

SERVICE DATE

NOV - 4 1992

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

WASHINGTON NATURAL GAS
COMPANY,

Respondent.

DOCKET NO. UG-911236

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

WASHINGTON NATURAL GAS
COMPANY,

Respondent.

DOCKET NO. UG-911270

COMMISSION DECISION AND
ORDER GRANTING RECONSIDERATION

FIFTH SUPPLEMENTAL ORDER

This proceeding involves Washington Natural Gas Company's Purchased Gas Adjustment. A Commission order entered on September 20, 1992, rejected the company's proposal and directed it to refile tariffs reducing rates by approximately \$8 million per year.

Among the components of the Commission's decision was a requirement that the company's purchases from Washington Energy Explorations, Inc., its affiliate, be repriced for ratemaking purposes at the average of the price it paid for gas from independent domestic suppliers, in the manner proposed by the Commission Staff for repricing using both domestic and Canadian purchases.

The company has petitioned for reconsideration, raising one issue only. It accepts the Commission's decision to reprice natural gas purchases from its affiliate. It contends, however, that the methodology by which the Commission accomplished the adjustment is unclear and that it cannot replicate the calculation. It proposes a different method of calculation. It offers additional evidence to the record in the form of natural gas purchase prices to support its proposed calculation.

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Public Counsel and Commission Staff both answered the petition. Public Counsel contends that the additional evidence respondent offers outside of the evidentiary safeguards of the hearing should be rejected. Counsel argues that the Commission order is based on the record and fully supportable; he urges that the Commission reject the petition. Counsel urges that the additional evidence be the subject of reopening, if the Commission wants to consider it, so that it can be tested by cross examination and so that other parties can respond to it.

Commission Staff also opposes reconsideration. It contends that the order is based on the record and supportable, and that it had no difficulty replicating the appropriate calculations. It submits a record of its calculations, which reach an identical result as to one portion of the adjustment and a result within \$4,000, as a result of rounding, as to the other portion.

The Commission grants reconsideration, in order to clarify its order. The Commission adopted the Commission Staff proposal for recalculating affiliated interest purchases, restricted to domestic purchases shown of record. Respondent does not object in principle to the decision.

When the Commission recalculated the adjustments based upon domestic purchases only, it adopted and used the approach proposed by Commission Staff. The accuracy of its calculation is demonstrated by the result of the Commission Staff's replication -- less than \$4,000 difference. The Commission sets out the calculation as Appendix A to this order. Because the Commission Staff submission most precisely implements the Commission decision, the Commission adopts the calculation and the result and attaches the calculation as Appendix A to this order.

On reconsideration, the Commission reaffirms its final order as fully based on the record. It clarifies the order by stating the calculation of the pertinent adjustment in Appendix A, attached to this order. It modifies the result of the order slightly, to agree precisely with the calculations set out in Appendix A. The adopted result is set out in Table I.

196

Table 1

PGA ISSUES:	Staff	Company	Difference	Commission Decision
Company's original PGA filing:	(\$2,799,000)	(\$2,799,000)	\$0	(\$2,799,000)
Proposed Changes:				
1) Affiliated Purchases	(2,651,000)	0	(2,651,000)	(2,293,802)
2) NWP's Gas Inventory Charge	(2,914,000)	0	(2,914,000)	(2,914,000)
3) Regulatory Fee	<u>(2,000)</u>	<u>(2,000)</u>	<u>0</u>	<u>(2,000)</u>
Subtotal-PGA	<u>(\$8,366,000)</u>	<u>(\$2,801,000)</u>	<u>(\$5,565,000)</u>	<u>(\$8,008,802)</u>
DEFERRED GAS COST ISSUES				
4) Firm Supply Demand Cost Dissallowance	(\$188,000)	\$0	(\$188,000)	\$0
5) 10/90 - 11/91 Affiliated Purchases	(2,876,000)	0	(\$2,876,000)	(2,679,492)
6) Gas Inventory Charge Accrual	(43,000)	(43,000)	0	(43,000)
7) Labor Charges	(323,000)	(323,000)	0	(323,000)
8) Gas Inventory Carrying Costs	(1,246,000)	0	(1,246,000)	0
9) Unauthorized Penalty Revenues	Agree	Agree		Accept
10) Exchange Revenues	Agree	Agree		Accept
11) Gains on Sale of Gas	Agree	Agree		Accept
12) Contract Reporting Requirement	Agree	Agree		Accept
Subtotal-Deferral adjustments	<u>(\$4,676,000)</u>	<u>(\$366,000)</u>	<u>(\$4,310,000)</u>	<u>(\$3,045,492)</u>

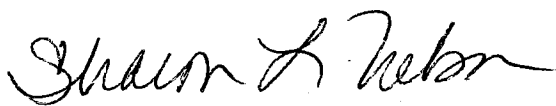
ORDER

THE COMMISSION ORDERS:

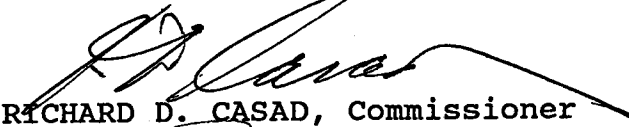
1. The petition of Washington Natural Gas for reconsideration of the Third Supplemental Commission Order in Docket Nos. UG-911236 and UG-911270 is granted.
2. On reconsideration, the methodology for calculating the affiliated interest adjustment for the Company's purchase gas rate adjustment required in the Third Supplemental Order is affirmed. The calculation is made as set out in Appendix A, attached to this order. The Commission modifies the result of the Third Supplemental Order to agree with the calculations set out in Appendix A.
3. The company shall file tariffs implementing the purchase gas adjustment as calculated in Table I in this order within ten days following the date this order is entered, subject to the requirements set out for the required tariff filing in the Third Supplemental Order.
4. The Commission retains jurisdiction over these proceedings to effectuate the terms of this order.

DATED at Olympia, Washington and effective this 2nd day of November, 1992.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



SHARON L. NELSON, Chairman



RICHARD D. CASAD, Commissioner



A. J. PARDINI, Commissioner

WASHINGTON NATURAL GAS COMPANY
 CALCULATION OF REVENUE IMPACT OF
 COMMISSION ADOPTED AFFILIATED PRICING
 1991-92 PGA
 Docket UG-911236
 (PER COMMISSION ORDER)

ATTACHMENT 1
 Page 1 of 3

	FIRM AND INTERRUPTIBLE THROUGHPUT	CENTS PER THERM DECREASE (Assc. W/ Affil. Purch.)	REVENUE IMPACT
Residential	358,482,600	(\$0.00278) (1)	(\$996,582)
Commercial	151,554,700	(\$0.00278)	(\$421,322)
Industrial	30,806,000	(\$0.00278)	(\$85,641)
Rate 85 and 86 Interruptible and Large Volume	92,412,652	(\$0.00278)	(\$256,907)
Rate 87 Interruptible and Large Volume	228,905,948	(\$0.00233) (2)	(\$533,351)
TOTAL	<u>862,161,900</u>		<u>(\$2,293,802)</u>
PER COMMISSION ORDER, APPENDIX A, "Affiliated Purchases"			(\$2,297,533)
Difference - Rounding Error			0.16%

(1) pg. 2, (\$0.00098)+(\$0.00180)

(2) pg. 2, (\$0.00098)+(\$0.00135)

WASHINGTON NATURAL GAS COMPANY
Calculation of Rate Change Associate With Affiliated Purchases
1991-92 PGA
(PER COMMISSION ORDER)

	WEEEx Volumes	Rates From Page 3	WEEEx Commodity Costs	WEEEx Demand Costs	
WEEEx Winter Volumes:					
1	Winter Contract Demand Billing Determinates (p 3)	4,152,500	\$0.0946		\$392,827
2	91/92 PGA Volumes (Exh. 14, p 6)	3,529,625	\$1.53	\$5,400,326	
WEEEx Summer Volumes:					
3	Summer Contract Demand Billing Determinates (p 2)	4,280,000	\$0.0698		\$298,744
4	91/92 PGA Volumes (Exh. 14, p 4)	2,140,000	\$1.13	\$2,418,200	
5	TOTAL WEEEx COSTS - AT COMMISSION ORDERED RATES			<u>\$7,818,526</u>	<u>\$691,571</u>
6	Per Company's Exh C-14, pgs 4 & 6			<u>8,498,881</u>	<u>\$2,074,276</u>
7	DIFFERENCE			<u>(\$680,355)</u>	<u>(\$1,382,706)</u>
8	Total Purchase Volumes (Exh C-14, p 8, ln 2)			734,233,500	
9	Per Unit Commodity Cost Change (Assoc With Comm. Ordered Affil. Pricing)			(\$0.00093)	
10	Times Loss and Unaccounted Factor (Exh 30, p 2, c. H, ln. 17 / c. K, ln. 18)			1.00818	
11	Adjusted Per Unit Commodity Cost Change (Cost Change Per Unit Sales)			(\$0.00093)	
12	Times Revenue Sensitive Tax Factor (Exh 31, p 2, ln 22)			1.04678	
13	Per Unit Sales Commodity Rate Change			<u>(\$0.00098)</u>	
				<u>Sch. 87</u>	<u>All Other</u>
				<u>Demand</u>	<u>Demand</u>
14	Allocation Of Demand Cost on Line 7 Above (See Exh 31, p 2, c L,M, ln 15 percentages)			(294,380)	(1,088,325)
15	Divided by Sales Volumes (Exh 31, p 2, c. L,M, ln 18)			228,905,948	633,255,952
16	Per Unit Sales Demand Cost Change			(\$0.00129)	(\$0.00172)
17	Times Revenue Sensitive Tax Factor (Exh 31, p 2, ln 22)			1.04678	1.04678
18	Per Unit Sales Demand Rate Change			<u>(\$0.00135)</u>	<u>(\$0.00180)</u>

WASHINGTON NATURAL GAS COMPANY
 Calculation of Affiliated Purchase Price
 For the period November 1, 1991 Through October 31, 1992
 1991-92 PGA
 (PER COMMISSION ORDER)

TABLE 1:

Ln. No.	Month (A)	# Days (B)	Daily Contract Demand (C)	Load Factor (D)	Monthly Volumes (E)	Com. Price (F)	Dem. Chrg. (G)	Commodity Costs (H)	Demand Costs (I)	Total Costs (J)	
							6.18%				
1	Nov 91	30	27,500	85%	701,250	\$1.53	\$0.0946	\$1,072,913	\$78,007	\$1,150,920	
2	Dec 91	31	27,500	85%	724,625	1.53	0.0946	1,108,676	80,607	1,189,284	
3	Jan 92	31	27,500	85%	724,625	1.53	0.0946	1,108,676	80,607	1,189,284	
4	Feb 92	28	27,500	85%	654,500	1.53	0.0946	1,001,385	72,807	1,074,192	
5	Mar 92	31	27,500	85%	724,625	1.53	0.0946	1,108,676	80,607	1,189,284	
6	Apr 92	30	20,000	50%	300,000	1.13	0.0698	339,000	41,900	380,900	
7	May 92	31	20,000	50%	310,000	1.13	0.0698	350,300	43,297	393,597	
8	Jun 92	30	20,000	50%	300,000	1.13	0.0698	339,000	41,900	380,900	
9	Jul 92	31	20,000	0%	0	1.13	0.0698	0	43,297	43,297	
10	Aug 92	31*	20,000	0%	0	1.13	0.0698	0	43,297	43,297	
11	Sep 92	30	20,000	50%	300,000	1.13	0.0698	339,000	41,900	380,900	
12	Oct 92	31	20,000	50%	310,000	1.13	0.0698	350,300	43,297	393,597	
13	Total/Avg	365	8,432,500	60%	5,049,625			\$7,117,926	\$691,525	\$7,809,451	
14	Total Weighted Average Price From Below *								\$1.4096	\$0.1369	\$1.5465
								=====	=====	=====	

TABLE 2:

WASHINGTON NATURAL GAS COMPANY
 CALCULATION OF 1991-92 WEEEX CONTRACT RATES
 PER COMMISSION ORDER

Firm Supplier: (1)	Contract Demand	Com. Rate	Dem. Rate	Com. Costs	Dem. Costs
15 Supplier E	8,000	\$1.25	\$0.29	\$10,000	\$2,320
16 Supplier F	2,500	1.38	0.33	3,450	825
17 Supplier H	7,500	1.57		11,775	0
18 Supplier I	5,000	1.44		7,200	0
20 * Weighted Average	23,000			\$1.4098	\$0.1367
21 * Total Weighted Average Non-Affil. Domestic Rate					\$1.5465

(1) Exh C-29, C-56