

Agenda Date: December 21, 2023  
Item Number: A4

**Docket:** UG-230783  
Company: Northwest Natural Gas Company d/b/a NW Natural

Staff: Byron Harmon, Regulatory Analyst

### **Recommendation**

Issue an order in Docket UG-230783 denying NW Natural’s petition for exemption from WAC 480-90-238(4).

### **Background**

On September 25, 2023, Northwest Natural Gas Company d/b/a NW Natural (NW Natural or Company) filed with the Washington Utilities and Transportation Commission (Commission) a Petition for Exemption<sup>1</sup> (Petition) from WAC 480-90-238(4) requesting an additional year to submit its next Integrated Resource Plan (IRP). The Company’s last IRP was filed December 22, 2022, and acknowledged by the Commission on August 22, 2023. NW Natural serves approximately 95,000 residential and commercial customers in portions of three counties in Southwest Washington – Clark, Skamania, and Klickitat.

Commission Staff (Staff) worked closely with NW Natural to negotiate possible paths forward, including discussing proposed conditions on October 9, 2023. Further, Staff and the Company discussed additional, potential conditions four times to address Staff recommendations, energy justice concerns, and efforts underway by peer utilities.

### **Discussion**

Staff reviewed the filing using the standards described in WAC 480-07-110(2)(c).<sup>2</sup> During the analysis Staff considered the uniqueness of the hardship imposed on NW Natural, whether adhering to the current timeline imposed by WAC 480-90-238(4) would be contrary to the purpose of WAC 480-90-238(4), and the public interest. In addition to numerous email communications, Staff and the Company met several times but were unable to come to an agreement on the timing and delay.

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<sup>1</sup> Pursuant to WAC 480-07-110(2)(c)

<sup>2</sup> WAC 480-07-110(2)(c) (which applies to WAC 480-90-238) states:

(c) *Standard for determination.* The commission uses the public interest standard to determine whether to grant an exemption from, or modification to, a commission rule. Factors the commission may consider in making this determination include whether the rule imposes an undue hardship on the requesting person of a degree or a kind different from hardships imposed on other similarly situated persons, and whether the effect of applying the rule to the requesting person would be contrary to the underlying purposes of the rule and the public interest.

### Unique Undue Hardship

NW Natural mentions a preference for alignment with Oregon IRP filing deadlines. Staff notes NW Natural's petition does not claim any unique hardship, nor does Staff identify any hardship that is unique to NW Natural. NW Natural notes hardship related to various Staff recommendations made on the latest 2022 IRP as well as informal staff-to-staff conversations related to equity. However, these recommendations and informal equity guidance are substantially similar to recommendations and guidance provided to all gas companies.

Staff notes all but one of NW Natural's peer gas utilities operate in multiple state jurisdictions and none have asked to extend the filing date of their upcoming gas IRP. Further, Puget Sound Energy began holding public IRP meetings in September 2023. Cascade Natural Gas, which is similar to NWN in its multi-state responsibilities, filed an IRP work plan where proposed scheduled is slated to begin IRP meetings in January 2024, consistent with the timeline in WAC 480-90-238(4).

### Purpose of the Rule

The purpose of WAC 480-90-238(4) is, in part, to ensure the regular and timely submission of IRPs, generally every two years at a cadence that allows for transparency in resource planning.<sup>3</sup>

This petition is the latest in a long history of NW Natural IRP timeline extensions. NW Natural filed its previous IRP on September 23, 2022, roughly four years after its last plan, filed August 24, 2018. NW Natural petitioned for several due date extensions related to its 2022 IRP, most of which were to allow the Company to incorporate more accurate and up-to-date information into its plan.<sup>4</sup> The Commission ultimately granted each of these extensions, finding them in the public interest.

If the Petition requested in this docket is granted, extending the IRP deadline to August 2025, then NW Natural will have submitted only three IRPs from August 2018 to August 2025 while its peer utilities will have submitted four IRPs, as well as a workplan for the next.

Staff stresses the time-sensitive nature of the next round of IRPs. For example, builders have responded more rapidly to state building codes than previously anticipated in Staff comments included with the 2022 IRP. NW Natural and Applied Energy Group (AEG), recently informed Staff that participation in the Company's new construction energy efficiency program has declined more than 75 percent in the last two quarters. This decline in choosing natural gas in

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<sup>3</sup> WAC 480-90-238(4) "Timing. Unless otherwise ordered by the commission, each natural gas utility must submit a plan within two years after the date on which the previous plan was filed with the commission. Not later than twelve months prior to the due date of a plan, the utility must provide a work plan for informal commission review. The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources."

<sup>4</sup> See Docket UG-190711, *Revised Petition to Change the Filing Date of its Integrated Resource Plan*, (July 8, 2022).

new construction has been corroborated by communication with Cascade Natural Gas Company's Energy Efficiency program staff. Understanding the implications of these developments in resource planning is a pressing concern.

As the petition is written, NW Natural would not submit a work plan until September 2024. Effectively, NW Natural would not utilize any of the extension to develop the 2025 IRP despite NW Natural's claims of burdens arising from Staff's extensive comments and recommendations.

### The Public Interest

Staff believes NW Natural's petition delays a time-sensitive filing under the guise of using the additional time to improve the quality of the IRP, while simultaneously proposing a workplan that would not grant NW Natural additional time to complete the IRP. Staff met with NW Natural staff on multiple occasions and exchanged drafts of proposed conditions, including a workplan that utilizes a year-long extension, provides for sufficient technical advisory group meetings to address Staff recommendations in the 2022 IRP in the interim, and alignment with the Commission's growing understanding of equity pursuant to RCW 80.28.425(1)<sup>5</sup>. Further, given the rapidity of response by homebuilders to state building codes, Staff views a timely IRP is imperative. Without any *conditional provisions* that provide a benefit above the actions of peer utilities who are subject to the same regulatory timeline, Staff view an extension as unjustified.

### Conclusion

Staff reviewed NW Natural's petition through the standard of determination required by WAC 480-07-110(2)(c). Staff appreciates the many discussions with NW Natural staff, but concludes that the extension is not consistent with the public interest in WAC 480-90-238(4), requiring an IRP every two years.

NW Natural shares the same compliance burdens and timelines as its peer utilities. Ultimately, Staff believes that the petition is not in the public interest. The filing is time-critical and the petition provides no added benefit to offset the delay. Therefore, Staff concludes that NW Natural's petition does not meet the standard of determination required by WAC 480-07-110(2)(c).

### Recommendation

Staff recommends the Commission issue an order in Docket UG-230783 denying Northwest Natural's petition for exemption from WAC 480-90-238(4).

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<sup>5</sup> Cascade GRC Final Order 9 for Docket UG-210755.