

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

NORTHWEST NATURAL GAS COMPANY,

Respondent.

DOCKET UG-181053

SCOTT J. RUBIN ON BEHALF OF PUBLIC COUNSEL

EXHIBIT SJR-8

Illustration of Effect on Company Revenues under Different Decoupling Methods Assuming

Normal Sales

JULY 3, 2019

Illustration of effect on Company revenues under different decoupling methods assuming normal sales

Line

Example (Rate Class 2 Only)

1	Average existing residential customer annual use (therms):	670.48	(Exh. SJR-5)
2	Average annual usage from new residential customer (therms):	522.20	(Exh. SJR-5)
3	Average rate base per residential customer:	\$ 1,800	(Exh. SJR-12, rounded to nearest \$100)
4	Average rate base to add new residential customer:	\$ 1,300	(Exh. SJR-11, rounded to nearest \$100)
5	New customer charge	\$8.00	Settlement
6	New base rate per therm	\$ 0.4652	Settlement

		Customers			
Year	Start	New	End	Average	
7	2018			74,644	
8	2019	74,644	2,969	77,613	76,129
9	2020	77,613	3,219	80,832	79,223
10	2021	80,832	3,524	84,356	82,594
11	2022	84,356	3,604	87,960	86,158
12	2023	87,960	3,707	91,667	89,814
13	2024	91,667	3,801	95,468	93,568

		Rate Base (assumes no depreciation)				
	Start	New	End	Average	RB / Cust.	
14	2018		\$ 133,050,982		\$ 1,782	
15	2019	\$ 133,050,982	\$ 3,859,700	\$ 136,910,682	\$ 134,980,832	\$ 1,764
16	2020	\$ 136,910,682	\$ 4,184,700	\$ 141,095,382	\$ 139,003,032	\$ 1,746
17	2021	\$ 141,095,382	\$ 4,581,200	\$ 145,676,582	\$ 143,385,982	\$ 1,727
18	2022	\$ 145,676,582	\$ 4,685,200	\$ 150,361,782	\$ 148,019,182	\$ 1,709
19	2023	\$ 150,361,782	\$ 4,819,100	\$ 155,180,882	\$ 152,771,332	\$ 1,693
20	2024	\$ 155,180,882	\$ 4,941,300	\$ 160,122,182	\$ 157,651,532	\$ 1,677

		Therms				
Year	Start	New	End	Average	Therms/Cust.	
21	2018		50,173,169		672.17	
22	2019	50,047,309	1,550,412	51,597,721	50,822,515	667.58
23	2020	51,597,721	1,680,962	53,278,683	52,438,202	661.91
24	2021	53,278,683	1,840,233	55,118,916	54,198,799	656.21
25	2022	55,118,916	1,882,009	57,000,924	56,059,920	650.66
26	2023	57,000,924	1,935,795	58,936,720	57,968,822	645.43
27	2024	58,936,720	1,984,882	60,921,602	59,929,161	640.49

	Year	Bills	Cust. Chg. \$	Therms	Usage \$	Revenues
28	2018	895,728	\$ 7,165,824	50,173,169	\$ 23,340,558	\$ 30,506,382
29	2019	913,548	\$ 7,308,384	50,822,515	\$ 23,642,634	\$ 30,951,018
30	2020	950,676	\$ 7,605,408	52,438,202	\$ 24,394,251	\$ 31,999,659
31	2021	991,128	\$ 7,929,024	54,198,799	\$ 25,213,281	\$ 33,142,305
32	2022	1,033,896	\$ 8,271,168	56,059,920	\$ 26,079,075	\$ 34,350,243
33	2023	1,077,768	\$ 8,622,144	57,968,822	\$ 26,967,096	\$ 35,589,240
34	2024	1,122,816	\$ 8,982,528	59,929,161	\$ 27,879,046	\$ 36,861,574

Option 1: Company proposal (per customer decoupling)

											<u>Net Revenues to Company</u>	
Year	Usage/Cust.	Difference	x Avg. Custs.	Adjustment (=prev. col x -rate/therm)	Customer chg. \$	Difference	Cust. Chg.	Usage	Total	Difference from Base	New rate per therm	
35	Base	672.17			\$ 7,165,824		\$ 7,165,824	\$ 23,340,558	\$ 30,506,382		\$ 0.4652	
36	2019	667.58	(4.58)	(348,820)	\$ 162,271	\$ 7,308,384	\$ 142,560	\$ 7,308,384	\$ 23,804,905	\$ 606,907	\$ 0.4684	
37	2020	661.91	(10.26)	(812,816)	\$ 378,122	\$ 7,605,408	\$ 439,584	\$ 7,605,408	\$ 24,772,373	\$ 1,871,399	\$ 0.4724	
38	2021	656.21	(15.96)	(1,318,090)	\$ 613,175	\$ 7,929,024	\$ 763,200	\$ 7,929,024	\$ 25,826,456	\$ 3,249,098	\$ 0.4765	
39	2022	650.66	(21.50)	(1,852,570)	\$ 861,816	\$ 8,271,168	\$ 1,105,344	\$ 8,271,168	\$ 26,940,891	\$ 4,705,677	\$ 0.4806	
40	2023	645.43	(26.73)	(2,401,107)	\$ 1,116,995	\$ 8,622,144	\$ 1,456,320	\$ 8,622,144	\$ 28,084,091	\$ 6,199,853	\$ 0.4845	
41	2024	640.49	(31.68)	(2,964,080)	\$ 1,378,890	\$ 8,982,528	\$ 1,816,704	\$ 8,982,528	\$ 29,257,936	\$ 7,734,081	\$ 0.4882	
42	Total									\$ 24,367,015		

Option 2: Public Counsel proposal (rate class decoupling)

											<u>Net Revenues to Company</u>	
Year	Class Usage	Difference	Adjustment (=prev. col x -rate/therm)	Customer chg. \$	Difference	Cust. Chg.	Usage	Total	Difference from Base			
43	Base	50,173,169		\$ 7,165,824		\$ 7,165,824	\$ 23,340,558	\$ 30,506,382		\$ 0.4652		
44	2019	50,822,515	649,346	\$ (302,076)	\$ 7,308,384	\$ 142,560	\$ 7,308,384	\$ 23,340,558	\$ 30,648,942	\$ 142,560	\$ 0.4593	
45	2020	52,438,202	2,265,033	\$ (1,053,693)	\$ 7,605,408	\$ 439,584	\$ 7,605,408	\$ 23,340,558	\$ 30,945,966	\$ 439,584	\$ 0.4451	
46	2021	54,198,799	4,025,630	\$ (1,872,723)	\$ 7,929,024	\$ 763,200	\$ 7,929,024	\$ 23,340,558	\$ 31,269,582	\$ 763,200	\$ 0.4306	
47	2022	56,059,920	5,886,751	\$ (2,738,517)	\$ 8,271,168	\$ 1,105,344	\$ 8,271,168	\$ 23,340,558	\$ 31,611,726	\$ 1,105,344	\$ 0.4164	
48	2023	57,968,822	7,795,653	\$ (3,626,538)	\$ 8,622,144	\$ 1,456,320	\$ 8,622,144	\$ 23,340,558	\$ 31,962,702	\$ 1,456,320	\$ 0.4026	
49	2024	59,929,161	9,755,992	\$ (4,538,487)	\$ 8,982,528	\$ 1,816,704	\$ 8,982,528	\$ 23,340,558	\$ 32,323,086	\$ 1,816,704	\$ 0.3895	
50	Total									\$ 5,723,712		

Sources: Existing customers, rate base, and therms from Exh. RJA-3
Customer growth from Exh. SJR-7