

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

NORTHWEST NATURAL GAS COMPANY,

Respondent.

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DOCKET UG-181053

**SCOTT J. RUBIN ON BEHALF OF PUBLIC COUNSEL**

**EXHIBIT SJR-9**

Illustration of Effect on Company Revenues under Different Decoupling Methods Assuming

Low Sales

JULY 3, 2019

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

Line

**Example (Rate Class 2 Only)**

1	Average existing residential customer annual use (therms):	603.43	(Exh. SJR-5 less 10%)
2	Average annual usage from new residential customer (therms):	469.98	(Exh. SJR-5 less 10%)
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	45,042,429	1,395,371	46,437,800	45,740,114	600.82
23 2020	46,437,800	1,512,866	47,950,665	47,194,232	595.71
24 2021	47,950,665	1,656,210	49,606,875	48,778,770	590.58
25 2022	49,606,875	1,693,808	51,300,683	50,453,779	585.60
26 2023	51,300,683	1,742,216	53,042,898	52,171,791	580.89
27 2024	53,042,898	1,786,394	54,829,292	53,936,095	576.44

	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	45,740,114	\$ 21,278,301	\$ 28,586,685
30	2020	950,676	\$ 7,605,408	47,194,232	\$ 21,954,757	\$ 29,560,165
31	2021	991,128	\$ 7,929,024	48,778,770	\$ 22,691,884	\$ 30,620,908
32	2022	1,033,896	\$ 8,271,168	50,453,779	\$ 23,471,098	\$ 31,742,266
33	2023	1,077,768	\$ 8,622,144	52,171,791	\$ 24,270,317	\$ 32,892,461
34	2024	1,122,816	\$ 8,982,528	53,936,095	\$ 25,091,072	\$ 34,073,600

**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	600.82	(71.34)	(5,431,221)	\$ 2,526,604	\$ 142,560	\$ 7,308,384	\$ 23,804,905	\$ 31,113,289	\$ 606,907	\$ 0.5204	
37	2020	595.71	(76.45)	(6,056,785)	\$ 2,817,616	\$ 439,584	\$ 7,605,408	\$ 24,772,373	\$ 32,377,781	\$ 1,871,399	\$ 0.5249	
38	2021	590.58	(81.58)	(6,738,120)	\$ 3,134,573	\$ 763,200	\$ 7,929,024	\$ 25,826,457	\$ 33,755,481	\$ 3,249,099	\$ 0.5295	
39	2022	585.60	(86.57)	(7,458,711)	\$ 3,469,792	\$ 1,105,344	\$ 8,271,168	\$ 26,940,890	\$ 35,212,058	\$ 4,705,676	\$ 0.5340	
40	2023	580.89	(91.28)	(8,198,138)	\$ 3,813,774	\$ 1,456,320	\$ 8,622,144	\$ 28,084,091	\$ 36,706,235	\$ 6,199,853	\$ 0.5383	
41	2024	576.44	(95.73)	(8,957,145)	\$ 4,166,864	\$ 1,816,704	\$ 8,982,528	\$ 29,257,936	\$ 38,240,464	\$ 7,734,081	\$ 0.5425	
42	Total									\$ 24,367,014		

**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	45,740,114	(4,433,055)	\$ 2,062,257	\$ 142,560	\$ 7,308,384	\$ 23,340,558	\$ 30,648,942	\$ 142,560	\$ 0.5103		
45	2020	47,194,232	(2,978,936)	\$ 1,385,801	\$ 439,584	\$ 7,605,408	\$ 23,340,558	\$ 30,945,966	\$ 439,584	\$ 0.4946		
46	2021	48,778,770	(1,394,399)	\$ 648,674	\$ 763,200	\$ 7,929,024	\$ 23,340,558	\$ 31,269,582	\$ 763,200	\$ 0.4785		
47	2022	50,453,779	280,610	\$ (130,540)	\$ 1,105,344	\$ 8,271,168	\$ 23,340,558	\$ 31,611,726	\$ 1,105,344	\$ 0.4626		
48	2023	52,171,791	1,998,622	\$ (929,759)	\$ 1,456,320	\$ 8,622,144	\$ 23,340,558	\$ 31,962,702	\$ 1,456,320	\$ 0.4474		
49	2024	53,936,095	3,762,927	\$ (1,750,513)	\$ 8,982,528	\$ 1,816,704	\$ 8,982,528	\$ 32,323,086	\$ 1,816,704	\$ 0.4327		
50	Total								\$ 5,723,712			

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