

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

NORTHWEST NATURAL GAS
COMPANY d/b/a NW NATURAL,

Petitioner,

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

DOCKET UG-220512

ORDER 01

GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On July 5, 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 seeking an Accounting Order under WAC 480-07-370(3)(b) for authorization to use deferred accounting treatment for the startup and operation costs of an industrial audit offering (Petition).
- 2 The Company explains in its Petition that it seeks to defer these costs from the date of this Petition forward to track and preserve them for separate ratemaking treatment. NW Natural's 2021 Conservation Potential Assessment identified cost-effective savings potential within the industrial sales sector of the Company's customer base, totaling 162,000 therms over the next 10 years. NW Natural does not currently have a mechanism in place to collect funds for energy efficiency operations from this customer class, which the Company states is an appropriate reason for the utilization of deferred accounting treatment for these expenses.
- 3 NW Natural proposes to accrue the industrial audit program expenses on the Company's balance sheet, plus interest at the published FERC rate, for later inclusion in customer rates.
- 4 The Company presented this proposal to its Energy Efficiency Advisory Group in January of 2022, where it received general support.

DISCUSSION

5 The Commission requires that companies requesting to defer costs through accounting
petitions demonstrate that such treatment is necessary due to extraordinary circumstances
that have a material impact. Here, Commission staff (Staff) observed that due to the lack
of any existing mechanism to recover costs from the industrial customer class, in
addition to the exploratory nature of this offering, it is appropriate to use deferred
accounting treatment until the costs can be evaluated for prudence and possibly included
in rates at a later date.

FINDINGS AND CONCLUSIONS

- 6 (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.
- 7 (2) NW Natural is a gas company and a public service company subject to
Commission jurisdiction.
- 8 (3) WAC 480-07-370(3)(b) allows companies to file petitions including that for
which NW Natural seeks approval.
- 9 (4) Staff has reviewed the petition in Docket UG-220512.
- 10 (5) Staff believes the proposed accounting order NW Natural requests is reasonable
and should be granted because it will allow NW Natural to track costs related to
the Company's industrial energy efficiency audit offering.
- 11 (6) This matter came before the Commission at its regularly scheduled meeting on
June 15, 2023.
- 12 (7) After reviewing NW Natural's Petition filed in Docket UG-220512 on July 5,
2022, and giving due consideration to all relevant matters and for good cause
shown, the Commission finds that the Petition filed should be granted because
the proposed accounting treatment is necessary due to extraordinary
circumstances that have a material impact.

ORDER

THE COMMISSION ORDERS:

- 13 (1) Northwest Natural Gas Company d/b/a NW Natural's request to use deferred accounting and incur interest at the published FERC rate is granted.
- 14 (2) This accounting treatment will remain in effect until March 31, 2024.
- 15 (3) 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 Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 16 (4) 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 June 15, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary