

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	DOCKET NO. UG 200568
)	
Complainant,)	ALLIANCE OF WESTERN ENERGY
)	CONSUMERS' RESPONSE TO
v.)	PETITION FOR RECONSIDERATION
)	
CASCADE NATURAL GAS CORPORATION,)	
)	
Respondent.)	
<hr/>		

I. INTRODUCTION

1. Pursuant to the Washington Utilities and Transportation Commission’s (Commission) May 27, 2021 Notice of Opportunity to Respond to Petition for Reconsideration, Alliance of Western Energy Consumers (AWEC) files this response in opposition to Cascade Natural Gas Corporation’s (Cascade) Petition for Reconsideration (Petition).

2. AWEC respectfully requests that the Commission deny the Petition and affirm Final Order 05 Rejecting Tariff Sheets; Authorizing and Requiring Compliance Filing (Order 5). In Order 5, the Commission calculated Cascade’s revenue requirement including a pro forma adjustment in the amount of \$459,131 to account for retirement costs in the pro forma period.¹ Cascade requests that the Commission reconsider how this retirement adjustment is calculated. Specifically, Cascade believes the Commission erred by not including “a ratio to limit the offset

¹ Order 05 at ¶ 295.

to plant included for recovery,”² an argument Cascade made in in Rebuttal Testimony. Further, Cascade requests the Commission recalculate the ratio based on the pro forma plant additions that the Commission ultimately authorized in Order 05. Finally, Cascade also requests the Commission reconsider using data from the 2019 retirement adjustment, and instead, use data from 2020, which did not become available until a late stage in the proceeding.³ AWEC recommends that the Commission reject the Petition and affirm Order 5.

II. LEGAL STANDARD

3. Pursuant to WAC 480-07-850(1), “[t]he purpose of a petition for reconsideration is to request that the commission change the outcome with respect to one or more issues determined by the commission's final order.” To that end, the petitioner must clearly “identify each portion of the challenged order that it contends is erroneous or incomplete.”⁴

4. The Commission has determined that, for purposes of a petition for reconsideration, “a party must do more than simply reargue an issue decided in a final order.”⁵ Rather, a petitioner must show that the order itself is in error.

III. RESPONSE TO REQUEST FOR RECONSIDERATION

5. Based on the legal standards outlined above, Cascade’s Petition is not sufficient and the Commission should deny the Company’s request.

6. With respect to Cascade’s argument on the retirement ratio, AWEC opposes Cascade’s Petition. In Rebuttal testimony, Cascade requested the Commission apply a ratio adjustment to

² *Id.* at ¶ 274

³ Request for Reconsideration ¶ 9-11.

⁴ WAC 480-07-850(2).

⁵ *In the Matter of the Petition of: Qwest Corp. & Eschelon Telecom, Inc. Pursuant to 47 U.S.C. Section 252(b)*, Docket UT-063061, Order 19 (Jan. 30, 2009) at ¶7.

the retirement adjustment.⁶ In Order 05, however, the Commission specifically declined to adopt such a ratio stating “[w]e also agree with AWEC’s proposals to use 2019 figures for plant retirements and removals and to use the full offset unadjusted by Cascade’s proposed ratio.”⁷

7. The Commission included the retirement adjustment on the basis that it was an “offsetting factor.”⁸ AWEC is not aware of any Commission Order or other law or regulation that requires offsetting factors to be included in rates in direct proportion to the level of pro forma plant additions approved by the Commission. For example, the Commission did not include any of the revenue growth adjustment as an offsetting factor in revenue requirement.⁹ If Cascade is correct, it would also be necessary, for sake of consistency, to apply the same ratio to all offsetting factors, including the \$1,281,027 revenue growth adjustment.¹⁰ At the 14.12% ratio Cascade proposes, such an adjustment would amount to a \$180,881 reduction to revenue requirement.

8. Cascade’s argument that an offsetting factor must be included in rate in proportion to the level of pro forma plant additions should be rejected. Establishing a reasonable level of overall rate base, including pro forma plant and offsetting factors, relies on many judgements and interpretations, which are not necessarily tied together based on strict proportional relationships. Pursuant to RCW 80.04.250(2), the Commission has broad authority to determine the fair value of utility property for rate making purposes and the Commission has decided that offsetting factors are an important part of that determination. Cascade has not demonstrated that the Commission made an error in excluding the effects of Cascade’s proposed retirement ratio in the

⁶ Parvinen, Exh. MPP-2Tr at 24:9-25:18.

⁷ Order 05 at ¶295

⁸ *Id.*

⁹ *Id.*

¹⁰ See Mullins, Exh. BGM-7T at 2, Table 1CA, line 11.

calculation of overall rate base. Accordingly, AWEC recommends the Commission reject Cascade's Petition on that issue.

9. Further, since the Commission affirmatively decided to exclude the retirement ratio from the pro forma plant adjustment, there can be no valid reason to recalculate and further reduce the ratio based on the level of pro forma plant that the Commission approved in Order 05. Accordingly, AWEC recommends that the Commission reject that argument as well.

10. Finally, AWEC also opposes using data from 2020 to calculate the retirement adjustment. As a practical matter, AWEC did not "incorrectly assume that the 2019 data would be similar to or exceed the 2020 value."¹¹ AWEC performed its adjustment based on the data that was available to it at the time. AWEC had no opportunity to review or respond Cascade's claims that the "R&R numbers were unusually high due to ERT retirements."¹² The Commission used its discretion based on the evidence presented and decided to use the 2019 figures for plant retirements. While Cascade would like a different result, Cascade has failed to demonstrate that the Commission made an error and its Petition should be rejected.

IV. CONCLUSION

11. For the forgoing reasons, AWEC recommends that the Commission deny the Petition and affirm Order 5.

¹¹ Petition for Reconsideration ¶ 10

¹² *Id.*

DATED: June 4, 2021.

Respectfully submitted,



Chad M. Stokes, WSB 37499, OSB 00400
Tommy A. Brooks, WSB 40237, OSB 076071
Cable Huston LLP
1455 SW Broadway, Suite 1500
Portland, OR 97201
Telephone: (503) 224-3092
E-mail: cstokes@cablehuston.com
tbrooks@cablehuston.com

Attorneys for
Alliance of Western Energy Consumers