

**BEFORE THE**  
**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY DBA NW NATURAL

For an Accounting Order Authorizing  
Deferred Accounting Treatment of  
Industrial Energy Efficiency Audit Costs.

DOCKET NO. UG-\_\_\_\_\_

PETITION

1 Pursuant to WAC 480-07-370(3)(b), Northwest Natural Gas Company (“NW Natural” or “the Company”) petitions the Washington Utilities and Transportation Commission (the “Commission”) for an order authorizing the deferred accounting treatment of the startup and operation costs of an industrial audit offering. NW Natural seeks to defer these costs from the date of this petition forward, to track and preserve them for separate ratemaking treatment. The Company will file a proposal to amortize the deferred costs where the prudence of these costs will be reviewed.

2 In support of this Petition, NW Natural states as follows:

**I. NAME OF PETITIONER**

3 NW Natural is in the business of furnishing natural gas service within the State of Washington as a public service company and is subject to the regulatory authority of the Commission as to its rates, service, facilities, and practices. Its full name and mailing address for the purposes of this proceeding are:

Northwest Natural Gas Company  
c/o Kyle Walker, CPA  
Rates/Regulatory Manager  
250 SW Taylor Street  
Portland, OR 97204-3038

4 The name and address of the Company's attorney for purposes of this proceeding are:

Ryan Sigurdson  
Regulatory Attorney (WSBA #39733)  
250 SW Taylor Street  
Portland, OR 97204-3038

## II. SUPPORT FOR PETITION

### A. Legal Authority

5 The Commission is vested by statute with the authority to regulate, among other things, the rates and accounts of public service companies, including gas companies.<sup>1</sup> WAC 480-07-370(1)(b) allows public service companies to file petitions, including petitions for deferred accounting.<sup>2</sup> The Commission grants petitions for deferred accounting where “good cause” is shown.<sup>3</sup>

### B. Factual Background

6 In 2021, NW Natural filed its Conservation Potential Assessment (“CPA”) which evaluated both the near- and long-term energy efficiency savings potential for the Company’s Washington service territory. The CPA identified cost-effective savings within the Industrial Sales sector, totaling 162,000 therms over the next ten years. NW Natural does not currently offer an industrial program nor collect funds for energy efficiency from this customer class.

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<sup>1</sup> RCW 80.01.040, RCW 80.04.160, RCW 80.28.020; *see also In the Matter of the Petition of Nw. Nat. Gas Co. for an Accounting Order Authorizing Deferred Accounting Treatment of Certain Costs Associated with Environmental Remediation*, Docket UG-110199, Order 01 (June 30, 2011).

<sup>2</sup> *See* UG-110199, Order 01 ¶ 6.

<sup>3</sup> UG-110199, Order 01 ¶ 10; *see also In the Matter of the Petition of Avista Corp. d/b/a Avista Utils. for an Accounting Order Authorizing Deferred Accounting Treatment for Residential and Farm Energy Exchange Benefit Amounts*, Docket UE-071091, Order 01 ¶ 11 (Aug. 29, 2007).

However, there was interest in NW Natural offering audits to industrial customers to assess potential savings during the CPA approval process. NW Natural views offering such audits as a reasonable first step to identifying savings and designing energy efficiency measures to fit the needs of the Company's customers. NW Natural plans to offer a limited time, voluntary audit program for industrial sales and transport customers. This proposal was presented to the Company's Energy Efficiency Advisory Group ("EEAG") in January of 2022 and garnered general support. NW Natural has approximately 51 industrial sales customers on firm and interruptible rates and 18 industrial transport customers in Washington that would be eligible for this offering.

### **C. Reasons for Deferral**

7 Deferred accounting treatment is appropriate because NW Natural does not have a mechanism for recovering energy efficiency funding from the customers that will benefit from the offering. The audits will inform the Company on future program design and recovery mechanism.

### **D. Estimate of Amounts**

8 NW Natural is estimating \$200,000 for the audit offering.

### **E. Proposed Accounting**

9 NW Natural proposes to accrue estimates of industrial audit offering on the Company's balance sheet, plus interest at the published FERC rate, for later inclusion in customer rates. In the absence of approval of deferred accounting, NW Natural would record costs associated with the implementation of an industrial audit program in FERC 921 expense accounts. NW Natural proposes to track and defer these costs for review as part of the purchase gas adjustment and associated advice filings or a subsequent ratemaking proceeding.

### III. RELIEF REQUESTED

- 10 NW Natural requests authorization to defer the costs associated with developing and implementing voluntary audits to industrial customers to assess potential energy efficiency savings, as described above, plus interest at the published FERC rate.
- 11 WHEREFORE, the Company respectfully requests that the Commission enter an order approving deferred accounting treatment for the industrial audit offering, as described in this Petition.

Dated this 5<sup>th</sup> day of July 2022.

Respectfully Submitted,

/s/Kyle Walker

NORTHWEST NATURAL GAS COMPANY

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