

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

NORTHWEST NATURAL GAS
COMPANY,

Petitioner,

For an Order Establishing Compliance with
the Provisions of RCW 80.08.040, with
Respect to its Proposal to Issue and Sell up
to \$50,000,000 Principal Amount of First
Mortgage Bonds

DOCKET UG-180724

ORDER 01

ORDER ESTABLISHING
COMPLIANCE WITH
RCW 80.08.040, SECURITIES

BACKGROUND

- 1 On August 29, 2018, Northwest Natural Gas Company (NW Natural or Company) filed with the Washington Utilities and Transportation Commission (Commission) a statement of a planned securities issuance and application for an order affirming compliance with RCW 80.08.040. In its application, NW Natural proposed to issue and sell up to \$50 million (principal amount) of First Mortgage Bonds. The Application was filed pursuant to RCW 80.08.040.
- 2 NW Natural filed with its Application: (1) a certification by an authorized officer that the proceeds will be used for one or more purposes allowed by RCW 80.08.030; (2) a description of the proposed issuance, including the terms of financing, and (3) a statement as to why the proposed transaction is in the public interest. NW Natural states that the issuance is in the public interest because the First Mortgage Bonds will further enable the Company to effectively manage the overall financing costs and risks associated with the Company's public utility obligations.
- 3 Commission staff (Staff) reviewed the Company's Application and determined that it meets the requirements set out in RCW 80.08.040. Accordingly, Staff recommends the Commission grant the Company's Application and issue an order finding that the Company complied with RCW 80.08.040.

DISCUSSION

- 4 We grant NW Natural's Application for an order finding that its planned securities issuance complies with RCW 80.08.040. The statute requires that a regulated utility, prior to issuing a security, must file with the Commission: (1) a description of the purposes for which the issuance is made, including certification by an officer authorized to do so, that the proceeds from any such financing is for one or more purposes allowed by RCW 80.08.030;¹ (2) a description of the proposed issuance, including the terms of financing; and (3) a statement as to why the transaction is in the public interest.
- 5 RCW 80.80.040 further provides that any utility that makes such a filing may request the Commission to enter a written order establishing that the utility has complied with the requirements set out above. The statute requires the Commission to enter such an order when the utility has provided all information and statement as required.
- 6 We find that NW Natural has satisfied the statutory requirements. The Company's planned securities issuance includes a description of the purposes for which the issuance is made including a certification by an authorized officer that the proceeds will be used for one or more purposes allowed by RCW 80.08.030; a description of the proposed issuance, including the terms of financing; and a statement as to why the proposed sale of securities is in the public interest. Accordingly we grant the Company's Application.
- 7 Within five months from the end of NW Natural's reporting period, the Company must file with the Commission an annual securities transaction report that complies with the minimum reporting requirements set out in Washington Administrative Code (WAC) 480-90-262.

FINDINGS AND CONCLUSIONS

- 8 (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.
- 9 (2) NW Natural is engaged in the business of providing natural gas service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.

¹ RCW 80.08.030 provides that a public service company may issue stock for a limited number of purposes, including the construction, completion, extension, or improvement of its facilities, or the improvement or maintenance of its services.

- 10 (3) On August 29, 2018, NW Natural filed with the Commission a statement of a planned securities issuance and Application for an order affirming compliance with RCW 80.08.030. The Application issues: (1) a certification by an authorized officer that the proceeds will be used for one or more purposes allowed by RCW 80.08.030; (2) a description of the proposed issuance, including the terms of financing; and (3) a statement as to why the proposed transaction is in the public interest.
- 11 (4) After reviewing the information and Application NW Natural filed in Docket UG-180724 on August 29, 2018, and giving due consideration, the Commission finds that NW Natural is in compliance with RCW 80.08.040.

ORDER

THE COMMISSION ORDERS:

- 12 (1) Northwest Natural Gas Company has complied with the requirements of RCW 80.08.040 with respect to the proposal in its application to issue and sell not more than \$50,000,000 principal amount of First Mortgage Bonds.
- 13 (2) Northwest Natural Gas Company is directed to file a Report of Securities Issued as required by WAC 480-90-262. Northwest Natural Gas Company is also required to file verified copies of any agreement entered into in connection with any transaction pursuant to this Order. Finally, Northwest Natural Gas Company shall file a verified statement setting forth in reasonable detail the disposition of the proceeds of each offering made pursuant to this Order.
- 14 (3) This Order shall in no way affect the authority of the Commission over rates, services, accounts, valuations, estimates, or determination of costs, or any matters that may come before it. Nor shall anything in this Order be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

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 September 13, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON, Executive Director and Secretary