

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

Docket UG-181053

Washington Utilities and Transportation Commission

v.

Northwest Natural Gas d/b/a NW Natural

**RESPONSE OF PUBLIC COUNSEL TO NORTHWEST NATURAL GAS
DATA REQUEST NO. 2**

Request No: 2
Directed to: Nina Suetake
Date Received: July 9, 2019
Date Produced: July 16, 2019
Prepared by: Scott J. Rubin
Witnesses: Scott J. Rubin
Phone No.: (206) 389-2055

DATA REQUEST NO. 2:

In Public Counsel's Exhibit SJR-11, it appears that the calculation of incremental capital cost excludes costs associated with the category SM01. Please confirm whether costs in the category SM01 were excluded and, if so, please explain why these costs were excluded.

RESPONSE:

Confirmed. Mr. Rubin explains why these costs were excluded in Exhibit SJR-1T, page 22, lines 2-6, and page 29, lines 3-9 and footnote 13.

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**RESPONSE OF PUBLIC COUNSEL TO NORTHWEST NATURAL GAS
DATA REQUEST NO. 3**

Request No: 3
Directed to: Nina Suetake
Date Received: July 9, 2019
Date Produced: July 16, 2019
Prepared by: Nina Suetake, Scott J. Rubin
Witnesses: Scott J. Rubin
Phone No.: (206) 389-2055

DATA REQUEST NO. 3:

In Public Counsel's Exhibit SJR-11, it appears that the calculation of incremental capital cost excludes overhead. Please confirm whether overhead was excluded and, if so, please explain why overhead was excluded.

RESPONSE:

Confirmed. The Company has not documented the source of its estimated 38 percent overhead factor for these types of construction projects and, in particular, the appropriate factor for SM02 and SM03 projects.

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**RESPONSE OF PUBLIC COUNSEL TO NORTHWEST NATURAL GAS
DATA REQUEST NO. 4**

Request No: 4
Directed to: Nina Suetake
Date Received: July 9, 2019
Date Produced: July 16, 2019
Prepared by: Nina Suetake, Scott J. Rubin
Witnesses: Scott J. Rubin
Phone No.: (206) 389-2055

DATA REQUEST NO. 4:

It appears that Public Counsel's estimate of costs to serve new customers addresses only incremental capital investment and does not include incremental O&M expense. Please confirm whether this is correct, and if so, explain why incremental O&M expense was not included in Public Counsel's estimate of the cost to serve new customers.

RESPONSE:

Confirmed. The Company's response to WUTC Data Request 201 lists the following types of allegedly incremental O&M to serve a new customer: Meter Read, Billing, Payment Processing, and Collections. In the Company's response to WUTC Data Request 202, Attachment 2 uses \$54.55 per customer per year (escalated at 2.5 percent per year) for incremental O&M expense. None of this information, however, demonstrates that there is incremental O&M expense associated with adding a new customer or why the Company's costs would increase by more than \$4.50 additional per month to read a customer's meter, send it a bill, and process its payment.

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**RESPONSE OF PUBLIC COUNSEL TO UTC STAFF
DATA REQUEST NO. 1**

Request No: 1
Directed to: Nina Suetake
Date Received: July 12, 2019
Date Produced: July 18, 2019
Prepared by: Scott J. Rubin
Witnesses: Scott J. Rubin
Phone No.: (206) 389-2055

**UTC STAFF DATA REQUEST NO. 1:
Re: Decoupling Design**

Please list, to the best of Mr. Rubin's knowledge, the states and the utilities that implemented rate class level revenue decoupling mechanism (fixed revenue) as Mr. Rubin proposed in his response testimony in this proceeding. Please provide relevant references including regulatory utility commission orders on such decisions, academic or trade publications, research papers, and other literature.

RESPONSE:

Mr. Rubin has not conducted extensive research on this issue and he is not aware of an accurate survey or study that addresses this question.

A map prepared by the Natural Resources Defense Council indicates that, as of January 2019, 26 states had some form of gas decoupling for at least one utility and 21 states did not have any form of gas decoupling (proceedings were pending in three states).¹ For electricity distribution, 17 states have adopted some form of decoupling for at least one utility and 27 states did not have decoupling (there were pending proceedings in seven states). Mr. Rubin cannot ascertain the accuracy of this information. For example, the map lists Pennsylvania as having a pending proceeding involving electricity decoupling as of January 2019. The only proceeding of which Mr. Rubin is aware in that state that

¹ *Electric and Gas Decoupling in the U.S. January 2019*, NATURAL RESOURCES DEFENSE COUNCIL, <https://www.nrdc.org/sites/default/files/decoupling-maps-package-01.18.17.pdf> (last visited Jul. 16, 2019).

could even arguably be considering a pending decoupling proceeding was a general investigation into the procedures to implement a new state statute that allowed utilities to propose certain alternative ratemaking mechanisms (which could include some type of revenue decoupling); but the “pending” case was largely procedural in nature, it did not involve a decoupling proposal by any utility.

In 2012, a study was published that purports to provide a summary of all electric and gas utility decoupling mechanisms.² The report includes a table that purports to show the number of electric and gas utilities with per-customer decoupling mechanisms, but Mr. Rubin cannot ascertain the accuracy of that information. For example, in the detailed state summaries at the end of the report, it lists two Illinois natural gas utilities (Peoples Gas Light and Coke Co. and North Shore Gas Co.) as having revenue per customer decoupling mechanisms. Mr. Rubin knows from his experience, however, that those utilities have rate class decoupling mechanisms (see attached copies of the Volume Balancing Adjustment tariffs for those two utilities, included as Attachment A, Peoples Gas and Attachment B, North Shore).

Mr. Rubin’s personal experience involves existing or proposed decoupling mechanisms in California, Illinois, Maine, and West Virginia. Many California utilities have a complex series of automatic adjustment mechanisms. The decoupling mechanisms tend to be on a rate class basis, but there may be other adjustment mechanisms that recognize the effects of customer growth between rate cases. The Illinois decoupling mechanisms operate on a rate class basis. The cases in which Mr. Rubin was involved in Maine and West Virginia were resolved with no decoupling mechanism being put in place.

² Pamela Morgan, A DECADE OF DECOUPLING FOR US ENERGY UTILITIES: RATE IMPACTS, DESIGNS, AND OBSERVATIONS, (ACEEE Nov. 2012), <https://aceee.org/files/pdf/collaborative-reports/decade-of-decoupling.pdf>.