

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of  
  
NORTHWEST NATURAL GAS  
COMPANY, d/b/a NW Natural,  
  
Petitioner,  
  
For Amendment to Order 01 Authorizing  
Northwest Natural Gas Company Deferred  
Accounting Treatment Related to the  
Climate Commitment Act

DOCKET UG-220926  
  
ORDER 02  
  
GRANTING AMENDMENT TO  
ORDER 01

**BACKGROUND**

- 1 In 2021, the Washington State Legislature passed the Climate Commitment Act (CCA) through Engrossed Second Substitute Senate Bill 5126 into law, codified as RCW 70A.65, to reduce greenhouse gas (GHG) emissions. Also referred to as “Cap and Invest,” the law establishes a declining cap on GHG emissions from covered entities and is intended to reduce emissions in the state by 95 percent by 2050.<sup>1</sup> Under the CCA, electric investor-owned utilities (IOUs) receive no-cost allowances equal to their forecasted emissions, which is primarily based upon clean energy target under the Clean Energy Transformation Act (CETA) and other sources.<sup>2</sup> Gas IOUs receive no-cost allowances equal to 93 percent of baseline emissions, with the allocation decreasing 7 percent annually.<sup>3</sup>
- 2 On December 14, 2022, Northwest Natural Gas Company d/b/a NW Natural (NW Natural or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition in Docket UG-220926 seeking an accounting order under WAC 480-07-370 authorizing the Company to utilize deferred accounting treatment for costs and revenues associated with NW Natural’s compliance with the CCA in RCW 70A.65.
- 3 On February 13, 2023, NW Natural filed an amended petition (Amended Petition). The Amended Petition came before the Commission at its regularly scheduled open meeting

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<sup>1</sup> RCW 70A.45.020.

<sup>2</sup> WAC 173-446-230.

<sup>3</sup> WAC 173-446-240.

on February 23, 2023. The Commission granted the Amended Petition subject to conditions that the Company must: 1) track the incremental costs in FERC account 182.3 and the revenues in FERC account 254, and 2) separately track the carrying costs accrued on the unamortized amounts booked to FERC account 182.3 and 254 using the approved cost of debt from its last general rate case.<sup>4</sup>

4 On October 11, 2023, NW Natural filed with the Commission a Petition to Amend Order 01 (Petition), seeking to amend Order 01 so that the Company can defer the difference between: 1) the Schedule 308 charge and the recorded CCA compliance expense, 2) Schedule 308 credit and the recorded auction proceeds, and 3) volume differences between the amounts set in rates and the actual amounts that were charged/passed back to customers to be trued-up each time rates are set under Schedule 308. The Company also filed proposed tariff revisions and workpapers submitted by the Company in Docket UG-230819, implementing Schedule 308, which includes forecasted CCA compliance costs that will be charged to customers.

5 Commission Staff (Staff) discussed any possible concerns with the proposed tariffs with other interested parties. Staff recommends granting both tariff revisions proposed in Docket UG-230819 and an amendment to Order 01 that is required for those changes to be implemented.

### DISCUSSION

6 Per WAC 480-07-875, the Commission should amend a previously issued order if there are sufficient material changed conditions since the [C]ommission entered the order, and “[h]arm to the petitioner resulting from the order that the [C]ommission did not anticipate when it entered the order”. Here, the Company’s Schedule 308 filing is a changed condition that necessitates amending Order 01 to implement the annual true-up mechanism. Additionally, the Company has adequately shown that it will suffer harm if the Petition is not granted allowing it to accrue interest on its cash flows. We thus agree with Staff that the Petition should be granted.

### FINDINGS AND CONCLUSIONS

7 (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 gas companies.

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<sup>4</sup> See Docket UG-220926, Order 01 ¶ 14 (Feb. 28, 2023).

- 8 (2) NW Natural is a public service company regulated by the Commission, providing service as a natural gas company.
- 9 (3) WAC 480-07-370(3) allows companies to file petitions including that for which NW Natural seeks approval.
- 10 (4) Staff has reviewed the petition in Docket UG-220926, and the tariff revision concurrently proposed in Docket UG-230819.
- 11 (5) Staff recommends the Commission grant the Petition.
- 12 (6) This matter came before the Commission at its regularly scheduled meeting on December 21, 2023.
- 13 (7) After reviewing NW Natural's petition filed in Docket UG-220926 on October 11, 2023, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition filed should be granted.

**ORDER**

**THE COMMISSION ORDERS:**

- 14 (1) Northwest Natural Gas Company d/b/a NW Natural's Petition to amend Order 01 is granted.
- 15 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Amended Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.

- 16 (3) The Commission retains jurisdiction over the subject matter and Northwest Natural Gas Company d/b/a NW Natural to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective December 21, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KATHY HUNTER  
Acting Executive Director and Secretary