NW Natural contends, delaying its IRP and CPA by six months will base the Company’s conservation target on newer, fresher market and savings data.

5 On August 27, 2019, the Commission issued its 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 mid-2021.

6 Staff engaged in discussions with NW Natural’s peer gas utilities and other relevant stakeholders, including: 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). Staff communicated its intention to support NW Natural’s Petition. The stakeholders generally agreed with NW Natural’s proposed IRP delay in light of the circumstances previously described.

7 NVEC expressed some concern regarding Staff’s and stakeholders’ available bandwidth to review IRPs for all five Washington electric and gas utilities during the January to March 2021 timeframe. While Staff acknowledges review time constraints may develop

² See Docket U-190818 for RNG programmatic design and Staff’s investigation into pipeline safety standard development.

³ See Public Utility Commission of Oregon Docket No. AR 632.

⁴ See Docket UG-190711, NWN Petition for Temporary Exemption from WAC 480-90-238(4), Integrated Resource Planning, p. 3.

⁵ See RCW 80.28.380 and RCW 80.28.395.

⁶ See RCW 80.28.380.

due to the near simultaneous filing of multiple IRPs, Staff also recognizes that simultaneous filings may increase opportunities for review efficiency. For example, rather than assigning different individuals to complete parallel reviews of different company IRPs, Staff and stakeholders could instead adopt a thematic approach that would enable stakeholders to review similar material across IRPs, thus increasing the consistency of stakeholder feedback. Additionally, via further discussions with the Company, Staff confirmed NW Natural will allot a minimum of six weeks for stakeholder review of its draft 2020 IRP.

8 Staff has reviewed the request and recommends granting NW Natural's Petition. Staff further recommends the Company's due dates for all future IRPs be calculated from February 26, 2021.

DISCUSSION

9 We grant NW Natural's Petition for an exemption from WAC 480-90-238(4) and require the Company to file its next final IRP by February 26, 2021, draft IRP by December 4, 2020, and revised work plan no later than March 7, 2020. We agree with Staff that NW Natural's request for delay is reasonable to ensure the accuracy and transparency of NW Natural's IRP planning process.

10 Natural gas company operations rules in WAC 480-90-008 allow the Commission to grant an exemption from the natural gas IRP rules if the exemption is consistent with the public interest, the purposes underlying the regulation, and applicable statutes.⁷

11 The Commission's standard practice is to issue letters acknowledging that IRPs are consistent with applicable rules. We agree that if NW Natural were required to file its final IRP by August 21, 2020, it would be unfair to penalize the Company for failure to adequately consider ongoing, relevant rulemakings. The impacts of the Commission's Energy Legislation Implementation Plan provide additional support for NW Natural's request to delay filing its IRP.

12 Finally, delaying NW Natural's IRP is consistent with action we took previously with respect to the Washington electric utilities at the Commission's November 7, 2019, Open

⁷ See WAC 480-90-238.

Meeting,⁸ and action we are considering for other Washington natural gas utilities.⁹

13 The Company has agreed to allow stakeholders until January 15, 2021, to provide feedback to its draft IRP, which will be filed with the Commission by December 4, 2020. This review period is two weeks longer than the original timeframe provided in NW Natural's 2020 IRP work plan,¹⁰ and should afford adequate review time despite concurrent IRP review for other companies and the late December holidays.

14 We agree with Staff that granting the Petition is consistent with our previous orders for similarly situated companies, and that it will allow NW Natural to submit a more accurate IRP. Accordingly, we find that granting the Company's request for an exemption is in the public interest and consistent with both the purposes underlying the rule and applicable statutes.

FINDINGS AND CONCLUSIONS

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

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

17 (3) NW Natural is subject to WAC 480-90-238(4), which requires natural gas companies, unless otherwise ordered by the Commission, to submit a plan within two years after the date on which the previous plan was filed with the Commission. Not later than 12 months prior to the due date of a plan, the utility must provide a work plan for informal Commission review. The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources.

⁸ See Docket UE-180259 (Pacific Power); Dockets UE-180607 and UG-180608 (Puget Sound Energy); and Docket UE-180738 (Avista Corporation).

⁹ See Docket UG-190714 (Cascade Natural Gas Corporation) and UG-190724 (Avista Corporation).

¹⁰ See UG-190711, NWN Revised 2020 Washington Integrated Resource Plan Work Plan, p. 1.

- 18 (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.
- 19 (5) This matter came before the Commission at its regularly scheduled meeting on February 6, 2020.
- 20 (6) After reviewing NW Natural's Petition filed in Docket UG-190711 on January 14, 2020, as amended on January 29 and 30, 2020, and giving due consideration, the Commission finds that the requested 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:

- 21 (1) Northwest Natural Gas Company's Petition for an exemption from WAC 480-90-238(4) is granted.
- 22 (2) 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 February 6, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary