

**STATE OF WASHINGTON**

UTILITIES AND TRANSPORTATION COMMISSION

***1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 ● Olympia, Washington 98504-7250***

***(360) 664-1160 ● www.utc.wa.gov***

March 26, 2015

Greg S. Kantor

President and Chief Executive Officer

Northwest Natural Gas Company

220 NW Second Avenue

Portland, Oregon 97202

**Re: Northwest Natural Gas Company   
2014 Natural Gas Integrated Resource Plan**

**Docket UG-131473**

Dear Mr. Kantor:

The Washington Utilities and Transportation Commission (Commission) has reviewed the 2014 Natural Gas Integrated Resource Plan (IRP) filed by Northwest Natural Gas Company (NW Natural or Company) on August 29, 2014, and finds that it meets the requirements of Washington Administrative Code (WAC) 480-90-238.

By acknowledging compliance with WAC 480-90-238, the Commission does not signal pre-approval for ratemaking purposes of any course of action identified in the IRP. The Commission will review the prudence of the Company’s actions at the time of any future request to recover costs of resources in customer rates. The Commission will reach a prudence determination after giving due weight to the information, analyses, and strategies contained in the Company’s IRP along with other relevant evidence.

Because an IRP cannot pinpoint precisely the future actions that will minimize a utility’s costs and risks, we expect that the Company will regularly update the assumptions that underlie the analysis within the IRP and adjust its investment strategies accordingly.

In the attached document, the Commission elaborates on the expectations regarding the Company’s Technical Working Group (TWG) process and 2016 IRP:

1. As a condition of acknowledgment of this IRP, work with the TWG to correct deficiencies in the avoided cost calculation, and file an updated cost in the 2016 Energy Efficiency Business Plan.
2. The Company should also consider and discuss the following issues with its TWG prior to the submitting the 2016 IRP:
   1. Consider a larger range of potential peak day demand growth scenarios, including a very low demand growth forecast;
   2. Re-examine the estimate of Washington service territory use-per-customer;
   3. Provide more detail on the distribution model results and analysis that identify specific large distribution projects;
   4. Discuss with the TWG the appropriateness of the changes made to the design weather criteria;
   5. Consider a quantitative risk analysis of relying upon segmented capacity as a firm resource until 2018.

Consistent with previous IRPs, the Commission expects that any regulatory deliberations or decisions on the economic viability of any specific course of action described within NW Natural’s next IRP will not be made within the context of the IRP.

Commission Staff will continue to provide additional input as NW Natural develops its next IRP. NW Natural should file its next IRP work plan on or before August 31, 2015, and its final 2016 IRP on or before August 31, 2016.

Sincerely,

STEVEN V. KING

Executive Director and Secretary

Attachment