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STATE OF WASHINGTON  
UTILITY & ENERGY  
COMMISSION

March 2, 1993

VIA FEDERAL EXPRESS

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 Supplemental Response of PERCC to Motion to Dismiss Public Refueling Station Tracker (Schedule 117) in the above docket. Please return file-stamped copies of the Supplemental 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,	)	SUPPLEMENTAL RESPONSE
v.	)	OF PERCC TO
WASHINGTON NATURAL GAS COMPANY,	)	MOTION TO DISMISS
Respondent.	)	PUBLIC REFUELING
	)	STATION TRACKER
	)	(SCHEDULE 117)

The Partnership for Equitable Rates for Commercial Customers ("PERCC") supplements its prior Response to Motion to Dismiss Public Refueling Station Tracker (Schedule 117) ("the Motion to Dismiss") as follows:

1. PERCC again urges the Commission to adopt measures to encourage the use of vehicular natural gas ("VNG"). Specifically, PERCC supports VNG refueling stations for the public.
2. Although PERCC believes that public refueling stations are desirable as a matter of public policy, Washington Natural Gas ("WNG") should pursue other sources of private and/or public money before seeking ratepayer funding for the proposed refueling

1 stations. As a result of recent legislation by both Congress and  
2 the Washington Legislature, financial incentives for refueling  
3 stations are available. PERCC therefore urges the Commission to  
4 (1) grant the Motion to Dismiss at this time and (2) direct WNG to  
5 pursue other sources of funding for refueling stations. If other  
6 funding becomes available to build refueling stations, the  
7 financial burden of these facilities will not fall upon WNG's  
8 ratepayers. On the other hand, if other sources of funding do not  
9 become available within a reasonable time, i.e., six months, WNG  
10 should have the option of bringing a new, better defined, more  
11 equitable refueling station proposal to the Commission.

12 3. Congress legislated detailed provisions to promote the  
13 use of alternative fuels, including natural gas, in the Energy  
14 Policy Act of 1992. Section 303 of the Act establishes fleet  
15 requirements for federal agencies for alternative fueled vehicles,  
16 including natural gas fueled vehicles. Pub. L. No. 102-486, § 303,  
17 106 Stat. 2871-2 (1992). Section 304 provides:

18 Federal agencies shall, to the maximum extent  
19 practicable, arrange for the fueling of alternative  
20 fueled vehicles acquired under section 303 at commercial  
fueling facilities that offer alternative fuels for sale  
to the public.

21 Id. § 304, 106 Stat. 2872.

22 This section further provides:

23 If publicly available fueling facilities are not  
24 convenient or accessible to the location of Federal  
25 alternative fueled vehicles purchased under section 303,  
26 Federal agencies are authorized to enter into commercial  
arrangements for the purposes of fueling Federal  
alternative fueled vehicles, including, as appropriate,

1                   purchase, lease contract, construction or other  
2                   arrangements in the which the Federal Government is a  
3                   participant.

4                   Id.

5                   PERCC urges the Commission to direct WNG to explore arrangements  
6                   with federal agencies in its territory to finance and develop such  
7                   commercial refueling stations to serve both federally owned  
8                   vehicles and the public.

9                   4. The Energy Policy Act has specific provisions applicable  
10                  to the Postal Service for the development of an alternative fueled  
11                  vehicle program. Id., § 311, 106 Stat. 2874-5. In procuring and  
12                  placing alternate fueled vehicles, the Postal Service is to  
13                  consider "the current and future availability of refueling and  
14                  repair facilities." Id., at 2875. The Postal Service is also to  
15                  report to Congress on its "arrangements with commercial entities  
16                  for purposes of refueling and maintenance." Id. The Commission  
17                  should direct WNG to explore arrangements with the Postal Service  
18                  for the financing and development of refueling stations in its  
19                  territory that could be used by the Postal Service as well as the  
20                  public.

21                  5. The Energy Policy Act contains numerous other provisions  
22                  that offer opportunities for WNG to join with others to finance and  
23                  construct public refueling stations. The Act authorizes the  
24                  appropriation of \$10 million per year for five years for state and  
25                  local incentive programs for the development of alternative fuels  
26                  and vehicles, including "alternative fueling facilities." Id., §

1 409, 106 Stat. 2883. Title V sets targets for alternative fueled  
2 vehicles within certain segments of the private sector, including  
3 electric utilities. Id., §§ 501, 507, 106 Stat. 2887-8; 2891-7.  
4 Private fuel suppliers are encouraged to make voluntary commitments  
5 "for the construction or availability of [alternate] fuel delivery  
6 systems." Id., § 505, 106 Stat. 2891. WNG should be directed to  
7 contact electric utilities and other entities that may be subject  
8 to the Energy Policy Act to pursue other sources of public or  
9 private funding for public refueling stations.

10 6. The Washington Legislature has found that "compressed  
11 natural gas offers significant potential to reduce vehicle  
12 emissions and to significantly decrease dependence on petroleum-  
13 based fuels." RCW 81.28.280. Moreover, the Legislature has  
14 declared that "well-developed and convenient refueling systems are  
15 imperative if compressed natural gas is to be widely used by the  
16 public." Id.

17 7. In support of this policy, the Legislature has directed  
18 the state energy office to create a school bus advisory committee  
19 to address the use of compressed natural gas by school buses. RCW  
20 70.120.214. The Legislature has also established quotas for the  
21 purchase of clean fuel vehicles by state agencies. RCW 43.19.213.  
22 Specifically, the Legislature has authorized grants to the state  
23 Energy Office "for the purpose of furthering the establishment of  
24 clean fuel refueling infrastructure." RCW 70.94.218. WNG should  
25 be directed to communicate with the Washington Energy Office, the  
26

1 school bus advisory committee, and other state agencies to  
2 implement a program for the development of public refueling  
3 facilities.

4 8. The refueling station tracker as proposed requires the  
5 ratepayers to bear most if not all of the risk of the refueling  
6 stations. WNG's proposal would allow recovery of the capital costs  
7 of the refueling stations from three sources: (1) revenues derived  
8 from the .123¢ per therm tracker, (2) revenues from the 20¢  
9 compression charge under Schedule 50, and (3) the return on the \$4  
10 million rate base for the compressors. Except for the Schedule 50  
11 revenues that would be paid only by VNG customers, the capital  
12 costs for the refueling stations would burden all WNG ratepayers.  
13 If WNG's proposed refueling tracker were approved, all of WNG's  
14 ratepayers would subsidize the cost of refueling stations that  
15 would directly benefit very few customers.

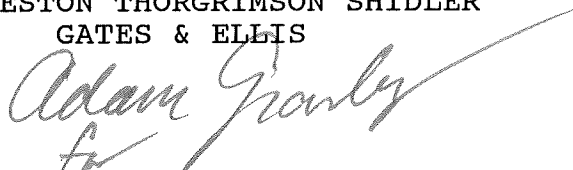
16 9. WNG's refueling tracker as proposed thus violates  
17 Washington statutes that prohibit ratepayer subsidies of refueling  
18 stations. RCW 81.28.280 specifically provides that "Nothing in  
19 [this law] is intended to . . .allow the subsidization of one  
20 ratepayer class by another." Approval of WNG's refueling station  
21 tracker as proposed would clearly violate this legislative  
22 prohibition against cross subsidization.

23 10. For the reasons stated above, the reasons stated in its  
24 prior Response and Staff's brief, PERCC urges the Commission to (1)  
25 grant the Motion to Dismiss the Refueling Station Tracker and (2)  
26

1 direct WNG to investigate sources of funding for public refueling  
2 stations that have become available by reason of recent state and  
3 federal legislation. In the event that no other source of funds  
4 becomes available in the near future, i.e., six months, WNG should  
5 be given the opportunity to present a more detailed and equitable  
6 proposal (which may include a tracker-type mechanism) for the  
7 development of public refueling facilities.

8 DATED this 2nd day of March, 1993.

9 PRESTON THORGRIMSON SHIDLER  
10 GATES & ELLIS

11   
12 By for  
13 Carol S. Arnold  
14 Attorneys for Intervenor  
15 Partnership for Equitable Rates for  
16 Commercial Customers (PERCC)

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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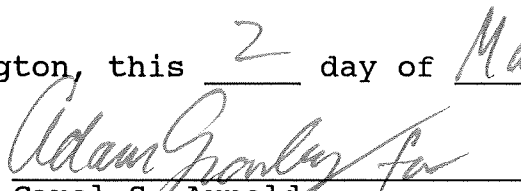
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Dated at Seattle, Washington, this 2 day of March, 1993.

  
\_\_\_\_\_  
Carol S. Arnold  
Attorney for Intervenors PERCC