

Exh. BGM-1T

Docket UG-170929

Witness: Bradley G. Mullins

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION)	DOCKET UG-170929
)	
Complainant,)	
)	
v.)	
)	
CASCADE NATURAL GAS)	
CORPORATION)	
)	
Respondent.)	
_____)	

**RESPONSE TESTIMONY OF BRADLEY G. MULLINS
ON BEHALF OF
THE NORTHWEST INDUSTRIAL GAS USERS**

February 15, 2018

1 and cost estimates, simply do nothing to establish that the projects should be added to rate
2 base.”⁴

3 **Q. ARE ANY OF THE PROJECTS CASCADE IDENTIFIED APPROPRIATELY**
4 **CONSIDERED MAJOR PLANT ADDITIONS?**

5 A. Of the projects identified in Exh. MPP-6, only one appears to be even close to the level
6 that has historically been reviewed by the Commission on a post-test period basis. The
7 project titled: “6" Steel HP Main, Kennewick/Rick” (the “Richland Project”) was for
8 capital in the amount of \$4,929,287.

9 **Q. WHAT HAVE YOU CONCLUDED BASED ON YOUR REVIEW OF THE**
10 **RICHLAND PROJECT?**

11 A. Not much. In Exh. MPP-6, the description stated “The reinforcement addresses the lack
12 of adequate distribution capacity to serve core customers in downtown Richland as the
13 company experienced very low pressure conditions in Richland during extreme cold
14 weather in early January 2017. This reinforcement will also accommodate additional
15 load requested by Lamb Weston.” When requested to provide a more detailed
16 explanation of this, and other, projects in Staff Data Request 64, however, Cascade made
17 no attempt to further justify or explain the project.⁵

18 **Q. HAS THE RICHLAND PROJECT BEEN PLACED INTO SERVICE?**

19 A. Yes. In response to Public Counsel Data Request 45, the Company indicated that the
20 majority of the project was placed into service on October 5, 2017.⁶ The total amount of

⁴ *WUTC v. Pacific Power*, Dockets UE-140762 *et al.*, Order 08 at ¶165 (citing *WUTC v. PacifiCorp*, Docket UE-130043, Order 05 at ¶171 (Dec. 4, 2013)).

⁵ Exh. BGM-4 at 6 (see Row 118).

⁶ Exh. BGM-4 at 17 (see Row 118).

1 capital expended was \$4,795,619. The total capital was \$133,668 less than the Company
2 had budgeted.

3 **Q. SHOULD THE RICHLAND PROJECT BE INCLUDED ON A POST TEST**
4 **PERIOD BASIS?**

5 A. A major concern is the degree to which the project is revenue producing, and thus not
6 necessarily a contributor to regulatory lag. In addition, the brief descriptions provided by
7 Cascade are not sufficient to consider the project on a post-test period basis.
8 Notwithstanding, the project is a large project, in relation to the other capital projects
9 detailed in Exh. MPP-6. Given these considerations, I have not removed the Richland
10 Project from adjustment P-3, with the understanding that, in Rebuttal Testimony, Cascade
11 will provide further information about the Richland Project and also demonstrate that it
12 has appropriately considered all incremental revenues associated with the Richland
13 Project.

14 **Q. WHY DID CASCADE INCLUDE PROJECTS PLACED INTO SERVICE PRIOR**
15 **TO THE END OF THE TEST PERIOD IN ITS ADJUSTMENT?**

16 A. Based on the filtering criteria Cascade used, some of the projects included in Exh. MPP-6
17 with an in service date prior to January 1, 2017 were included in the pro forma
18 adjustment. Those projects however, were placed into service in the test period, and are
19 already included in revenue requirement results. Accordingly, Cascades' pro forma
20 adjustment double counts those particular capital projects.

21 **Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?**

22 A. Page 13 of Exh. BGM-3 compares my calculation of adjustment P-3 to the adjustment
23 Cascade has proposed. When performing this adjustment, I retained the incremental