

**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 an Order Authorizing Accounting for
Costs Associated with Participatory
Funding Agreements Pursuant to RCW
80.28.430, and the Commission’s Policy
Statement and Order 01 in U-210595

DOCKETS UG-220752

ORDER 01

GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On October 11, 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 (Petition) under WAC 480-07-370(3), authorizing the accounting treatment detailed in the Petition for financial assistance distributed under the Washington Interim Participatory Funding Agreement.
- 2 In 2021, the Washington State Legislature enacted Engrossed Substitute Senate Bill 5295 (SB5295), codified as RCW 80.28.430, which provides statutory authority for energy utilities to provide financial assistance to certain organizations participating in regulatory processes before the Commission. The statute requires energy companies to enter into one or more written funding agreements with organizations that represent broad customer interests in regulatory proceedings before the Commission. On November 19, 2021, the Commission issued a policy statement (Policy Statement) in Docket U-210595 to clarify the Commission’s interpretation of the statute. The companies subject to the Commission’s jurisdiction and several organizations representing customer interests developed the Washington Interim Participatory Funding Agreement (Agreement) and presented that to the Commission on February 24, 2022. The Commission approved the Agreement with modifications in Order 01 in that docket.
- 3 The Agreement and Order 01 set the funding level for this first year of participatory funding for NW Natural at \$72,735, consistent with the Policy Statement. RCW 80.28.430(3) provides that the Commission shall allow a utility to defer this funding.

- 4 Order 01 provides that amounts in any deferred account will include a carrying cost equal to a utility's authorized rate of return, until the deferral is amortized, at which time it will receive a return at the current Federal Energy Regulatory Commission (FERC) rate. To mitigate the impact of carrying costs on ratepayers, the Commission in Order 01 requires that utilities make an annual tariff filing to recover these deferred amounts.
- 5 In its Petition, the Company proposes to defer all financial assistance distributed under the Agreement and record the deferral as a regulatory asset in FERC Account 182.3, consistent with the Policy Statement. The offsetting credit will be to FERC Account 407.4, Regulatory Credits. Consistent with Order 01, the Company proposes that interest will accrue on the deferred balance at the Company's authorized net of tax rate of return grossed up for federal income tax until such time as the deferral is approved for recovery and begins amortizing. Once approved for recovery, NW Natural is requesting that the unamortized balance accrues interest at the then-published FERC rate, which is updated quarterly.

DISCUSSION

- 6 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. In this instance, however, the applicable statute specifically allows deferral of financial assistance provided by the utilities, and Order 01 specifically addresses allowable carrying charges.
- 7 The Petition is consistent with the deferral and accounting guidance provided in statute and in the Commission's Policy Statement.
- 8 We clarify here that although accounting petitions do not contemplate recovery, the Commission expects NW Natural to comply with Order 01 in Docket U-210595 and file an annual true-up to recover any costs deferred under this Petition. This annual true-up mechanism is an important component of Order 01 as it prevents deferred costs from accumulating for long periods of time.

FINDINGS AND CONCLUSIONS

- 9 (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 natural gas companies.
- 10 (2) NW Natural is a natural gas company providing service with the state of Washington. As a public service company, it is subject to Commission jurisdiction.
- 11 (3) WAC 480-07-370(3) allows companies to file petitions including that for which NW Natural seeks approval.
- 12 (4) Staff has reviewed the Petition filed in Docket UG-220752, including related work papers.
- 13 (5) Staff believes the proposed accounting order NW Natural requests is reasonable and should be granted, and that the Petition is consistent with the public interest.
- 14 (6) This matter came before the Commission at its regularly scheduled meeting on October 27, 2022.
- 15 (7) After reviewing NW Natural's Petition filed in Docket UG-220752 on October 11, 2022, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition filed should be granted. The Petition provides a way for the Company to recover costs incurred to fund the Participatory Funding Program and is thus in the public interest.

ORDER

THE COMMISSION ORDERS:

- 16 (1) Northwest Natural Gas Company d/b/a NW Natural's request to use deferred accounting for financial assistance distributed through the interim participatory funding agreement and accrue interest as detailed in the Petition is granted.

- 17 (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 Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 18 (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.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective October 27, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary