

Washington is the first state to legislate a large utility's exit from gas. Your capital plan has to answer for it.

HB 1589 orders Puget Sound Energy to plan a single decarbonizing electric-and-gas system, cap-and-invest adds a rising carbon cost to every therm, and voters keep re-litigating whether gas lines get built at all. Meanwhile the steel main still has to be kept safe and the winter peak still has to be met. Invizion helps gas utilities re-sequence a capital portfolio in a click as those forces move — and defend every decision.

881,000² Puget Sound Energy natural gas customers — the largest gas utility in Washington. ²	~1.29M¹ Residential natural gas customers statewide in 2024. ¹	2027³ Deadline for PSE's first combined electric-and-gas Integrated System Plan under HB 1589. ³	51.7%⁴ Voter approval of Initiative 2066 in Nov. 2024, protecting natural gas access. ⁴
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THE WASHINGTON LANDSCAPE

Four forces are moving your project list at once

No state has pushed harder on the “future of gas” question while its voters push back just as hard. That whipsaw — plus aging steel, a constrained winter supply, and rate cases getting tougher — means the capital plan you approved last year may already be the wrong plan.

DECARBONIZATION — THE FUTURE OF GAS

A law that plans your gas system down, and voters who won't have it

HB 1589 (2024) makes PSE a “large combination utility” — more than 800,000 electric and 500,000 gas customers — and orders it to file one Integrated System Plan by 2027 that decarbonizes electric and gas together, hitting emissions cuts for 2030, 2035, 2040, 2045 and 2050.³²

Then voters passed Initiative 2066 in Nov. 2024 (51.7%) to protect gas access, and defeated the I-2117 repeal of cap-and-invest the same day — leaving the gas build-out contested in the courts and the code council.⁴⁶⁷

CARBON COST — CAP-AND-INVEST

A carbon price stacked on every therm

Under the Climate Commitment Act, gas utilities get emission allowances at no cost — but that free allocation declines every year, so the cost of covering the rest lands in rates and grows over time.⁵²

With residential gas already averaging \$17.62 per thousand cubic feet in 2025, a rising compliance cost sharpens the affordability tension behind every capital dollar you ask customers to fund.¹⁰

SYSTEM INTEGRITY — AGING STEEL

Cast iron is gone; vintage steel and the safety case remain

Washington is one of only about two dozen states that have fully eliminated cast- and wrought-iron distribution mains — so the integrity program is less about legacy iron than about vintage coated and bare steel and continuous distribution-integrity work under PHMSA rules.⁹

PSE alone put about \$1.5 billion into gas plant over 2020–2024, and that safety spend has to keep flowing even as throughput is planned to fall.²

SUPPLY & RELIABILITY — WINTER PEAK

One pipeline, one storage field, one cold snap

Washington's gas arrives largely on Williams' Northwest Pipeline: PSE holds roughly 535,900 Dth/day of firm year-round capacity and leans on the Jackson Prairie field — about 8.4 million Dth of storage — to meet the winter peak.²

Design-day planning, storage, and purchased-gas cost recovery all compete for the same capital and the same customer bill as the safety and decarbonization work.²

WHO DELIVERS WASHINGTON'S GAS

Four investor-owned LDCs, and almost no public gas

Unlike its nationally known public-power sector for electricity, Washington's natural gas distribution is delivered almost entirely by four UTC-regulated investor-owned utilities. Municipal and cooperative gas is a rounding error.

Investor-owned gas LDCs

Rates & capital recovery regulated by the UTC

Puget Sound Energy (PSE) 881,000 gas customers · six counties²

Avista ~386,000 gas customers · Spokane / eastern WA¹²¹⁴

Cascade Natural Gas 314,500 customers (WA & OR) · 67 WA communities · MDU Resources³

NW Natural ~800,000 customers · SW WA / Vancouver & Clark County¹⁵¹¹

All four answer to the Washington UTC for gas rates and capital recovery — and PSE alone must fold its gas plan into a decarbonizing Integrated System Plan under HB 1589³

Municipal & public gas

Council-governed — and rare in Washington

City of Enumclaw A municipal gas utility — one of the very few publicly owned gas systems in the state

Public Utility Districts & munis Washington's PUDs and city utilities deliver electricity and water — not natural gas

No G&T-style gas coops Gas distribution here is an investor-owned, UTC-regulated business end to end

The practical takeaway: nearly every capital and decarbonization decision on Washington's gas system is made inside an investor-owned utility and litigated at the UTC.

Every gas dollar has to survive a multiyear rate plan

Washington has no standalone infrastructure-replacement surcharge — no ISRS, DSIC, or GSEP-style tracker. Gas capital is recovered inside general rate cases and the multiyear rate plans the state now requires, which puts the whole program in front of the commission at once.

Washington UTC regulates rates, capital recovery, and safety for PSE, Avista, Cascade Natural Gas, and NW Natural gas operations²

Multiyear rate plans, not surcharges. PSE files forward-looking multiyear plans within its general rate cases (e.g., Dockets UE-220066 / UG-220067 and the 2024 GRC, UE-240004) — gas capital is recovered through base rates, not a pipe-replacement rider²

NW Natural won a multiyear plan in July 2026 (Docket UG-250610) with a first-year residential increase of about \$12.81/month, then \$4.94 and \$5.24 in the following years¹¹

Avista's pending gas case (Docket UG-260008, filed Jan. 2026) seeks roughly \$12 million (4.7%), about \$4.14/month more for a typical customer, at a requested equity return of 10.2–10.5%¹²

The money is mostly your own rate base

Federal gas-modernization grants are thin in Washington, and the state's decarbonization posture makes large new-gas subsidies unlikely. The real question is how much capital the rate case — and cap-and-invest — will let you carry.

~\$1.5B of PSE gas capital, 2020–2024 recovered through rates — the core of how Washington's gas modernization actually gets funded²

Cap-and-invest is a cost, not a grant. Gas utilities receive no-cost allowances that shrink each year; the shortfall is bought at auction and recovered from customers, a line item that grows on its own⁵²

PHMSA NGDISM grants fund replacement of leak-prone main nationally, but Washington's early elimination of cast-iron mains limits its draw — most integrity capital is rate-recovered, not federally funded.⁹

Rate cases are the funding mechanism. NW Natural's 2026 plan and Avista's pending case show the commission trimming asks — NW Natural's approval even pulled a Vancouver geothermal project out of rates.¹¹¹²

WASHINGTON'S GAS SECTOR, IN BRIEF

Questions Washington gas leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

What does HB 1589 actually require of Puget Sound Energy?

It designates PSE a “large combination utility” and orders it to file, by 2027, a single Integrated System Plan covering both electric and gas that meets Washington’s emissions-reduction schedule through 2050. The commission may not approve a plan that forces customers off gas involuntarily.²²

Did Washington voters ban or protect natural gas?

Both currents ran at once in Nov. 2024: voters passed Initiative 2066 (51.7%) to protect gas access and block gas-restricting rules, and defeated Initiative 2117, which would have repealed the cap-and-invest program. I-2066 immediately drew constitutional challenges, so the gas-line question is still unsettled.²⁶

How does cap-and-invest hit gas customers?

Gas utilities get emission allowances for free at first, but that allocation declines annually; the cost of buying the remaining allowances at auction is recovered in rates and rises over time — on top of a 2025 residential price of about \$17.62 per thousand cubic feet.⁵¹⁰

How much aging pipe does Washington still have?

Washington is among roughly two dozen states that have fully retired cast- and wrought-iron distribution main, so the integrity focus is vintage steel and ongoing distribution-integrity work under PHMSA — a safety spend that continues even as decarbonization plans throughput down.⁸⁹

How do Washington gas utilities recover capital?

Through general rate cases and forward-looking multiyear rate plans at the UTC — there’s no standalone pipe-replacement surcharge. Recent cases (NW Natural’s July 2026 plan, Avista’s pending UG-260008) show the commission granting less than utilities request.¹¹²

How does Invizion help Washington gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how an Integrated System Plan target, a cap-and-invest cost curve, a court ruling on I-2066, or a rate-case disallowance reshuffles your whole gas program, re-sequence the portfolio automatically, and keep a defensible record of every trade-off for the UTC or your board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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12. Washington UTC — Avista proposed gas rate increase (Docket UG-260008, filed Jan. 16, 2026): ~\$12M / 4.7%, about \$4.14/mo more, requested equity return 10.2–10.5%; ~386,000 gas customers. www.utc.wa.gov
13. Cascade Natural Gas Corporation — 314,500 customers across 95 communities (67 in Washington); subsidiary of MDU Resources; ~32,000-square-mile territory. www.cngc.com
14. Avista Corporation — ~383,000 natural gas customers, headquartered in Spokane, serving eastern Washington, northern Idaho, and parts of Oregon. en.wikipedia.org
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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →