

**BEFORE THE**

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.  
and NW ENERGY COALITION

For an Order Authorizing PSE To  
Implement Electric and Natural Gas  
Decoupling Mechanisms and To Record  
Accounting Entries Associated With the  
Mechanisms

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NOS. UE-121697  
and UG-121704

DOCKETS UE-130137 and  
UG-130138

**NORTHWEST INDUSTRIAL GAS  
USERS' POST HEARING BRIEF**

May 30, 2013

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## I. INTRODUCTION

1. Pursuant to Washington Administrative Code (WAC) 480-07-395 and the schedule adopted in Order 2, the Northwest Industrial Gas Users (“NWIGU”) file this Post Hearing Brief in consolidated Dockets UE-121697 and UG-121705 (the “Decoupling Docket”) and consolidated Dockets UE-130137 and UG-130138 (PSE’s Expedited Rate Filing or “ERF Docket”). As discussed in this brief, NWIGU requests the Commission approve the Multiparty Settlement Agreement (“Multiparty Settlement”) as modified by NWIGU’s Joinder. NWIGU believes the resulting rates satisfy the fair, just and reasonable standard.
2. On March 22, 2013, Commission Staff (“Staff”), Puget Sound Energy, Inc. (“PSE”) and the Northwest Energy Coalition (“NWECC”) filed a “Global Settlement” to resolve five dockets, which includes the dockets referenced above and Docket UE-121373, PSE’s Petition for Approval of a Power Purchase Agreement for Acquisition of Coal Transition Power as Defined in RCW 80.80.010, and the Recovery of Related Acquisition Costs (“Coal Transition Docket”). NWIGU did not intervene or participate in the Coal Transition Docket.
3. NWIGU originally objected to the Multiparty Settlement on multiple grounds. NWIGU objected to the Decoupling Mechanism as proposed by NWECC and PSE because the original mechanism failed to provide any gas conservation benefits for industrial customers, and, the record lacked any basis for applying those charges to industrial sales and transportation customers. After filing testimony in opposition to the Multiparty Settlement, NWIGU continued to engage in settlement discussions with PSE, Staff and NWECC. As a result of those discussions, PSE, Staff and NWECC agreed to revise the Multiparty Settlement

to address many of NWIGU's concerns. NWIGU filed its Joinder to the Multiparty Settlement on May 8, 2013.

4. The Multiparty Settlement as modified by NWIGU's Joinder now provides that the Decoupling Mechanism will not apply to industrial customers on Schedules 85, 85T, 87 and 87T, and that those customers will instead be treated consistent with "rate plan customers." The Multiparty Settlement as modified by NWIGU's Joinder further provides that the basic charge, all blocks of the delivery charge, and the gas procurement charge under Schedules 85, 85T, 87, and 87T will increase at the levels proposed in PSE's ERF at the K-factor for gas service. But, the K-Factor will not apply to the demand charges under those schedules. The amount PSE does not collect from the demand charge component will not be reallocated to the volumetric charge or any other customer charge.

## II. ARGUMENT

5. The Multiparty Settlement as modified by NWIGU's Joinder resolves fairly all natural gas related issues in this proceeding.<sup>1</sup> NWIGU believes the Multiparty Settlement as modified by NWIGU's Joinder is in the public interest and respectfully requests Commission approval of the settlement.
6. NWIGU supports the Multiparty Settlement because the overall result is a fair compromise of the issues, and is in the public interest. While the signing parties may each hold different positions on the individual components of the Multiparty Settlement, NWIGU supports the settlement because: (a) the K-Factor has been adjusted appropriately and will

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<sup>1</sup> NWIGU has no position on issues related to PSE's proposed acquisition of Coal Transition Power because they are strictly related to electricity service and NWIGU did not intervene or participate in the Coal Transition Docket.

not apply to the demand charge portion of industrial customers' bills on Schedules 85, 85T, 87, and 87T; and (b) the Decoupling Mechanism will not apply to industrial sales or transportation customers on those schedules. NWIGU urges the Commission to maintain its principled long-standing policy of not applying decoupling to large industrial gas customers, especially large volume gas transportation customers. The throughput risk PSE faces that drives much of the decoupling conversation simply does not exist from gas transportation customers, because those customers purchase their own gas and do not qualify for gas conservation programs. Additionally, company-sponsored conservation programs for non-transportation gas customers are unique and cannot be evaluated in the same way that conservation programs for other customer classes can be evaluated. Industrial customers' demands for gas, for example, are more closely tied to swings in the economy than they are to conservation programs. In addition, NWIGU believes excluding the demand portion of industrial customers' bills from the application of the K-Factor is a fair compromise of the issues in dispute. The revenue PSE does not collect from these customers will not be collected or reallocated to other customers or charges. For the reasons set forth above, NWIGU believes the Multiparty Settlement is in the public interest and should be approved by the Commission.

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### III. CONCLUSION

7. Based on the foregoing, NWIGU urges the Commission to approve the Multiparty Settlement, as modified by NWIGU's Joinder.

Dated in Portland, Oregon, this 30<sup>th</sup> day of May , 2013.

Respectfully submitted,



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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing document upon all parties of record (listed below) in this proceeding by mailing a copy properly addressed with first class postage prepaid.

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