

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

NORTHWEST NATURAL GAS COMPANY,

Respondent.

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DOCKET UG-181053

**SCOTT J. RUBIN ON BEHALF OF PUBLIC COUNSEL**

**EXHIBIT SJR-8**

Illustration of Effect on Company Revenues under Different Decoupling Methods Assuming

Normal Sales

JULY 3, 2019

**Illustration of effect on Company revenues under different decoupling methods assuming normal sales**

Line

**Example (Rate Class 2 Only)**

1	Average existing residential customer annual use (therms):	670.48	(Exh. SJR-5)
2	Average annual usage from new residential customer (therms):	522.20	(Exh. SJR-5)
3	Average rate base per residential customer:	\$ 1,800	(Exh. SJR-12, rounded to nearest \$100)
4	Average rate base to add new residential customer:	\$ 1,300	(Exh. SJR-11, rounded to nearest \$100)
5	New customer charge	\$8.00	Settlement
6	New base rate per therm	\$ 0.4652	Settlement

Customers

Year	Start	New	End	Average
7	2018		74,644	
8	2019	74,644	2,969	77,613
9	2020	77,613	3,219	80,832
10	2021	80,832	3,524	84,356
11	2022	84,356	3,604	87,960
12	2023	87,960	3,707	91,667
13	2024	91,667	3,801	95,468

Rate Base (assumes no depreciation)

	Start	New	End	Average	RB / Cust.
14	2018		\$ 133,050,982		\$ 1,782
15	2019	\$ 133,050,982	\$ 3,859,700	\$ 136,910,682	\$ 1,764
16	2020	\$ 136,910,682	\$ 4,184,700	\$ 141,095,382	\$ 1,746
17	2021	\$ 141,095,382	\$ 4,581,200	\$ 145,676,582	\$ 1,727
18	2022	\$ 145,676,582	\$ 4,685,200	\$ 150,361,782	\$ 1,709
19	2023	\$ 150,361,782	\$ 4,819,100	\$ 155,180,882	\$ 1,693
20	2024	\$ 155,180,882	\$ 4,941,300	\$ 160,122,182	\$ 1,677

Therms

Year	Start	New	End	Average	Therms/Cust.
21	2018		50,173,169		672.17
22	2019	50,047,309	1,550,412	51,597,721	667.58
23	2020	51,597,721	1,680,962	53,278,683	661.91
24	2021	53,278,683	1,840,233	55,118,916	656.21
25	2022	55,118,916	1,882,009	57,000,924	650.66
26	2023	57,000,924	1,935,795	58,936,720	645.43
27	2024	58,936,720	1,984,882	60,921,602	640.49

	Year	Bills	Cust. Chg. \$	Therms	Usage \$	Revenues
28	2018	895,728	\$ 7,165,824	50,173,169	\$ 23,340,558	\$ 30,506,382
29	2019	913,548	\$ 7,308,384	50,822,515	\$ 23,642,634	\$ 30,951,018
30	2020	950,676	\$ 7,605,408	52,438,202	\$ 24,394,251	\$ 31,999,659
31	2021	991,128	\$ 7,929,024	54,198,799	\$ 25,213,281	\$ 33,142,305
32	2022	1,033,896	\$ 8,271,168	56,059,920	\$ 26,079,075	\$ 34,350,243
33	2023	1,077,768	\$ 8,622,144	57,968,822	\$ 26,967,096	\$ 35,589,240
34	2024	1,122,816	\$ 8,982,528	59,929,161	\$ 27,879,046	\$ 36,861,574

**Option 1: Company proposal (per customer decoupling)**

											<u>Net Revenues to Company</u>	
Year	Usage/Cust.	Difference	x Avg. Custs.	Adjustment (=prev. col x -rate/therm)	Customer chg. \$	Difference	Cust. Chg.	Usage	Total	Difference from Base	New rate per therm	
35	Base	672.17			\$ 7,165,824		\$ 7,165,824	\$ 23,340,558	\$ 30,506,382		\$ 0.4652	
36	2019	667.58	(4.58)	(348,820)	\$ 162,271	\$ 7,308,384	\$ 142,560	\$ 7,308,384	\$ 23,804,905	\$ 31,113,289	\$ 606,907	\$ 0.4684
37	2020	661.91	(10.26)	(812,816)	\$ 378,122	\$ 7,605,408	\$ 439,584	\$ 7,605,408	\$ 24,772,373	\$ 32,377,781	1,871,399	\$ 0.4724
38	2021	656.21	(15.96)	(1,318,090)	\$ 613,175	\$ 7,929,024	\$ 763,200	\$ 7,929,024	\$ 25,826,456	\$ 33,755,480	3,249,098	\$ 0.4765
39	2022	650.66	(21.50)	(1,852,570)	\$ 861,816	\$ 8,271,168	\$ 1,105,344	\$ 8,271,168	\$ 26,940,891	\$ 35,212,059	4,705,677	\$ 0.4806
40	2023	645.43	(26.73)	(2,401,107)	\$ 1,116,995	\$ 8,622,144	\$ 1,456,320	\$ 8,622,144	\$ 28,084,091	\$ 36,706,235	6,199,853	\$ 0.4845
41	2024	640.49	(31.68)	(2,964,080)	\$ 1,378,890	\$ 8,982,528	\$ 1,816,704	\$ 8,982,528	\$ 29,257,936	\$ 38,240,464	7,734,081	\$ 0.4882
42	Total										\$ 24,367,015	

**Option 2: Public Counsel proposal (rate class decoupling)**

											<u>Net Revenues to Company</u>	
Year	Class Usage	Difference	Adjustment (=prev. col x -rate/therm)	Customer chg. \$	Difference	Cust. Chg.	Usage	Total	Difference from Base			
43	Base	50,173,169		\$ 7,165,824		\$ 7,165,824	\$ 23,340,558	\$ 30,506,382		\$ 0.4652		
44	2019	50,822,515	649,346	\$ (302,076)	\$ 7,308,384	\$ 142,560	\$ 7,308,384	\$ 23,340,558	\$ 30,648,942	\$ 142,560	\$ 0.4593	
45	2020	52,438,202	2,265,033	\$ (1,053,693)	\$ 7,605,408	\$ 439,584	\$ 7,605,408	\$ 23,340,558	\$ 30,945,966	439,584	\$ 0.4451	
46	2021	54,198,799	4,025,630	\$ (1,872,723)	\$ 7,929,024	\$ 763,200	\$ 7,929,024	\$ 23,340,558	\$ 31,269,582	763,200	\$ 0.4306	
47	2022	56,059,920	5,886,751	\$ (2,738,517)	\$ 8,271,168	\$ 1,105,344	\$ 8,271,168	\$ 23,340,558	\$ 31,611,726	1,105,344	\$ 0.4164	
48	2023	57,968,822	7,795,653	\$ (3,626,538)	\$ 8,622,144	\$ 1,456,320	\$ 8,622,144	\$ 23,340,558	\$ 31,962,702	1,456,320	\$ 0.4026	
49	2024	59,929,161	9,755,992	\$ (4,538,487)	\$ 8,982,528	\$ 1,816,704	\$ 8,982,528	\$ 23,340,558	\$ 32,323,086	1,816,704	\$ 0.3895	
50	Total									\$ 5,723,712		

Sources: Existing customers, rate base, and therms from Exh. RJA-3  
Customer growth from Exh. SJR-7