

**Exh. DCG-21
Dockets UE-190529/UG-190530 and
UE-190274/UG-190275 (*consolidated*)
Witness: David C. Gomez**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-190529
and UG-190530 (*consolidated*)**

In the Matter of the Petition of

PUGET SOUND ENERGY

**For an Order Authorizing Deferral
Accounting and Ratemaking Treatment
for Short-life UT/Technology Investment**

**DOCKETS UE-190274 and
UG-190275 (*consolidated*)**

EXHIBIT TO TESTIMONY OF

David C. Gomez

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE's Response to Staff DR No. 159 Fixed-Pipeline Costs (redacted)

November 22, 2019

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

WUTC STAFF DATA REQUEST NO. 159

“CONFIDENTIAL” Table of Contents

DR NO.	“CONFIDENTIAL” Material
159	Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in the Original Question to WUTC Staff Data Request No. 159.
159	Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in Puget Sound Energy’s Response to WUTC Staff Data Request No. 159.
159	Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in Attachments A and B to Puget Sound Energy’s Response to WUTC Staff Data Request No. 159.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

WUTC STAFF DATA REQUEST NO. 159:

REDACTED VERSION

Re: Gas Transport Costs

The following background information applies to UTC Staff Data Request Nos. 159 to 160 below.

The confidential workpapers of Mr. Paul Wetherbee contain the following Excel Workbook:

PSE-Exh-PKW-03C-6-20-19(C).xlsx

The worksheet tab titled “28C Fixed gas transport” contains rates and quantities which calculate PSE’s rate year costs for its fixed gas transport required to fuel its natural gas plants (FERC Account 547).

For fixed transport on [REDACTED] distribution system under [REDACTED], Mr. Wetherbee’s workpapers contain the following:

Workpaper	Rate/Amount	Current Tariff	Rate/Amount
[REDACTED]	[REDACTED]	Contract Demand Charge	\$0.20 per therm
[REDACTED]	[REDACTED]	Not on tariff	
[REDACTED]	[REDACTED]	Not on tariff	
[REDACTED]	[REDACTED]	Not on tariff	
[REDACTED]	[REDACTED]	Tariff refers to a Gross Revenue Fee: The total of all charges shall be subject to a Gross Revenue Fee to cover state utility tax and other governmental levies imposed upon the	4.431%

		Company.	
		Not on tariff	
		Not on tariff	

Additionally, there are four tariff revisions for [REDACTED] tariff effective November 1, 2019 which affect [REDACTED]:

1. Docket UG-190455, Cost Recovery Mechanism, Schedule 597;
2. Docket UG-190772, EDIT Reversals, Schedule 581;
3. Docket UG-190775, Temporary FIT Rate Credit, Schedule 583; and
4. Docket UG-190826, WA Energy Assistance Fund, Schedule 593.

UTC STAFF DATA REQUEST NO. 159:

Referring to the most current [REDACTED] tariff in effect, explain/show how the Company calculated rate year fixed gas transport costs of [REDACTED] in Mr. Wetherbee’s workpaper referenced in the background section above. Further, recalculate rate year fixed gas transport costs based on the [REDACTED] tariff’s revised rates pending before the Commission effective November 1, 2019.

REDACTED VERSION

Response:

Puget Sound Energy (“PSE”) inadvertently used incorrect fixed gas transportation rates for Cascade Natural Gas (“CNG”) on the worksheet titled “28C Fixed Gas Transport” in *PSE-Exh-PKW-03C-6-20-19(C).xlsx*. Corrected values are presented in Table 1 below followed by an explanation of the source and/or calculation of each.

Correcting these rates increases PSE’s calculated rate year fixed CNG transportation costs to \$4.5 million, a \$685 thousand increase relative to the original \$3.8 million total. Attached as Attachment A to PSE’s Response to WUTC Staff Data Request No. 159 please find a corrected version of the worksheet “28C Fixed Gas Transport” that contains this calculation.

REDACTED VERSION

Table 1. *Original and corrected CNG fixed transportation rates*

Description	Value in original exhibit	Corrected value	CNG Tariff
1. Sch. 663 contract demand for Mint Farm and Ferndale	\$0.15/mo/therm	\$0.20/mo/therm	Schedule 663
2. Encogen contract charges	██████████	██████████	901-03 Distribution Special Contract
3. Fredonia fixed charges	██████████	██████████	Special Contract
4. Whitehorn fixed charges	██████████	██████████	901-08 Distribution Special Contract
5. Basic service charge / "Dispatch service charge"	\$500/mo	\$625/mo	Applies to all contracts. Actual amount included in Sch. 663
6. Gross revenue fee / "Cascade revenue tax"	4.535%	4.431%	Applies to all CNG charges. Actual value included in Sch. 663
7. Cascade B&O tax for Encogen	6.380%	6.383%	Schedule 500
8. Cascade B&O tax for Mint Farm	\$60/mo	\$60/mo	Schedule 500

1. Natural gas transportation service to Mint Farm and Ferndale is provided under CNG’s Schedule 663 Distribution System Transportation Service tariff. The contract demand rate of \$0.20 per therm is included in CNG’s most current effective rate.

2. The rate for Encogen contract charges is determined according to a Special Contract between PSE and CNG. The current rate is based on a nominal contract rate of ██████████ as of July 1994 and adjusted for inflation each year. The current contract rate of ██████████ is in effect through June 2020.

3. Service to Fredonia is provided under a Special Contract between PSE and CNG. Fixed charges under the contract include a fixed Facilities Charge of ██████████ per month and a Compressor Charge. The Compressor Charge is a fixed monthly payment based on CNG’s estimated actual compressor operating costs that are then trued up to actual costs after each year. CNG’s current estimated monthly Compressor Charge of ██████████ for July 2019 through June 2020 is included in the total monthly Fredonia fixed charges. The total Fredonia fixed charges of ██████████ per month also include the Basic Service Charge of \$625 per month and the Gross Revenue Fee of 4.431%.

$$\$██████████ = ██████████ + \$625) \times (1 + 4.431\%)$$

REDACTED VERSION

4. Service to Whitehorn is provided under a Special Contract between PSE and CNG. In addition to the Basic Service Charge and Gross Revenue Fee, the contract specifies a minimum monthly charge of [REDACTED]. Monthly usage charges, which are not included in fixed gas transportation costs, are first calculated at the contract commodity rate of [REDACTED] per therm. The positive difference, if any, between [REDACTED] and the monthly usage charge is billed as a fixed contract charge. PSE estimated monthly rate year usage of [REDACTED] therms based on AURORA model results, multiplied this amount by the commodity rate, and then subtracted the result from [REDACTED] to determine the monthly Whitehorn fixed contract charge.

$$[REDACTED] = [REDACTED] - [REDACTED] \times [REDACTED] + \$625 \times (1 + 4.431\%)$$

Attached as Attachment B to PSE's Response to WUTC Staff Data Request No. 159 please find a worksheet containing the detailed calculation of monthly Whitehorn fixed charges.

5. The Basic Service Charge, which is labeled "Dispatch Service Charge" in PSE's workpapers, applies to all of PSE's gas-fired plants served by CNG. The current rate of \$625 per month is specified in CNG's Schedule 663 tariff. This monthly charge is included in the total monthly fixed charges calculated for Fredonia and Whitehorn and included in Table 1, above.

6. The Gross Revenue Fee, which is labeled "Cascade Revenue Tax" in PSE's workpapers, applies to all CNG charges. The portion of this fee attributable to fixed charges is included in the total monthly fixed charges calculated for Fredonia and Whitehorn and included in Table 1, above.

7. The B&O Tax for Encogen is a City of Bellingham, Washington, tax that CNG applies to PSE's monthly invoices for service to Encogen. The rate of 6.383% is included in CNG's Schedule 500 tariff rates.

8. The B&O Tax for Mint Farm is a City of Longview, Washington, tax that CNG applies to PSE's monthly invoices for service to Mint Farm. CNG's current Schedule 500 tariff includes a rate of 6% that only applies to the first \$1,000 of each billing.

Revisions to CNG's tariff rates pending before the Washington Utilities and Transportation Commission in Dockets UG-190455, UG-190772, UG-190775, and UG-190826, will not affect PSE's calculation of rate year fixed gas transportation costs. Each of these revisions are to rates that apply to monthly delivery or usage volumes, not fixed contract or demand charges.

Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-190529 and UG-190530 as marked in Attachments A and B to PSE's Response to WUTC Staff Data Request No. 159.

**ATTACHMENTS A-B to PSE's Response
to
WUTC Staff Data Request No. 159**