

**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 2

GRANTING EXEMPTION
FROM RULE SUBJECT TO
CONDITIONS

BACKGROUND

1 On September 22, 2020, Northwest Natural Gas Company (NW Natural or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting a temporary exemption from WAC 480-90-238(4) (Petition). NW Natural subsequently amended its Petition on October 13, 2020. The Petition also requests the Commission modify the next two integrated resource plan (IRP) and conservation-related filing due dates as follows:

- Final conservation potential assessment no later than June 1, 2021
- Final conservation plan with two-year target no later than October 1, 2021
- Draft IRP no later than June 30, 2022
- Final IRP no later than July 29, 2022.¹

2 WAC 480-90-238(4) requires natural gas companies, unless otherwise ordered by the Commission, to submit an IRP within two years after the date on which the previous plan was filed with the Commission.² WAC 480-90-008 allows the Commission, if in the public interest, to grant an exemption to the rules in Chapter 480-90 WAC.

¹ On August 24, 2020, NW Natural filed its most recent IRP, and the Commission granted the Company's request to extend the deadline to file a new IRP in this docket from August 21, 2020, to February 26, 2021, by Order 01 in this Docket.

² Unlike the IRP rules for electric utilities, the natural gas IRP rules are not governed by a parallel statutory directive. The Commission promulgated these rules under RCW 80.01.040 and RCW 80.04.160.

- 3 In its Petition, NW Natural requests the Commission allow the Company to extend the filing deadline for its upcoming IRP from February 26, 2021, to July 29, 2022, due to recent regulatory circumstances arising in Oregon.
- 4 On October 13, 2020, NW Natural filed a revised Petition and included an updated IRP work plan, which provides additional clarity and a more detailed timeline with regard to the timing of the Company’s Conservation Potential Assessment (CPA), Conservation Plan, and IRP.
- 5 On March 10, 2020, Oregon Governor Brown issued Executive Order 04 (EO-04), which will have major impacts on long-term natural gas resource planning. Most significantly, EO-04 directs utilities to have compliance obligation under the “cap-and-reduce” program. Staff reports that the formal rulemaking for the emissions compliance program will commence in 2021, creating uncertainty for the Company to forecast load and define its resource options if it were to retain its existing IRP filing deadline. The Company asserts that the proposed delay will not substantially impact planning or acquisition because incremental short-term resource needs can be met by short-term contracts and NW Natural’s Mist storage facility.
- 6 Staff requested the Company reach out to Washington and Oregon stakeholders. The Company briefed stakeholders and did not relay concerns from any party. Staff engaged in discussion with the Public Counsel Unit of the Washington State Attorney General’s Office (Public Counsel). Public Counsel did not have concerns with the Petition.
- 7 Staff reviewed NW Natural’s Petition and recommends that the Commission grant the Petition and issue an order allowing a temporary exemption from WAC 480-90-238(4), authorizing the Company to file its IRP on July 29, 2022, and setting new conservation related due dates as follows:
- Revised IRP Work Plan – no later than February 11, 2021 (*i.e.*, 90 days after Commission approval of extension)
 - 2018 IRP Update – no later than March 1, 2021
 - Final CPA – no later than June 1, 2021
 - Conservation Plan with two-year target – no later than October 1, 2021
 - Draft IRP – no later than June 30, 2022
 - Final IRP – no later than July 29, 2022

DISCUSSION

8 We grant NW Natural's Petition for a temporary exemption from WAC 480-90-238(4) and require the Company to follow the filing schedule set out in paragraph 7, above. Natural gas company operations rules in WAC 480-90-008 permit 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.³ We agree with Staff that NW Natural's request for delay is reasonable to ensure the accuracy of NW Natural's IRP planning process, and that granting the extension is thus in the public interest for the reasons discussed below.

9 ***IRP delay.*** We agree with Staff that the lack of clarity related to implementation of Oregon's E0-04 impacts NW Natural's ability to properly evaluate its long-term resource planning, including forecasting load and defining its resource options. Furthermore, Staff correctly asserts that the results of rulemaking could have significant impact on the modeling required by the IRP process. Therefore, delaying NW Natural's IRP will provide more accurate system planning and related planning of resources shared between Washington and Oregon customers.

10 ***Conservation filings.*** We find NW Natural's plan outlined in the Petition to provide timely updates to stakeholders and Staff is consistent with the public interest. The proposed timing will allow the Company to submit to the Commission for approval its first CPA and conservation targets, as required by statute. The Petition proposes a new conservation-related filing due date for its draft conservation plan of September 10, 2021, allowing interested parties time for review. We agree with Staff that consistent stakeholder engagement throughout the development process of NW Natural's next CPA, Conservation Plan, and IRP is important. Furthermore, the Company agreed to file its next Conservation Plan, including a two-year target, on October 1, 2021. This meets Washington's statutory deadlines.

11 Accordingly, we find that granting NW Natural's request for an exemption is in the public interest and consistent with both the purposes underlying the rule and applicable statutes.

³ See WAC 480-90-238.

FINDINGS AND CONCLUSIONS

- 12 (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.
- 13 (2) NW Natural 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.
- 14 (3) NW Natural is subject to WAC 480-90-238(4), which requires natural gas companies, unless otherwise ordered by the Commission, to submit an IRP within two years after the date on which the previous IRP was filed with the Commission. Not later than 12 months prior to the due date of an IRP, the utility 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.
- 15 (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.
- 16 (5) This matter came before the Commission at its regularly scheduled meeting on November 13, 2020.
- 17 (6) After reviewing NW Natural's Petition filed in Docket UG-190711 on September 22, 2020, as revised on October 13, 2020, and giving due consideration, the Commission finds that the requested exemption is reasonable and should be granted.

ORDER

THE COMMISSION ORDERS:

- 18 (1) Northwest Natural Gas Company's Petition for an exemption from WAC 480-90-238(4) is granted subject to the condition that Northwest Natural Gas Company

make all required filings according to the schedule set out in paragraph 7 of this Order.

- 19 (2) The Commission retains jurisdiction over the subject matter and Northwest Natural Gas Company to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective this November 13, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner