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February 18, 1993

VIA FEDERAL EXPRESS

Mr. Paul Curl
Secretary
Washington Utilities & Transportation
Commission
P. O. Box 47250
1300 South Evergreen Park Drive S.W.
Olympia, WA 98504-7250

Re: Docket No. UG-920840
Washington Natural Gas Company

Dear Mr. Curl:

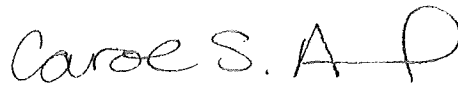
Enclosed for filing please find the original and nineteen copies of the Response of PERCC to Motion to Dismiss Public Refueling Station Tracker (Schedule 117) in the above docket. Please return file-stamped copies of the Response to us in the enclosed envelope.

Thank you for your cooperation.

Very truly yours,

PRESTON THORGRIMSON SHIDLER
GATES & ELLIS

By


Carol S. Arnold

CSA:jaf
Enclosures
cc: Service List

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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	DOCKET NO. UG-920840
Complainant,)	
v.)	RESPONSE OF PERCC TO MOTION TO DISMISS PUBLIC REFUELING STATION TRACKER (SCHEDULE 117)
WASHINGTON NATURAL GAS COMPANY,)	
Respondent.)	

The Partnership for Equitable Rates for Commercial Customers ("PERCC") supports the Motion to Dismiss Public Refueling Station Tracker (Schedule 117) ("the Motion") for the following reasons:

1. PERCC members have a substantial interest in vehicular natural gas ("VNG"). Pierce Transit has been testing natural gas for transit use since 1987, currently operates a transit fleet of 52 vehicles fueled by natural gas, and has plans to expand its VNG fleet by 28 buses. Tacoma Public Schools has been fueling school buses with compressed natural gas since 1986 and operates a fleet of approximately 21 dual-fueled natural gas buses. Metro recently

1 announced that it will replace 360 buses with natural gas powered
2 vehicles and convert its refueling bases to natural gas by 1996.

3 2. PERCC urges the Commission to adopt fair and equitable
4 measures to promote and encourage the use of vehicular natural gas.
5 VNG is a clean-burning, safe, and plentiful fuel. WNG has
6 pioneered efforts to establish a VNG market in the Puget Sound area
7 and has proposed a new tariff (Schedule 50) to make compressed
8 natural gas available. However, PERCC opposes the Schedule 117
9 refueling station tracker at this time because (1) WNG's plan for
10 targeting users of the proposed refueling stations and locating the
11 stations is speculative and ill-defined; (2) the tracker mechanism
12 directly benefits a small group of VNG customers at the expense of
13 all ratepayers; and (3) the tracker poses an unreasonable financial
14 risk for ratepayers and gives WNG an unfair competitive advantage
15 in the marketplace.

16 3. WNG's proposed refueling tracker contemplates the
17 construction of 16 refueling stations for public use. However, at
18 this stage, the plan to build refueling stations is speculative and
19 loosely defined. WNG has not yet performed any formal market
20 survey, has not yet defined the sites where the refueling stations
21 would be located, has not identified target customers, and cannot
22 project the number of vehicles per site. See, Response to WUTC
23 Data Request No. 286 (Exhibit A); Response to WUTC Data Request No.
24 299 (Exhibit B).

1 4. Although WNG includes transit buses and school buses among
2 the "most promising groups" of users of the refueling stations
3 (See, Response to WUTC Data Request No. 289 (Exhibit C)), transit
4 agencies and schools have access to centralized refueling
5 facilities and would not be likely to use the proposed refueling
6 stations. For example, Pierce Transit, Tacoma Public Schools, and
7 Metro have or will in the future have their own central refueling
8 stations and would not use WNG's proposed refueling stations for
9 buses. Although Pierce Transit and Metro van pools might in the
10 future use WNG's refueling stations, WNG's proposal fails to define
11 where the refueling stations would be sited or establish any
12 criteria for locating the proposed stations. See, Response to WUTC
13 Data Request Response No. 295 (Exhibit D). At most, WNG advises
14 that the proposed stations will be located in "urban areas." See,
15 Response to WUTC Data Request No. 294 (Exhibit E). Prospective VNG
16 users cannot be expected to fund such a vague and ill-defined
17 proposal for refueling stations.

18 5. By imposing a flat per therm charge, the Schedule 117
19 refueling tracker would force all ratepayers to subsidize a handful
20 of refueling station customers, some of whom might not even be WNG
21 customers. Pierce Transit and Tacoma Public Schools are currently
22 financing refueling stations to service their own fleets of VNG
23 buses. Metro expects to finance and construct its own refueling
24 facilities at a cost of \$12 million to \$14 million. Requiring a
25 direct subsidy from these agencies to WNG's public refueling
26

1 stations would be unfair to the agencies and to the taxpayers,
2 transit riders, and consumers who already pay -- directly or
3 indirectly -- for these agencies' refueling facilities.

4 6. The Schedule 117 refueling station tracker poses an
5 unreasonable risk to WNG's shareholders and gives WNG an unfair
6 advantage over competitors for the VNG market that do not enjoy
7 subsidization by ratepayers. Although WNG anticipates that
8 revenues from VNG sales might offset the revenues collected under
9 the Schedule 117 tracker, there is no assurance that these revenues
10 will ever compensate the ratepayers for their investment. WNG
11 Chairman James Thorpe testified that borrowing funds for refueling
12 stations would be too risky for WNG's shareholders to bear without
13 ratepayer support. T. 258-60. He also stated that Texaco would
14 not risk investing the \$4 million needed for the refueling stations
15 because "there's no market for them." T. 259. Mr. Thorpe added, "I
16 don't blame Texaco. More risk than I am willing to take on." Id.
17 WNG's ratepayers should not bear a financial risk that neither
18 WNG's shareholders nor Texaco will assume.

19 7. For the reasons stated above, PERCC joins Staff, Public
20 Counsel, Northwest Natural Gas Users, and Seattle Steam in urging
21 the Commission to dismiss the Schedule 117 public refueling station
22 tracker.
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DATED this 18th day of February, 1993.

PRESTON THORGRIMSON SHIDLER
GATES & ELLIS

By Carol S. Arnold
Carol S. Arnold
Attorneys for Intervenor
Partnership for Equitable Rates for
Commercial Customers (PERCC)

November 25, 1992

Docket No. UG-920840	
RESPONSE TO	WUTC Data Request Dated November 10, 1992
SHEET NO.	1 OF 1

Request No. 286 Re: NGV

If available, please provide a copy of the Business Plan for the Company's proposed CNG/NGV program and other market studies used by the Company to develop its CNG/NGV program. Has the Company performed market surveys of prospective fleet customers? If so, please provide the market survey form and a compilation of the market responses.

Response:

Please see response to WUTC Staff Data Request No. 273 for a copy of the NGV Marketing Plan. The Company has not performed a formal market survey. A market survey will be completed as a part of the proposed program.

Response Prepared By:
Larry Berdan 224-2016

November 25, 1992

Docket No. UG-920840	
RESPONSE TO	WUTC Data Request Dated November 10, 1992
SHEET NO.	1 OF 1

Request No. 299 Re: NGV

Please provide a schedule showing the expected number of new NGVs, by month, to be serviced by specific CNG stations per Exhibit No. KRK-7, Line No. 11. Provide an annual profit/loss statement for each CNG station by program year for the three-year period 1993 through 1995.

Response:

We anticipate a linear monthly growth reflected in the total numbers provided on the chart on page 13 of the NGV marketing plan supplied in response to Public Council Data Request No. 99, Docket No. UG-920840. Based on analyses after a market research survey, we will be able to target numbers of NGVs per specific site. After the sites have been defined and targeted customers identified, we will be able to project the number of vehicles per site and would foresee the ability to construct a profit/loss statement for each CNG station.

Response Prepared By:
Larry Berdan 224-2016

November 25, 1992

Docket No. UG-920840	
RESPONSE TO	WUTC Data Request Dated November 10, 1992
SHEET NO.	1 OF 1

Request No. 289 Re: NGV

Please describe what the Company means by a "targeted fleet" customer (Mr. Karzmar, p. 17).

Response:

The Company's targeted fleet customers are listed on pages 7, 8, and 9 of the Natural Gas Vehicle Marketing Plan which is provided in response to WUTC Staff Data Request No. 273.

The most promising groups of NGVs include transit buses, school buses, medium and light commercial truck and van fleets, and government fleets. In the longer term, passenger automobiles and heavy-duty trucks are targets.

These targeted groups travel many miles, represent large number of vehicles, and they are always interested in cost savings. Additionally, federal and some state and local governmental agencies are subject to emission regulations and a requirement to use alternative fuel, such as CNG, by the mid-1990s.

It is possible for WNG to serve this target group efficiently with a smaller number of refueling stations.

Finally, WNG's own fleet is also part of the target group. WNG's fleet will be used to demonstrate the potential of NGVs to customers. Also, the testing of emerging technology will take place on our fleet before we recommend it to our customers. And, we will rely primarily on our own fleet to evaluate gas cost savings, maintenance savings, and emission standards.

Response Prepared By:
Larry Berdan 224-2016

November 25, 1992

Docket No. UG-920840	
RESPONSE TO	WUTC Data Request Dated November 10, 1992
SHEET NO.	1 OF 1

Request No. 295 Re: NGV

Please provide the criteria used for locating the proposed stations (Exhibit No. KRK-7, Line No. 11).

Response:

The criteria for locating the proposed stations has not been completed. This will be a part of our market study analysis. We anticipate the criteria involving urban centers, DOT traffic volume studies, the availability of host facilities, and the needs of our fleet customers.

Response Prepared By:
Larry Berdan 224-2016

November 25, 1992

Docket No. UG-920840

RESPONSE TO

WUTC Data Request
Dated November 10, 1992

SHEET NO.

1 OF 1

Request No. 294 Re: NGV

Please provide details as to where the proposed stations will be located (Exhibit No. KRK-7, Line No. 11).

Response:

The proposed station locations will be determined by market analysis. As outlined in our marketing plan, we anticipate locating these facilities in the urban areas of our service territory, which will provide the most access to our targeted customers.

Response Prepared By:
Larry Berdan 224-2016

CERTIFICATE OF SERVICE
Docket No. UG-920840

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding, by depositing a copy of same in the United States mail, postage prepaid, to the following:

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1 Dated at Seattle, Washington, this 18th day of February,
2 1993.

3 Carol S. Arnold
4 Carol S. Arnold
5 Attorney for Partnership for
6 Equitable Rates for
Commercial Customers

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