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Docket No.: UG-920840

Company: Washington Natural Gas

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STATE OF WASH.
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COMMISSION

March 3, 1993

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

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

Dear Mr. Curl:

Enclosed please find an original and nineteen copies of the following:

1. Brief of Washington Natural Gas Company in Opposition to Motion to Dismiss Public Refueling Station Tracker (Schedule 117)
2. Statement of Genuine Issues in Opposition to Motion to Dismiss Public Refueling Station Tracker (Schedule 117)
3. Certificate of Service

Please accept the same for filing.

Thank you for your consideration.

Very truly yours,

D. Scott Johnson

Enclosures

cc w/enc: Counsel of Record
Lisa Anderl, ALJ

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, vs. WASHINGTON NATURAL GAS COMPANY, Respondent.

DOCKET NO. UG-920840

BRIEF OF WASHINGTON NATURAL GAS COMPANY IN OPPOSITION TO MOTION TO DISMISS PUBLIC REFUELING STATION TRACKER (SCHEDULE 117)

Washington Natural Gas Company ("the Company") files this brief as directed from the bench by the Administrative Law Judge on February 22, 1993. The brief responds to the Motion to Dismiss Public Refueling Station Tracker ("Motion") which the Commission Staff and certain intervenors filed as a "motion for partial summary judgment" under Civil Rule 56. The brief also responds to the arguments which the PERCC organization made when it later joined in the Motion, as well as to the Administrative Law Judge's request for an analysis of applicable legislation.

For the reasons stated herein, the Company urges the Commission to deny the Motion. The movants seek a hasty decision on a proposal which deserves a fair opportunity for public comment and a full review by the Commission. Moreover, because the Motion represents a "motion for partial summary judgment," every piece of evidence regarding the proposal must be liberally construed in the

1 light most favorable to the Company (as the movants concede).
2 Under Civil Rule 56, the existence of a single issue of material
3 fact requires denial of a summary judgment motion. The record in
4 this case is replete with factual issues which command the
5 Commission to deny the Motion.

6 This brief first outlines the historical and legal
7 background behind the Company's proposal. The brief then
8 addresses the movants' arguments, including their primary claim
9 that the refueling network represents a "subsidy" by certain
10 ratepayer classes which is prohibited by state law. The brief
11 concludes by discussing state and federal legislation in the CNG
12 area, including the Washington Clean Air Act and the National
13 Energy Policy Act of 1992.

14 Background

15 The Company has pioneered efforts to establish a CNG
16 market in the Puget Sound area. The Company has used CNG on a
17 test basis for many years. (Ex. 85, p. 60; Tr. 315). This use
18 has saved the Company thousands of dollars in annual fuel costs.
19 (Ex. 91, p. 4). The Company's natural gas vehicles also reduce
20 carbon monoxide emissions by up to 90 percent, smog-producing
21 hydrocarbons by more than 80 percent, and airborne toxics by 90
22 percent compared to gasoline vehicles. (Ex. 92, p. 14). For
23 these reasons, the Company had incorporated almost five hundred
24 natural gas vehicles into its total fleet at the time it proposed
25 the refueling network. (Ex. 91, p. 13). The Company has become a
26 strong advocate of the economic and environmental benefits of CNG.

1 This message has been communicated to the Company's
2 customers. The Company has provided natural gas motor fuel
3 technology, public awareness programs, and general CNG assistance
4 to its customers since 1980. (Ex. 91, p. 13). Fleet operators
5 recognize the value of CNG and have converted a substantial number
6 of their vehicles to natural gas. (Ex. 86, p. 2; Ex. 91, pp. 13,
7 55). Pierce Transit and Metro are leaders in the effort to use
8 CNG in transit vehicles. (Ex. 91, pp. 17-18; Ex. 92, p. 14; Ex.
9 93). School districts are also highly active in this area. For
10 example, the Tumwater School District and the North Thurston
11 School District have dedicated substantial portions of their
12 school bus fleets to natural gas. (Ex. 91, pp. 18, 55).

13 As Mr. Thorpe testified, however, the markets for CNG as
14 a vehicular fuel and natural gas-powered vehicles as a transit
15 option will probably not expand much further in this region until
16 they are "jump-started" by a public refueling network along major
17 transit corridors. (Ex. T-1, p. 16; Tr. 358). Transit agencies
18 and schools possess an advantage because they may access
19 centralized refueling facilities which are not open to the public.
20 (PERCC brief, p. 3). Although dedicated natural gas vehicles are
21 being manufactured for the individual driver, there will be
22 little, if any, regional demand for these vehicles until refueling
23 facilities are made available to all potential customers. (Ex.
24 91, p. 20).

25 The legislature recognized the importance of CNG as well
26 as the need for a widespread refueling network when, in 1991, it
27 passed the sweeping environmental legislation known as the
28

1 Washington Clean Air Act. In passing the Act, the legislature
2 made several important statements as part of an environmental
3 policy and vision for this state. The legislature found that
4 ambient air pollution represents the most serious environmental
5 threat in Washington state. RCW 70.94.011n. The legislature
6 declared that, as a matter of public policy, the improvement of
7 air quality is a matter of state-wide concern and is in the public
8 interest. RCW 70.94.011. Most significantly, the legislature
9 concluded that 1) CNG offers significant potential to reduce
10 vehicle emissions; 2) well-developed and convenient refueling
11 systems are imperative to the wide use of CNG by the public; and
12 3) the development of refueling stations are in the public
13 interest. RCW 80.28.280.

14 By finding that refueling stations are both imperative
15 and in the public interest, the legislature sent a clear signal to
16 persons and organizations involved with CNG, as well as to
17 regulators. The status quo ante is not sufficient if this state
18 is to ever achieve the stated goal of improved air quality.
19 Public refueling stations must be constructed to facilitate the
20 development of a benign, non-polluting fuel source. Otherwise,
21 the quality of the Puget Sound environment will continue to
22 deteriorate.

23 The Company proposes a refueling network in response to
24 this signal and the public interest. Sixteen stations will be
25 constructed over a period of three years at a per-station cost of
26 \$250,000. (Ex. T-3, pp. 17-18; Ex. 10). The refueling network
27 will be funded in part by a surcharge on all ratepayer classes
28

1 pursuant to the Company's proposed Schedule 117, including
2 residential, commercial, and industrial customers. (Ex. 103).
3 All of these customers will pay for the stations and all will be
4 entitled to use the stations. (Ex. 85, p. 79; Tr. 313-314). In
5 this manner, the Company hopes to fulfill the legislature's policy
6 declaration and thereby contribute to improved air quality and a
7 cleaner environment.

8 Argument

9 In the Motion and in PERCC's brief, the movants take a
10 scattergun approach in developing their position. Their only
11 legal argument turns on the question of ratepayer subsidization.
12 The remaining arguments do little more than recite obvious issues
13 of material fact (each of which requires denial of the Motion).
14 The Company will, however, respond to each of the arguments in
15 turn.

16 1. Subsidization

17 The movants' core argument is their theory that certain
18 ratepayer classes will somehow "subsidize" the refueling network
19 through the tracker mechanism. The movants rely exclusively on
20 RCW 80.28.280 for this claim. They argue that the statute
21 represents a "mandatory prohibition" against "ratepayer subsidies
22 of CNG refueling stations." (Motion, pp. 4-5). However, the
23 argument must fail because the Company does not propose as a
24 matter of fact that one rate class subsidize another. The movants
25 also ignore the Commission's independent prerogative to design and
26 set rates among classes as it deems fit and proper, regardless of
27 the form of the Company's filed rates. Further, the Motion must
28

1 be denied because an issue of fact exists as to whether
2 subsidization can be determined without considering offsetting
3 benefits to ratepayers. Finally, and assuming arguendo that a
4 subsidy exists, the proposal is still in accord with RCW 80.28.280
5 because the statute does not prohibit ratepayer subsidization.

6 RCW 80.28.280 provides as follows:

7 The legislature finds that compressed natural
8 gas offers significant potential to reduce
9 vehicle emissions and to significantly
10 decrease dependence on petroleum-based fuels.
11 The legislature also finds that well-developed
12 and convenient refueling systems are
13 imperative if compressed natural gas is to be
14 widely used by the public. The legislature
15 declares that the development of compressed
16 natural gas refueling stations are in the
17 public interest. Nothing in this section and
18 RCW 80.28.290 is intended to alter the
19 regulatory practices of the commission or
20 allow the subsidization of one ratepayer class
21 by another.

22 The policy declarations in the statute and elsewhere in the
23 Washington Clean Air Act have already been discussed. There is
24 legislative agreement on the need for a public refueling network.
25 But the movants ignore this regulatory backdrop. Instead, they
26 selectively highlight a single clause in the last sentence of RCW
27 80.28.280, for the proposition that the Commission must summarily
28 dismiss the proposal because subsidization has been proposed.
This claim is misplaced.

First, the Company does not propose that one rate class
subsidize another class. The refueling stations will not be
limited to particular classes of customers. All ratepayers will
be entitled to take advantage of the refueling capability. (Tr.
313-314). Commercial, residential and industrial customers may

1 all participate in the purchase of this fuel alternative. (Ex.
2 85, p. 79). They will pay for station development and will
3 benefit from unrestricted access to those stations. There is
4 absolutely no subsidy among ratepayer classes as a result of the
5 Company's proposal.

6 It may be that, once the stations are constructed,
7 different ratepayers will make different decisions as to whether
8 to use the refueling network, for their own economic reasons.
9 (Tr. 204, 208). That is their personal choice. However, the
10 Company's proposal does not restrict station access by prejudging
11 that choice. (Tr. 208).

12 The Company proposes unlimited station access for this
13 reason. To "jump-start" the CNG market, it is absolutely
14 essential that all ratepayers be free to use the refueling
15 network. It is irrelevant that (as argued by the movants) an
16 "individual ratepayer" might choose not to use CNG today.
17 (Motion, p. 4 n. 3). That same ratepayer might make a different
18 choice when the stations are finally available, or if his or her
19 circumstances should change. Such freedom of choice hardly
20 amounts to subsidization by that ratepayer or among different
21 ratepayer classes. The Commission should find that ratepayer
22 subsidization has not been proposed, because all ratepayers will
23 pay for the stations and all ratepayers may use the stations.

24 Second, and even if non-users of CNG could conceivably
25 subsidize others, the existence and extent of that subsidy cannot
26 be determined without weighing all of the offsetting benefits.
27 (Tr. 200). For example, the Company has estimated that 1,400
28

1 vehicles will use the refueling stations after three years
2 (increasing to almost 4,000 vehicles after five years). (Ex. 10;
3 Ex. 91, p. 23). These estimates are conservative and may
4 understate the true station impact. (Tr. 200, 211, 213). But in
5 response to a Rule 56 motion, the Company is entitled to the
6 inference that some level of CNG usage will occur which will
7 increase both the Company's gas sales and its gas revenues.

8 Even ratepayers who never use CNG will benefit from
9 these increased sales and revenues. As Mr. Karzmar testified, CNG
10 revenues will lower revenue requirements in future rate
11 proceedings. (Ex. 99, pp. 100-102; Tr. 443, 454-455). Ratepayers
12 who choose not to visit the refueling stations will still benefit
13 from the lower overall rates which result from CNG use. In
14 addition, substantial evidence has been introduced concerning the
15 positive effect of non-weather sensitive, CNG sales on the
16 Company's load factor. (Ex. T-1, p. 15; Ex. 91, p. 57; Tr. 360).
17 As the Commission is aware, an improved load factor results in
18 purchase gas cost savings which, in a typical PGA proceeding, are
19 passed directly through to the ratepayers. (Ex. 85, p. 78; Ex.
20 86, p. 12; Tr. 177, 255, 294, 360, 436). Non-users of CNG will
21 thus benefit from CNG sales to other ratepayers. At a minimum,
22 the extent of these benefits presents an issue of fact which
23 prevents a summary finding on the existence and extent of any
24 subsidization.

25 One other facet of the proposal deserves mention. Mr.
26 Thorpe testified at length about the environmental benefits of the
27 Company's proposal. (Ex. T-1, pp. 14-15; Tr. 174-175, 177, 180,
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1 208-209, 260, 273, 277, 297-298). That testimony alone creates an
2 issue of fact as to whether non-users of CNG will benefit from
3 cleaner air. But the Commission may also take notice of the
4 legislative declaration (in RCW 80.28.280) that CNG and CNG
5 refueling stations offer significant potential for the improvement
6 of air quality. Although the movants claim that the Company has
7 "grossly exaggerated" these benefits (Motion, p. 5 n. 4),^{1/} the
8 potential for cleaner air remains undisputed. The Commission must
9 view the evidence in the light most favorable to the Company,
10 which is Mr. Thorpe's assessment of CNG's environmental benefits.
11 The Commission should not dismiss on summary judgment a proposal
12 which undeniably carries out the legislature's intent, benefits
13 non-users and users of CNG alike, and offers real hope for cleaner
14 air and a cleaner environment.

15 Finally, and assuming arguendo that the Company's
16 proposal involves some sort of ratepayer subsidy, the proposal is
17 still in accord with RCW 80.28.280. By its terms, the statute
18 does not prevent ratepayer subsidization. The statute represents
19 a policy declaration which does not restrict the Commission in any
20

21 _____
22 ¹If the Company reads their argument correctly, the movants
23 seem to feel that the region should possess more than sixteen
24 public refueling stations, so that more people will use CNG and
25 the environmental benefits from that usage will not be
26 "exaggerated." The Company understands the concern, but believes
27 that small steps are necessary and appropriate on the long road to
28 a quality environment. The current proposal is, admittedly, a
small step, but without doubt a step in the right direction.
Implementation of the public policy favoring CNG as a vehicle fuel
quite simply depends on such an initiative by the Company.

1 manner. The legislature has simply disclaimed that RCW 80.28.280,
2 in itself, empowers the Commission to set a CNG rate which may be
3 a subsidization. The absence of prohibiting language in both RCW
4 80.28.280 and the Senate colloquy cited in the Motion confirms
5 that a ratemaking restriction was never intended.

6 RCW 80.28.280 also spells out the legislature's intent
7 that the Commission follow its ratemaking tradition when
8 implementing the statutory policy. The NARUC Staff Committee
9 observed in its Gas Distribution Rate Design Manual that social
10 policy can be an appropriate factor in rate design. (Ex. 102, p.
11 2). Now that the development of CNG refueling stations represents
12 a declared public policy in Washington state, there is nothing in
13 RCW 80.28.280 which prevents the Commission from carrying out that
14 policy^{2/} by approving a ratepayer subsidy.

15 2. Additional Factual Issues

16 As stated earlier, the movants' remaining arguments are
17 bald statements of disputed fact. The Company will address them
18 briefly so that the rationale for denial of the Motion is clear.

19 The movants claim that the Company has not substantiated
20 its revenue projections through a "formal market survey."
21 (Motion, p. 3; PERCC brief, p. 2). However, the Company prepared
22 a detailed marketing plan at the same time that it filed the
23 request for rate relief. (Ex. 91, pp. 8-48). The Company
24

25 ²The Washington Clean Air Act requires the Commission to take
26 a proactive stance in implementing the state policy. See RCW
27 80.28.290 and the discussion later at pp. 14-15 of this brief.
28

1 determined that increased revenues will result from sales of CNG.
2 To the extent that this is a relevant issue, the Commission must
3 view the evidence in the light most favorable to the Company and
4 conclude that a factual issue exists as to the level of CNG sales
5 and resulting revenues.

6 The movants claim that the point at which the refueling
7 network would become "self-sufficient" is unknown. (Motion, p.
8 2). However, a self-sustaining program may result within five
9 years if the Commission approves the surcharge. (Ex. 91, p. 56).
10 The Company is entitled to the inference that the program will
11 recover its costs within this time. To the extent that this is a
12 relevant issue, the Commission must view the evidence in the light
13 most favorable to the Company and conclude that a factual issue
14 exists as to the "self-sufficiency" of the proposal.

15 The movants claim that the level of the surcharge could
16 increase over the term of the program. (Motion, pp. 2-3).
17 However, Mr. Thorpe and Mr. Karzmar both testified that the
18 surcharge could also decline. (Ex. 104; Tr. 256, 441). The
19 Company is entitled to the inference that the surcharge will
20 either remain the same or decline. To the extent that this is a
21 relevant issue, the Commission must view the evidence in the light
22 most favorable to the Company and conclude that a factual issue
23 exists as to the level of the surcharge.

24 The movants claim that sales revenues will not be
25 sufficient to offset program costs. (Motion, p. 3). However, the
26 Company intends to recover all of these costs from Schedule 50
27 rates. (Ex. 103; Ex. 115, p. 31). The Company is entitled to the
28

1 inference that all program costs will be recovered. To the extent
2 that this is a relevant issue, the Commission must view the
3 evidence in the light most favorable to the Company and conclude
4 that a factual issue exists as to cost recoverability.

5 PERCC claims that the surcharge poses an "unreasonable
6 financial risk" for ratepayers. (PERCC brief, p. 2). However,
7 the Company has received over 400 inquiries into the use of
8 natural gas as a vehicular fuel. (Ex. 91, p. 22). The Company
9 has determined that the refueling program will cost the average
10 residential ratepayer no more than \$1.20 to \$1.32 per year. (Ex.
11 91, p. 57; Tr. 298). It is fair to assume that a customer who has
12 inquired into the use of CNG will not find an annual investment of
13 only \$1.20-1.32 to be "unreasonable." The Company is entitled to
14 the inference that customers will not object to an annual
15 investment of \$1.20-1.32 for cleaner air. (Tr. 298). To the
16 extent that this is a relevant issue, the Commission must view the
17 evidence in the light most favorable to the Company and conclude
18 that a factual issue exists as to the reasonableness of the cost
19 to ratepayers.

20 Finally, PERCC claims that "transit agencies and schools
21 would not be likely" to use the proposed refueling stations.
22 (PERCC brief, p. 3). However, PERCC offers no evidence to support
23 this statement. The qualification to the statement belies PERCC's
24 claim that usage of the stations will not occur. In fact, PERCC
25 contradicts its own position when it admits that Pierce Transit
26 and Metro van pools "might in the future" use the stations.
27 (PERCC brief, p. 3). In view of the Company's determination that
28

1 CNG usage will take place (Ex. 10), the Company is entitled to the
2 inference that Pierce Transit, Metro, and other transit agencies
3 will, in fact, use the stations. To the extent that this is a
4 relevant issue, the Commission must view the evidence in the light
5 most favorable to the Company and conclude that a factual issue
6 exists as to the extent of transit usage.

7 It must also be noted that PERCC hardly speaks for all
8 schools in the Company's service territory on the subject of their
9 interest in CNG. The North Thurston School District and the
10 Tumwater School District have written the Commission recently to
11 comment on the refueling subject. Neither district is a member of
12 PERCC. See Attachment "A" to PERCC Petition for Intervention
13 dated September 16, 1992; Notice of Change in PERCC Membership
14 dated January 19, 1993. In their letters (of which the Commission
15 should take appropriate notice), the districts support a public
16 refueling network because the network would 1) allow schools to
17 expand the use of dedicated natural gas vehicles; 2) provide
18 schools with a back-up to on-site refueling facilities; and 3)
19 permit other district vehicles to take advantage of natural gas.
20 The statements in these letters flatly contradict PERCC's
21 unsupported allegations. There are obvious factual issues before
22 the Commission which prevent the entry of summary judgment.

23 Applicable Legislation

24 In her directive from the bench, the Administrative Law
25 Judge requested the parties to comment on legislation relevant to
26 the Motion. The Company has previously addressed certain policy
27 declarations in the Washington Clean Air Act, including the
28

1 specific findings and declarations in RCW 80.28.280. In this
2 section, the Company will focus on RCW 80.28.290 which states the
3 Commission's role in implementing the state policy. The Company
4 will also focus on applicable provisions of the National Energy
5 Policy Act of 1992.

6 RCW 80.28.290 provides as follows:

7 The commission shall identify barriers to the
8 development of refueling stations for vehicles
9 operating on compressed natural gas, and shall
10 develop policies to remove such barriers. In
11 developing such policies, the commission shall
12 consider providing rate incentives to
13 encourage natural gas companies to invest in
14 the infrastructure required by such refueling
15 stations.

16 (Emphasis added). The underscored language is mandatory. The
17 development of a refueling network in this state cannot occur --
18 nor should it occur -- without the Commission's involvement. The
19 Commission must identify barriers to development and develop
20 policies to remove those barriers.

21 The issue of potential barriers to refueling development
22 was raised in an exchange between Commissioner Pardini and Mr.
23 Thorpe. Mr. Thorpe was asked whether the Commission could remove
24 barriers by simply "walking away" from refueling stations. (Tr.
25 357). He answered that such an action would actually create a
26 barrier, by imposing a disincentive for utilities to invest in the
27 stations. Clearly RCW 80.28.290 requires a proactive stance on
28 the part of the Commission in order to achieve the legislative
goals.

The Company agrees that the questions of what the
Commission can and should do under authority of RCW 80.28.290 need

1 to be addressed. The first question is squarely answered by
2 reference to the statute. The Commission is authorized to
3 consider, and in fact must consider, rate incentives to encourage
4 investment in refueling stations. The Company believes that rate
5 incentives include the proposed surcharge to fund the refueling
6 network. The authority to approve the Company's proposal is
7 clearly granted under RCW 80.28.290.

8 Further, the exercise of that authority would be
9 consistent with the statement of congressional direction contained
10 in Section 409(a)(3)(G) of the National Energy Policy Act. This
11 section provides for the establishment of guidelines for State
12 alternative fuels and alternative fueled vehicle incentives and
13 program plans. To be eligible for Federal assistance, each
14 proposed State plan shall include an examination of methods by
15 which State and local governments might facilitate:

- 16 (G) allowing public utilities to include in
17 rates the incremental cost of --
18 (i) new alternative fueled vehicles;
19 (ii) converting conventional vehicles to
20 operate on alternative fuels; and
21 (iii) installing alternative fuel fueling
22 facilities...

23 (Emphasis added). Commission approval of the Company's proposal
24 would most definitely comport with the congressional intent behind
25 the National Energy Policy Act.

26 The second question, very frankly, cannot be answered at
27 this time. The question of what the Commission should do must
28 await a full review of the evidence and cannot be decided on a
summary basis. That is why the movants' position is so troubling.
Given the state and federal legislation on alternative fuel

1 development, it would be appropriate for the movants to submit
2 prefiled testimony and discuss how the Company's proposal will
3 mesh with that legislation and the Company's obligations to its
4 ratepayers. Such an analysis is anticipated by Section
5 409(a)(3)(G) of the National Energy Policy Act, which requires
6 States to consider the effect of refueling facility costs on
7 rates, service, and reliability to other utility customers.

8 Nor should the public be excluded from this analysis.
9 One of the most unfortunate aspects of the Motion, if granted,
10 would be the inability of the public to comment on matters of
11 great public concern. In its Notice of Prehearing Conference
12 dated August 25, 1992 (at p. 3), the Commission planned for
13 hearings to take public testimony. Yet if the Company's proposal
14 is dismissed on summary judgment, that opportunity would become
15 meaningless to the 400 people who have contacted the Company about
16 CNG, to the Tumwater and North Thurston representatives who want
17 to testify, and to the other fleet operators who have written to
18 the Commission. The Company submits that, as a matter of law, the
19 Commission cannot dismiss a proposal which falls squarely within
20 the public interest (under RCW 80.28.280), without first giving
21 the public a fair opportunity to comment on that proposal. The
22 Motion must be denied if for only this reason.

23 Conclusion

24 The Company's proposal represents the first concrete
25 initiative which fulfills the policy mandate in RCW 80.28.280. A
26 public refueling network will finally be available in the Puget
27 Sound region if the Commission approves the proposal as authorized
28

1 by RCW 80.28.290. The network will also comport with the
2 congressional directive as expressed in Section 409(a)(3)(G) of
3 the National Energy Policy Act.

4 In proposing this initiative, the Company does not
5 intend to avoid other sources of refueling assistance. The
6 Company will continue to work with the private and public sectors
7 on collaborative programs and other projects. Negotiations with
8 major oil companies and fuel distributors will continue to be
9 pursued. (Ex. 91, pp. 34-36; Tr. 178-181). The Company believes
10 that a potential for market participation exists if "market
11 players" are willing to "step up to the plate."

12 However, there are practical limitations to the extent
13 of that participation. Section 505 of the National Energy Policy
14 Act offers a good example. The section encourages fuel suppliers
15 to make voluntary commitments to construct fuel delivery systems
16 for replacement fuels. But the section does not impose a mandate.
17 In the absence of a mandate, major oil companies have continued to
18 be reluctant to spend corporate funds on a widespread refueling
19 network. (Tr. 259). The Company has pursued this approach but
20 with limited success. (Tr. 179). In view of the reluctance of
21 "market players" to come forward, the Commission must take
22 positive action consistent with the guiding requirements in RCW
23 80.28.290.

24 It is also conceivable that a public refueling network
25 could be funded by governmental grants. (Tr. 300). These funds
26 have not been provided, however, in contrast to the financial
27 support which has been extended to transit agencies for fleet
28

1 refueling facilities. (Tr. 173-174). Although RCW 70.94.218
2 provides that the Department of Ecology may distribute grants to
3 the State Energy Office to further establishment of a refueling
4 infrastructure, the Company has confirmed with the Energy Office
5 that grants have not been proffered towards the development of a
6 public network since the statute was enacted almost two years ago.
7 The lack of a refueling network today is evidence that, in this
8 age of fiscal austerity, the State cannot rely just on grant funds
9 to carry out the policy expressed in RCW 80.28.280.

10 Nor has the Federal government offered the support and
11 assistance which are essential to the establishment of a public
12 refueling network. (Tr. 174). Section 304 of the National Energy
13 Policy Act states that, if public refueling facilities are
14 unavailable, Federal agencies are "authorized"^{3/} to enter into
15 "commercial arrangements for the purposes of fueling Federal
16 alternative fueled vehicles." However, no requirement is imposed
17 upon these agencies. Further, Section 304 only comes into play
18 when Federal vehicles are purchased (under Section 303). There is
19 no provision for public assistance or a collaborative effort to
20 establish a public refueling network. Although the congressional
21 support for Federal alternative fueled vehicles is well-intended,
22

23
24 ³The federal government has also "authorized" appropriations
25 to carry out the National Energy Policy Act, including \$10,000,000
26 per fiscal year pursuant to Section 409(e). But as the Commission
27 may take notice, an "authorized" appropriation is not the same as
28 money in hand. Section 409(e) does not mean that federal funds
are now available to construct a refueling network which is open
to the public.

1 the fact remains that the Company's proposal represents the best
2 and most concrete approach to achieving the legislative goals.

3 It should be noted as well that, because the proposed
4 refueling stations will be open to the public, they will be open
5 to Federal agencies with alternative fueled vehicles. The
6 Company's proposal thus fulfills the intent of Section 304 of the
7 National Energy Policy Act by creating a commercial infrastructure
8 which facilitates the development and use of Federal alternative
9 fueled vehicles. This illustrates again the Company's position
10 that the markets for transit options and alternative fuels are
11 dependent upon one another, and that development of a refueling
12 network will in turn lead to greater use of alternative fuel and
13 alternative fueled vehicles consistent with the vision of the
14 National Energy Policy Act.

15 The Company has therefore come before the Commission to
16 seek regulatory assistance. The Company proposes a modest level
17 of participation by all of its customers to ensure that a positive
18 step is taken to improve our common environment. The funding
19 mechanism will be subject to annual review by the Commission so
20 that the program is coordinated with other efforts and directed
21 towards the stated policies in RCW 80.28.280. (Ex. T-3, p. 19).
22 In this manner, ratepayers and the environment will both benefit
23 by what is surely an appropriate program for this region.

24 The Motion should be denied.

DATED: March 3, 1993.

WASHINGTON NATURAL GAS COMPANY

By D. Scott Johnson
D. Scott Johnson
Attorney
WSBA No. 19432

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STATE OF WASH.
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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
))
Complainant,)
))
vs.)
))
WASHINGTON NATURAL GAS COMPANY,)
))
Respondent.)
_____)

DOCKET NO. UG-920840

STATEMENT OF GENUINE
ISSUES IN OPPOSITION
TO MOTION TO DISMISS
PUBLIC REFUELING STATION
TRACKER (SCHEDULE 117)

1. Whether the proposed refueling station network will result in environmental benefits within the Company's service territory. (Ex. T-1, pp. 14-15; Ex. 92, p. 14; Tr. 174-175, 177, 180, 208-209, 260, 273, 277, 297-298)
2. Whether the ratepayers who will pay the Schedule 117 surcharge will receive environmental benefits from the proposed refueling station network. (Ex T-1, pp. 14-15; Ex. 92, p. 14; Tr. 174-175, 177, 180, 208-209, 260, 273, 277, 297-298)
3. Whether the proposed refueling station network will increase the Company's revenues and thereby reduce the Company's

STATEMENT OF GENUINE ISSUES IN
OPPOSITION TO MOTION TO DISMISS
PUBLIC REFUELING STATION TRACKER
(SCHEDULE 117) - 1

D. SCOTT JOHNSON
815 MERCER STREET (P.O. BOX 1869)
SEATTLE, WASHINGTON 98111
TELEPHONE: (206) 622-6767

1 revenue requirements in future rate proceedings. (Ex. 99,
2 pp. 100-102; Tr. 443, 454-455)

3
4 4. Whether the proposed refueling station network will improve
5 the Company's load factor and thereby reduce the Company's
6 purchase cost of gas. (Ex. T-1, p. 15; Ex. 91, p. 57; Tr.
7 360)

8
9 5. Whether the ratepayers who will pay the Schedule 117
10 surcharge will benefit from an increase in the Company's
11 revenues. (Tr. 255)

12
13 6. Whether the ratepayers who will pay the Schedule 117
14 surcharge will benefit from the Company's improved load
15 factor. (Ex. 85, p. 78; Ex. 86, p. 12; Tr. 177, 255, 294,
16 360, 436)

17
18 7. Whether the ratepayers who will benefit from the proposed
19 refueling station network can be said to "subsidize" other
20 ratepayers by virtue of the Schedule 117 surcharge.

21
22 8. Whether the cost of the proposed refueling station network to
23 an average customer will be "unreasonable." (Ex. 91, p. 57;
24 Tr. 298)

- 1 9. Whether the proposed refueling station network will increase
2 the use of CNG in private and/or fleet vehicles. (Ex. 10;
3 Ex. 91, p. 23)
4
- 5 10. Whether a summary dismissal of the Company's proposal would
6 create a barrier to the development of refueling station
7 networks, within the meaning and intent of RCW 80.28.290.
8 (Tr. 357)
9
- 10 11. Whether a summary dismissal of the Company's proposal would
11 create a barrier to the use of CNG in private and/or fleet
12 vehicles, within the meaning and intent of RCW 80.28.290.
13 (Tr. 357)
14
- 15 12. Whether the Company's proposal is in the public interest,
16 within the meaning and intent of RCW 80.28.280.
17
- 18 13. Whether a proposal which is in the public interest can be
19 summarily dismissed before the public is heard on the
20 proposal.
21
- 22 14. Whether the public supports the Company's proposal. (Ex. 91,
23 pp. 22, 54)
24
- 25 15. Whether the proposed refueling station network is imperative
26 if CNG is to be widely used by the public, within the meaning
27 and intent of RCW 80.28.280.

- 1 16. Whether the proposed refueling station network will offer
2 significant potential to reduce vehicle emissions and to
3 significantly decrease dependence on petroleum-based fuels,
4 within the meaning and intent of RCW 80.28.280.
5
6 17. Whether the Schedule 117 surcharge will represent a rate
7 incentive to encourage natural gas companies to invest in the
8 infrastructure required by refueling stations, within the
9 meaning and intent of RCW 80.28.290.
10
11 18. Whether the ratepayers who will pay the Schedule 117
12 surcharge may use the proposed refueling station network.
13 (Ex. 85, p. 79; Tr. 313-314)
14
15 19. Whether the ratepayers who may use the proposed refueling
16 station network can be said to "subsidize" other ratepayers
17 by virtue of the Schedule 117 surcharge.
18
19 20. Whether school districts with existing refueling facilities
20 will use the proposed refueling station network.
21
22 21. Whether transit fleets with existing refueling facilities
23 will use the proposed refueling station network.
24
25 22. Whether ratepayers who lack existing refueling facilities
26 will use the proposed refueling station network. (Ex. 10;
27 Ex. 91, p. 23; Tr. 276)

1 23. Whether the proposed refueling station network complements
2 existing refueling facilities within the Company's service
3 territory.

4
5 24. Whether the proposed refueling station network will become
6 "self-sufficient." (Ex. 91, p. 56)

7
8 25. Whether the amount of the Schedule 117 surcharge will remain
9 at the level proposed by the Company. (Ex. 104; Tr. 256,
10 441)

11
12 26. Whether revenues from CNG sales under Schedule 117 will
13 offset the costs of the proposed refueling station network.
14 (Ex. 103; Ex. 115, p. 31)

15
16 27. Whether the Company has substantiated the revenue projections
17 for the proposed refueling station network. (Ex. 91, pp.
18 8-48)

19
20 DATED: March 3, 1993.

21 WASHINGTON NATURAL GAS COMPANY

22
23 By DS
24 D. Scott Johnson
25 Attorney
26 WSBA No. 19432

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STATE OF WASH.
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BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

| | | |
|----------------------------|---|------------------------|
| WASHINGTON UTILITIES AND |) | |
| TRANSPORTATION COMMISSION, |) | DOCKET NO. UG-920840 |
| |) | |
| Complainant, |) | |
| |) | |
| vs. |) | CERTIFICATE OF SERVICE |
| |) | |
| WASHINGTON NATURAL GAS |) | |
| COMPANY, |) | |
| |) | |
| Respondent. |) | |

I hereby certify that I have this day served the Brief of Washington Natural Gas Company in Opposition to Motion to Dismiss Public Refueling Station Tracker (Schedule 117), and Statement of Genuine Issues, upon the parties of record listed below by mailing copies thereof to each such party at the following addresses:

Paula Pyron, Esq.
3505 First Interstate Tower
1300 S.W. Fifth Avenue
Portland, OR 97201-5696

Charles Adams, Esq.
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1400 S. Evergreen Park Dr. S.W.
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Jeff Goltz, Esq.
Asst. Attorney General
1400 S. Evergreen Park Dr. S.W.
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Frederick O. Frederickson, Esq.
1420 Fifth Avenue
33rd Floor
Seattle, WA 98101-2390

Dated: March 3, 1993


D. Scott Johnson

ATTORNEY GENERAL OF WASHINGTON

March 3, 1993

Paul Curl, Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

RECEIVED
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93 MAR -3 PM 4:02
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Re: WUTC v. Washington Natural Gas Co.
Docket No. UG-920840

Dear Mr. Curl:

Enclosed please find the original plus 19 copies of the Brief of Public Counsel in Support of Motion to Dismiss Public Refueling Station Tracker in the above proceeding.

Thank you for your assistance.

Respectfully,

Charles F. Adams by *SB*
CHARLES F. ADAMS
Assistant Attorney General
Public Counsel Section
900 Fourth Avenue, Suite 2000
Seattle, Washington 98164

CFA/ljb
Enclosure
cc: Parties

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
) Complainant,)
) vs.)
) WASHINGTON NATURAL GAS COMPANY,)
) Respondent.)
_____)

DOCKET NO. UG-920840
BRIEF OF PUBLIC COUNSEL IN
SUPPORT OF MOTION TO DISMISS
PUBLIC REFUELING STATION
TRACKER

Public Counsel jointly with the Commission staff and intervenors Northwest Industrial Gas Users and Seattle Steam moved to dismiss Washington Natural Gas Company's (WNG) Proposed Schedule 117, entitled "Public Refueling Station Tracker." In addition, intervenor Partnership for Equitable Rates for Commercial Customers, while not signing the Motion, filed a response supporting the Motion. Thus all parties to the proceeding other than WNG support the rejection of the CNG tracker.

The Motion to Dismiss, although described in the pleading as being "in the nature of a motion for partial summary judgment," is really more akin to a motion for directed verdict. CR 50. WNG has presented its case in chief and has been cross-examined on it. Additional evidence from WNG is neither needed nor appropriate. Based upon this record, and considering for purposes of this motion the facts in a light most favorable to WNG, this Motion to Dismiss should be granted.

I. Factual Record.

This memorandum will not again recite at length the factual record recited in the Motion to Dismiss. That record, in essence, is very simple. WNG proposes to place a surcharge of 0.123 cents per therm on virtually every therm of gas that it sells or transports. Thus every WNG customer who uses natural gas will pay for and subsidize the program. The proposed surcharge could be in effect for from five to ten years, or indefinitely, depending upon when the program breaks even, if ever. The amount of the surcharge could be increased or decreased, depending upon operating results.

The subsidy will be extended to non-WNG ratepayers, since CNG customers need not be WNG ratepayers. Since the cost of converting a passenger vehicle runs approximately \$2500 - 3000 per vehicle, the beneficiaries of the subsidies will generally be fleet users, rather than residential or small commercial users. Also, large CNG customers such as Metro and Pierce Transit will install their own gas compression equipment, yet will still be charged the surcharge. Even assuming the very optimistic scenario that the CNG program is self-sustaining by the fifth year, WNG projects only 3800 NGUs at that time. (Ex. 91, p. 56).

In light of the relatively poor market prospects for CNG use, WNG's stockholders are unwilling to assume the business risk but are willing to shift it to ratepayers. Even the large oil companies are unwilling to assume the risk. WNG's position is

simply summed up in the following exchange with CEO Thorpe (TR. 259):

- Q. Would it be accurate to say that's more risk than Texaco wants to take on?
- A. Sure. I don't blame Texaco. More risk than I am willing to take on.

II. Discussion.

The factual record in the case makes it very clear that, under WNG's requested surcharge, WNG ratepayers will be required to subsidize a very small group of CNG customers, who may not even be WNG ratepayers, for an extended period of time. The CNG market potential, at least in the short run, is too risky for either WNG stockholders or large oil companies to make the necessary investments. On the other hand, large potential users such as transit authorities will make the necessary capital investment by themselves. The only benefit that most ratepayers may receive is some small potential improvement in air quality which they will share with the region. WNG's proposal, in the absence of specific legislation, would clearly not be allowed as just, fair and reasonable under traditional regulatory practice.

The question that remains is the impact of RCWs 80.28.280-290. These statutes were adopted in 1981 and support a clean air public policy favoring CNG and a CNG refueling station infrastructure. The Commission is charged with identifying and removing barriers to the development of refueling stations, including the consideration of giving LDCs incentives to invest

in that infrastructure. However, RCW 80.28.280 also provides the following very important qualifier to this policy:

Nothing in this section and RCW 80.28.290 is intended to alter the regulatory practices of the commission or allow the subsidization of one ratepayer class by another.

Public Counsel submits that WNG's CNG surcharge proposal is in direct conflict with this statutory language. The proposal is a clear subsidy from all of WNG's natural gas users to a very small group of CNG customers, who may or may not even subscribe to WNG's natural gas service. Any societal benefits that might result from the program are enjoyed by all inhabitants of the region, whether or not they use natural gas or CNG. Public Counsel submits that this proposal is illegal and should be rejected.

This position is consistent with the statutory intent of this section. However, it also is not intended to preclude WNG from making other proposals which comply with the stated public policies. There are certainly ways to remove barriers and possibly even to provide incentives, if deemed appropriate, which do not require subsidies from natural gas customers.

Dated this 3rd day of March, 1993.

Charles F. Adams

Charles F. Adams *by SSB*
Assistant Attorney General
Public Counsel Section



Christine O. Gregoire

RECEIVED

ATTORNEY GENERAL OF WASHINGTON

93 MAR 4 10:15
900 Fourth Avenue #2000 • Seattle WA 98164-1012

STATE OF WASHINGTON
UTIL. & TRAFFIC
COMMISSION

March 3, 1993

Paul Curl, Secretary
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive
Olympia, WA 98504

Re: WUTC v. Washington Natural Gas Co.
Docket No. UG-920840

Dear Mr. Curl:

Enclosed please find the original Certificate of Service in the above proceeding, which was not enclosed with the Brief of Public Counsel in Support of Motion to Dismiss Public Refueling Station Tracker.

Respectfully,

CHARLES F. ADAMS
Assistant Attorney General
Public Counsel Section

CFA/ljb
Enclosures

CERTIFICATE OF SERVICE

I hereby certify that I have this day served one copy of the foregoing document upon all parties of record in this proceeding, as shown on the attached service list, by hand delivery, by electronic telephone transmission, or by mail properly addressed and prepaid.

Dated this 3rd day of March, 1993.



Linda Borla
Legal Secretary

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COMMISSIONER

Service List

WUTC v. Washington Natural Gas Company
Cause No. UG-920840

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Washington Utilities and
Transportation Commission
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Christine O. Gregoire

ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division

1400 S Evergreen Park Drive SW • PO Box 40128 • Olympia WA 98504-0128 • (206) 753-2281

March 3, 1993

Mr. Paul Curl, Secretary
Washington Utilities and
Transportation Commission
P. O. Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, Washington 98504-7250

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

Dear Mr. Curl:

Enclosed please find the original and 19 copies of Brief in Support of Motion to Dismiss Public Refueling Station Tracker (Schedule 117) in the above matter. Please accept the same for filing.

Very truly yours,

ROBERT D. CEDARBAUM
Assistant Attorney General

RDC:nh
Enc.
cc: Parties of Record

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STATE OF WASH.
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COMMISSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

| | | |
|--|---|-----------------------------|
| WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, |) | DOCKET NO. UG-920840 |
| |) | |
| Complainant, |) | BRIEF IN SUPPORT OF MOTION |
| |) | TO DISMISS PUBLIC REFUELING |
| v. |) | STATION TRACKER |
| |) | (SCHEDULE 117) |
| WASHINGTON NATURAL GAS COMPANY, |) | |
| |) | |
| Respondent. |) | |
| <hr/> | | |

On February 12, 1993, the Commission staff, Public Counsel, Northwest Industrial Gas Users and Seattle Steam filed a Motion to Dismiss Public Refueling Station Tracker (Schedule 117). The Commission is directed to the Motion for a detailed discussion of its factual and legal support. The Motion, however, has two underlying premises.

First, the proposed Schedule 117 tracker requires all sales and transportation ratepayer classes to directly subsidize another class of customers purchasing natural gas for vehicle use. This is because the capital and operating costs for the proposed CNG refueling stations will not be completely recovered from Schedule 50 customers (Motion, ¶ 3), and because the CNG program is too speculative for shareholders to bear. (Motion, ¶ 5) Moreover, the proposed tracker involves a subsidy from all ratepayer classes to another class whether or not contributing customers purchase natural gas for vehicle use under Schedule 50, or own a motor

vehicle at all.¹

Second, because all ratepayers would subsidize the CNG program through Schedule 117, the tracker violates language specifically added to RCW 81.28.280 to prohibit ratepayer subsidies of CNG refueling stations:

The legislature finds that compressed natural gas offers significant potential to reduce vehicle emissions and to significantly decrease dependence on petroleum-based fuels. The legislature also finds that well-developed and convenient refueling systems are imperative if compressed natural gas is to be widely used by the public. The legislature declares that the development of compressed natural gas refueling stations are in the public interest. Nothing in this section and RCW 80.28.290 is intended to alter the regulatory practices of the commission or allow the subsidization of one ratepayer class by another.

(Emphasis added.)

Legislative history demonstrates that the prohibition against ratepayer subsidies of CNG refueling stations is mandatory:

¹ This subsidy occurs notwithstanding the company's proposal that revenues collected under Schedule 50 will be used to offset costs recovered under Schedule 117. (Motion, ¶ 4) In fact, the CNG program will operate at a loss indefinitely so that it will be necessary both to increase the Schedule 117 surcharge and to maintain Schedule 117 as a mechanism to recover CNG program costs for five to ten years, if not longer. (Motion, ¶ 3)

Nor should the company's claim that cleaner air would result in the Puget Sound region distract the Commission from the fact that all ratepayers would subsidize the proposed CNG program. First, the company's CNG program would serve only 1,400 vehicles at the end of the third year when there are already 2.4 million passenger vehicles and trucks currently in the Puget Sound area. The company's environmental claim, therefore, has little, if any, support in the record. Even if that claim were accurate, however, the company's CNG program would unfairly require only ratepayers to fund a program that also benefits non-ratepayers. (Motion, p. 5, fn. 4)

Senator Sutherland [sic]: "I note changes in [RCW 80.28.280 and RCW 80.28.290], language which refers to the role of the Utilities and Transportation Commission in furthering the development of compressed natural gas refueling stations. Could you please tell me the intent of these changes?"

Senator Anderson: "Certainly. The change to which you refer is to clarify the legislative intent that these sections are not meant to force the UTC to change any regulatory practices or to allow the subsidization of the CNG refueling stations by any other class of ratepayers. We expect the UTC to develop rules and approve tariffs which will ensure that users of compressed natural gas for vehicle fuel pay the costs associated with developing and providing service to them. Examples of such rules and tariffs are those which ensure that ratepayers in communities which require electrical undergrounding are not subsidized by ratepayers in communities which do not and which ensure that residential ratepayers do not subsidize the cost of service to industrial customers or vice versa."

Senator Sutherland: "Thank you. It's clear to me that nothing in these sections allows the subsidization of one ratepayer class by another."

Journal of the Senate, April 19, 1991 at 2333 (Emphasis added).

As a matter of law, therefore, Schedule 117 must be dismissed.

Finally, the Commission has directed the parties to discuss legislative policy. In that regard, we acknowledge the legislative pronouncement in RCW 80.28.280 that the development of CNG refueling stations is in the public interest and is imperative if CNG is to be widely used by the public. We also acknowledge that, under RCW 80.28.290, the Commission is to "consider providing rate incentives to encourage natural gas companies to invest in the infrastructure required by such refueling stations."

However, despite these policy statements and instructions concerning the development of CNG refueling stations, the legislature also clearly and specifically directed that investment in CNG refueling stations should not be encouraged through rate incentives or otherwise, if doing so would alter regulatory practices of the Commission or allow the subsidization of one ratepayer class by another. (RCW 81.28.280) Should these prohibitions be barriers in and of themselves to the development of CNG refueling stations, the resolution is through legislative action and not through the Commission's approval of a CNG program which clearly violates existing law.

Furthermore, there may be mechanisms other than those subject to Commission jurisdiction which would be more appropriate, fair and effective routes to the development of CNG refueling stations. For example, an increase in the state gasoline or sales tax dedicated to investment in CNG refueling stations may be more likely to "jump-start" the CNG market (if not so already) and would require all beneficiaries of any environmental improvements to pay for such improvements, rather than just the company's ratepayers. Again, however, such action can only be taken legislatively.

In conclusion, the parties motion to dismiss is based upon the testimony of the company's own witnesses and is ripe for decision now. The motion presents purely a legal issue, the resolution of which need not and, in the interest of judicial economy, should not be delayed until the submission of staff and intervenor testimony. In the event that the legislature resolves the tension it created in RCW 80.28.280 and .290, the company will be able to resubmit

Schedule 117 as a separate and distinct filing. Until then, however, Schedule 117 is unlawful. The Motion to Dismiss should, therefore, be granted.

DATED this 3rd day of March, 1993.

Respectfully submitted,

CHRISTINE O. GREGOIRE
Attorney General



ROBERT D. CEDARBAUM
Assistant Attorney General

C E R T I F I C A T E

I hereby certify that I have this day served a true copy of the foregoing document upon the parties of record listed below by mailing a copy thereof properly addressed to each such party by first class mail, postage prepaid.

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Attorney at Law
1420 - Fifth Avenue
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Seattle, WA 98101-2390

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Washington Natural Gas
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Charles F. Adams
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Portland, OR 97201-5696



ROBERT D. CEDARBAUM

March 3, 1993.

Date Received: 8-12-93

Docket No.: UG-920840

Company: Washington Natural Gas

Distribution:

Pat Dutton
Mert Lott
Regulatory Affairs
Chairman Nelson
Commissioner Casad
Commissioner Hemstad
Policy Planning
*Ken Elgin
*Kath Thomas
Dixie Linnenbrink
*Jaime Ramirez
*Mike Parvinen
*Jim Russell
*Alan Buckley
*Bob Cedarbaum
*Jeff Goltz
Lisa Anderl

1 X Distributions
Attached

X



D. Scott Johnson
Attorney

August 11, 1993

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

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

Dear Mr. Curl:

The Certificate of Service for the Company's Brief (filed yesterday) was inadvertently omitted from the filing and from the service copies. Enclosed please find an original and nineteen copies of the Certificate of Service.

Very truly yours,

D. Scott Johnson

Enclosure

cc w/enc.: Counsel of Record

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BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
Complainant,)
vs.)
WASHINGTON NATURAL GAS)
COMPANY,)
Respondent.)

DOCKET NO. UG-920840
CERTIFICATE OF SERVICE

I hereby certify that I have this day caused to be served
the Brief of Washington Natural Gas Company upon the parties of
record listed below by mailing or hand-delivering copies thereof to
each such party at the following addresses:

Paula Pyron, Esq.
3505 First Interstate Tower
1300 S.W. Fifth Avenue
Portland, OR 97201-5696


Charles Adams, Esq.
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Seattle, WA 98164-1012

Robert Cedarbaum/Jeff Goltz
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Frederick O. Frederickson, Esq.
1420 Fifth Avenue
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Seattle, WA 98101-2390

Dated: August 10, 1993.



D. Scott Johnson