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Jeff Killip, Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
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RE: UG-240312 / UG-231023 - Cascade Natural Gas Corporation, Northwest Natural Gas Company d/b/a NW Natural, and Puget Sound Energy Comments in Response to WUTC Staff's Appendix A – General Gas Integrated Resource Plan Concerns

Cascade Natural Gas Corporation, Northwest Natural Gas Company d/b/a NW Natural, and Puget Sound Energy, Inc. (collectively, "Utilities") submit this comment letter to respond to the Washington Utilities and Transportation Commission ("Commission") Staff's Appendix A – General Gas Integrated Resource Plan Concerns, which Staff has filed in both NW Natural's and Cascade's Integrated Resource Plan ("IRP") dockets.[1]

We are committed to delivering robust and reliable IRPs[2] by utilizing best efforts to forecast reasonably foreseeable costs, risks, and outcomes regarding the Pacific Northwest's energy economy. However, we share concerns that the proposals in Appendix A would not help further and may in fact hinder this common goal.

As explained below, we respectfully express our concerns that Appendix A (1) mischaracterizes Washington's climate laws and (2) makes unfounded assumptions about the future of the State's gas and electric systems and related issues of energy affordability and resiliency. While the Utilities are open to modeling declining growth scenarios if data were to demonstrate that such scenarios should be considered, utilities should not be forced to spend time and other valuable customer-funded resources to perform a "worst-case scenario" analysis as defined by Staff when there are no indications this scenario is plausible or feasible.

For these reasons, the Utilities do not support Appendix A's proposals. However, if the Commission is considering taking up these proposals, it should issue a public notice to that effect and hold a comment period so that all interested stakeholders have the opportunity to express their views on this important matter.

I. Appendix A mischaracterizes Washington's climate laws.

The Utilities wish to clarify their legal duties under Washington's public utility and climate laws, as Appendix A misstates what constitutes these duties.

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[1] WUTC Staff, Appendix A, Docket No. UG-240312 (Oct. 17, 2025); WUTC Staff, Appendix A, Docket No. UG-231023 (Oct. 22, 2025) (collectively, "Appendix A").

[2] These comments apply equally to Puget Sound Energy's Integrated System Plan ("ISP"), even though for simplicity, IRPs will be primarily referenced throughout this letter.

First, Appendix A "emphasizes that gas utilities must model reducing emissions proportionate with the State emissions reduction goal in their 2027 IRPs."[3] But only large combination utilities have any related requirement in statute, and Staff's statement both mischaracterizes this requirement and erroneously applies it to all gas utilities. Large combination utilities are required include "scenarios that achieve emissions reductions for both gas and electric operations equal to at least their proportional share of emissions reductions required under RCW 70A.45.020."[4] Importantly, even for utilities that have this requirement, there is a distinction between a requirement to conduct a modeling exercise and a statutory requirement to enact or comply with any type of industry specific proportional emissions limitations. RCW 70A.45.020 instructs "the state" to limit greenhouse gas emissions, rather than imposing a mandate on gas utilities specifically. In contrast, the Climate Commitment Act ("CCA"), which establishes a cap-and-invest program covering a variety of sectors, applies to gas utilities specifically. A primary benefit of enacting a cap-and-invest program is that some industries will likely reduce emissions more quickly than others, thereby enabling the opportunity for companies that reduce emissions at a faster pace to trade allowances to other companies that cannot reduce emissions as quickly.[5] Thus, it is incorrect to presume that Washington law directs all industries to reduce greenhouse gas emissions at the same rate in line with broader State goals, when the CCA presumes the opposite. Under Washington law, "a general statutory provision must yield to a more specific statutory provision."[6] This means that the CCA emissions reduction regime controls when it comes to gas utilities' obligations over the more generalized emissions reduction goals that apply to the State at large.

Second, Appendix A "assumes that all new homes and buildings built by 2031, if not before, will not have natural gas fixtures."[7] Appendix A bases this assumption on RCW 19.27A.020(2), which calls for "[c]onstruct[ing] increasingly energy efficient homes and buildings ***that help achieve the broader goal*** of building zero fossil-fuel greenhouse gas emission homes and buildings by the year 2031." However, the statute uses caveated and nonbinding language, emphasized in bold. Additionally, the U.S. Court of Appeals for the Ninth Circuit held in *California Restaurant Association v. City of Berkeley* that state policies preventing the use of gas appliances in new construction are preempted by the federal Energy Policy and Conservation Act, which explicitly permits the use of gas appliances.[8] As such, there is no binding legal mandate to ban natural gas use in new construction.

Finally, gas utilities have a duty to provide service to their customers, and the Commission has a duty to ensure that gas utilities are providing such service.[9] No provision of any climate law

[3] Appendix A at 6.
[4] RCW 80.86.020(4)(c).
[5] *See, e.g.*, RCW 70A.65.090(8) ("Registered general market participants are each allowed an account, to hold, trade, sell, or transfer allowances.").
[6] *State v. Buck*, 544 P.3d 506, 513 (Wash. 2024).
[7] Appendix A at 4.
[8] *California Rest. Ass'n v. City of Berkeley*, 89 F.4th 1094, 1098 (9th Cir. 2024) ("By completely prohibiting the installation of natural gas piping within newly constructed buildings, the City of Berkeley has waded into a domain preempted by Congress.").
[9] *See* RCW 80.28.110(1) (stating gas utilities "shall, upon reasonable notice, furnish to all persons and corporations who may apply therefor and be reasonably entitled thereto, suitable facilities for furnishing and furnish all available gas, electricity, wastewater company services, and water as demanded."); RCW 80.28.130 ("Whenever the commission finds, after hearing had upon its own motion or upon complaint, that repairs or improvements, to, or

alters gas utilities' and the Commission's duties in this regard. As such, any modeling that assumes gas utilities no longer exist would fundamentally contradict these statutory mandates.

II. Appendix A makes unfounded assumptions about the future of Washington's gas and electric systems.

In attempting to justify having gas utilities model "plausible worst-case scenarios," Appendix A includes numerous graphs and data "which do not represent actual Staff forecasts or predictions" and are instead "included for illustrative purposes."[10] Concerningly, those graphs contain disclaimers (but only when one's cursor hovers over them) stating, "AI-generated content may be incorrect."[11] Appendix A goes on to imply that the majority of gas customers will switch over to electricity due to rising gas costs, and that overall gas demand will substantially decline.[12] This assumption is unfounded not only because it lacks data-based support in Appendix A itself, but also because it fails to consider rising electricity prices and the continued demand for the gas system as a result of energy resiliency and affordability needs, as well as customer choice.

At the outset, Appendix A's assumption fails to examine how electricity prices will likely rise in Washington as electric utilities must comply with costly obligations under both the CCA and Clean Energy Transformation Act and incur other rising costs to reliably serve customers. The assumption also fails to account for how electricity prices in Washington are rapidly increasing due to electricity demand from transportation electrification and data centers, among other sectors.[13] In fact, between May 2024 and May 2025, average residential electricity prices in Washington rose 12.6%, compared to a national average of 6.5%.[14]

Relatedly, Appendix A also fails to consider that gas will remain an important resource for maintaining energy affordability and reliability in Washington. Given increasing reliability concerns in the Pacific Northwest region, gas demand will likely remain high for many years to come in order to meet utilities' capacity needs, particularly during peak events. Energy+Environmental Economics ("E3") recently found that "[a]ccelerated load growth and continued retirements create a resource gap beginning in 2026 and growing to *9 GW by 2030*."[15] For context, 9 gigawatts is approximately the load of the state of Oregon.[16] E3 also found that

changes in, any gas plant . . . ought to be made, or that any additions or extensions should reasonably be made thereto, in order to promote the security or convenience of the public or employees, or in order to secure adequate service or facilities for manufacturing, distributing or supplying gas . . . the commission may enter an order directing that such reasonable repairs, improvements, changes, additions or extensions of such gas plant . . . be made.")

[10] *Id.* at 1.

[11] The Utilities respectfully request that any future AI-generated data be clearly labeled as such, and that parties avoid including in filings AI-generated data that has not been verified for accuracy.

[12] *See, e.g., id.* at 6 ("Staff infers that, for a given customer, there exists a difference between the price of gas service relative to electric service such that the customer will eventually opt to switch to electric service due to the rising costs of gas.").

[13] *See, e.g.*, Letter from Washington Public Utility Districts Association Executive Director Liz Anderson to Washington Department of Commerce and Utilities and Transportation Commission, 1 (Sept. 24, 2024), https://www.documentcloud.org/documents/26047790-wpuda-letter/?q=data&mode=document#document/p1.

[14] Melissa Santos, *Higher power costs hit Washington as data center demand looms*, Axios Seattle (Aug. 12, 2025), https://www.axios.com/local/seattle/2025/08/12/washington-utility-bill-increase-electric-grid-energy-demand.

[15] Docket UE-210096, E3, *Resource Adequacy and the Energy Transition in the Pacific Northwest: Phase 1 Results*, 2 (Sept. 22, 2025) (Emphasis in original).

[16] *Id.*

"[p]referred resources such as wind, solar and batteries make only ***small contributions*** to meeting resources adequacy needs," and that "***[t]imely development of all resources is extremely challenging*** due to permitting and interconnection delays, federal policy headwinds, and cost pressures."[17] Notably, "[t]he most constraining reliability conditions are extended wintertime cold weather events during very low water years," with many loss-of-load events exceeding 50 hours in duration and some exceeding 100 hours.[18] Additionally, Appendix A ignores the potential addition of natural gas-fired generation needed to support the electric industry and how that may offset the carbon reduction potential assumed with electrification of traditional uses of natural gas like space heating and hot water heating. These findings indicate the central role the gas system must play in maintaining energy reliability now and in the foreseeable future.

Furthermore, gas utilities in Washington are experiencing customer growth. For example, NW Natural's customer count in Washington has been growing rather than declining, as the Company now has approximately 98,000 customer accounts in Washington, in comparison to the approximately 90,000 customer accounts it had when it filed its last general rate case in December 2020.[19] Similarly, Cascade's Washington customer count as of August 2025 was approximately 233,900, compared to a customer count of approximately 225,000 in December 2020. Lastly, Appendix A ignores evidence that Washington residents want continued access to gas services, as demonstrated by the passing of Initiative 2066, which will (if upheld by the Washington Supreme Court) prevent the Washington State Energy Code from "in any way prohibit[ing], penaliz[ing], or discourag[ing] the use of gas for any form of heating, or for uses related to any appliance or equipment, in any building."[20]

In light of the above evidence, Appendix A's assumption that the majority of gas customers will switch over to electricity is unfounded. But if such a trend were to begin to manifest, gas utilities would be able to account for this in the next two-year IRP period. To avoid harm to customers, the IRP process must be rooted in data rather than various unsupported hypotheticals.

III. Utilities should not be forced to model unrealistic declining growth scenarios.

Appendix A calls for the modeling of a "plausible worst-cause scenario" that includes numerous unprecedented variabilities compounding together all at once.[21] The Utilities do not object to modeling a realistic declining growth scenario specific to a particular utility if evidence from that utility's customer growth or throughput data were to indicate declining growth or throughput. However, forcing all utilities to model unrealistic declining growth scenarios, regardless of their customer growth or throughput data, is simply forcing gas utilities to perform complex, time-consuming analysis that is not grounded in observable data. Gas utilities could similarly model overly optimistic growth assumptions, but we do not do that, because IRPs/ISPs are not intended to be policy advocacy documents.

[17] *Id.* (Emphasis in original).
[18] *Id.* at 11.
[19] Docket UG 250610, Direct Testimony of Kimberly A. Rush and Zachary D. Kravitz, Exh. KAR-ZDK-1T, 6 (Aug. 29, 2025).
[20] Initiative 2066, https://www2.sos.wa.gov/_assets/elections/initiatives/finaltext_3177.pdf.
[21] Appendix A at 15-16.

Furthermore, if a "plausible worst-case scenario" were to begin to manifest, such a scenario would not occur overnight, and utilities and the Commission would have notice of such trends, as gas utilities generally must file IRPs every two years,[22] and Puget Sound Energy will file future ISPs on a schedule determined by the Commission.[23] Should declining customer growth data or other relevant data manifest in the future, future IRPs or ISPs would be able to account for it.

IV. The Commission should allow all utilities and other interested stakeholders adequate time to comment on Appendix A.

The proposals in Appendix A have the potential to impact all gas utilities and their customers if adopted. However, the public may reasonably assume that Appendix A impacts only NW Natural or only Cascade, as WUTC Staff only filed Appendix A separately in those utilities' IRP dockets.

Therefore, if the Commission is considering such proposals in Appendix A should have broad applicability to all gas utilities, it should solicit comment from all interested stakeholders by issuing a public notice and make clear that these proposals have implications beyond a specific utility's IRP. In this instance, the Utilities suggest opening a separate docket to solicit comments.

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The Utilities appreciate the opportunity to engage with the Commission on this matter. If you would like to further discuss this comment or have any questions, please reach out to Darcy Neigum at darcy.neigum@mdu.com, Eric Nelsen at eric.nelsen@nwnatural.com, or Jason Kuzma at jason.kuzma@pse.com.

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[22] WAC 480-90-238(4) ("Unless otherwise ordered by the commission, each natural gas utility must submit a plan within two years after the date on which the previous plan was filed with the commission.").
[23] RCW 80.86.020(2)(a).