



**Bob Ferguson**  
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September 25, 2019

**SENT VIA WEB PORTAL**

Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, Washington 98503

Re: 2018 Generic Cost of Service,  
Dockets UE-170002 and UG-170003

Dear Mr. Johnson,

Pursuant to the Utilities and Transportation Commission's Notice of Workshop, Public Counsel submits the attached comments for consideration at the workshop to be held on September 25, 2019. We appreciate the work that has gone into drafting the proposed rules, and look forward to collaboratively engaging with the Commission and stakeholders at the workshop.

For questions about the attached comments, please contact the undersigned at [lisa.gafken@atg.wa.gov](mailto:lisa.gafken@atg.wa.gov), Nina Suetake at [nina.suetake@atg.wa.gov](mailto:nina.suetake@atg.wa.gov), or Corey Dahl at [corey.dahl@atg.wa.gov](mailto:corey.dahl@atg.wa.gov).

Sincerely,

*/s/ Lisa W. Gafken*

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LWG/KMB

Enclosures

cc: Service List (E-mail)

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**QUESTIONS AND COMMENTS OF PUBLIC COUNSEL  
FOR SEPTEMBER 25, 2019 COST OF SERVICE COLLABORATIVE WORKSHOP**

**Electric**

(1) Distribution Substation Allocation – It is unclear how Staff’s proposal would be applied; i.e., is Staff’s proposal the average of the Summer and Winter peak demands and when the work “coincident” peak is used, is this system or coincident with the entire distribution system or coincident with individual substations?

(2) Distribution Line Transformers – Staff recommends the use of “current installation costs.” There should be a clear understanding of exactly what costs are included in “current installation costs”; e.g., do they include or exclude equipment and overhead loading factors, estimates of capitalized labor, equipment costs only, etc.?

(3) Distribution Poles & Wires –

Primary Voltage System – Staff’s approach is to use the same method as distribution substations. However, Staff’s approach would directly-assign substation costs to large customers. There is no correlation between the direct-assignment of a substation cost to the cost causation associated with primary voltage poles and wires. The accepted industry practice is to assign these costs based on class non-coincident peak demands. Furthermore, there is no discussion on how these costs should be classified between demand and customer, which is typically the most controversial aspect of assigning distribution poles and wires. The Washington UTC has a long history of classifying poles and wires as 100 percent demand-related.

Secondary Voltage System – Staff’s approach is to allocate these costs in the same manner as line transformers. It is incorrect to allocate distribution poles and wires on the same basis as transformers, because transformers are allocated based on a weighted average of transformer costs, which are not correlated in any way to the cost incidence of distribution poles, conductors, and conduit (wires). Furthermore,

there is no discussion on how these costs should be classified between demand and customer, which is typically the most controversial aspect of assigning distribution poles and wires. The Washington UTC has a long history of classifying poles and wires as 100 percent demand-related.

### **Natural Gas**

- (1) Distribution Mains – At this point in time, the proposed rules are not fully developed. That is, no classification method is proposed. Public Counsel’s biggest concern is the inference that distribution Mains will be bifurcated between small and large size pipes. Public Counsel is opposed to an *a priori* bifurcation of Mains based on pipe size without consideration of other aspects of a utility’s cost included economies of scale that benefit all customer classes from other expenses and plant costs as well as failing to recognize differences in pressure by various size pipes, system looping, pressure equalization requirements, etc.