



Washington Gas Light Company Utility Rate Requests **District of Columbia** Formal Case No. 1093 Decision May 15, 2013



Washington Gas – District of Columbia *Formal Case No. 1093*

- Base Rate Increase Request – Filed February 29, 2012
- The Company sought:
 - \$28,970,000 million in additional Base Rate Revenue
 - A separate surcharge to fund **\$119 million** in Accelerated Pipe Replacement (APRP) costs over 5 years
 - An **8.91%** ROR including a **10.9%** Return on Equity (ROE)

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Washington Gas Light Company - District of Columbia
Effect of Proposed Rates by Class of Firm Service in District of Columbia ¹

Rate Class Description	Operating Revenues Excluding	Operating Revenues Including Gas
	Gas Cost	Cost
	Percentage Increase in Delivery Revenue	Percentage Increase in Total Revenue
Distribution of Gas Revenue		
Residential		
Heating and/or Cooling	30.40%	15.70%
Non-heating and Non-cooling	26.50%	18.50%
Other	24.10%	13.60%
Commercial & Industrial		
Heating and/or Cooling		
Less than 3,075 therms	23.40%	13.00%
3,075 therms or more	22.40%	15.40%
Non-heating and Non-cooling	10.10%	6.90%
Group Metered Apartments		
Heating and/or Cooling		
Less than 3,075 therms	23.00%	12.60%
3,075 therms or more	22.70%	16.20%
Non-heating and Non-cooling	10.30%	6.90%
Total Non-Residential		
Total Firm Classes	25.80%	15.00%
Interruptible	0.30%	0.30%
Total Sales/Delivery Revenue	23.40%	14.20%
Other Operating Revenue		7.60%
Total Operating Revenue \$28,970,000		14.00%

¹ Formal Case No. 1093 WG (J-1) Schedule C, page 1 of 2



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Commission Decision and Results:

- On May 15, 2013, the DC PSC approved an **\$8,381,089** Million increase in natural gas rates, Order No. 17132
- DC PSC **denied** the WGL request for implementation of a \$119 Million accelerated pipeline replacement surcharge
- WGL may earn a **9.25%** Return on Equity, which is significantly less than the **10.9%** requested
- WGL may earn a **7.93%** Rate of Return (ROR of 8.91% requested)
- **The \$8,381,089 Million is recovered as follows:**
 1. 63% from Residential Class
 2. 24.5% from Commercial and Industrial Class
 3. 12.2 % from Group Metered Class
 4. Remainder from Interruptible class ~ 0.3%



Washington Gas – District of Columbia

Budget Impacts - *Formal Case No. 1093*

	<u>Increase in Delivery Over Present Rates Excluding Gas Costs</u>	<u>Increase in Delivery Over Present Rates Including Gas Costs</u>
<u>Residential</u>		
Heating/Cooling	8.0%	4.3%
Non-Heating/Non-Cooling – IMA	18.8%	13.3%
Non-Heating/Non-Cooling – Other	9.2%	5.3%
<u>Commercial & Industrial</u>		
Heating/Cooling <3075 therms	8.3%	4.5%
Heating/Cooling >3075 therms	5.4%	3.8%
Non-Heating/Non-Cooling	5.4%	3.7%
<u>Group Metered Apartments</u>		
Heating/Cooling <3075 therms	8.6%	4.9%
Heating/Cooling >3075 therms	5.5%	4.1%
Non-Heating/Non-Cooling	5.4%	3.7%
<u>Total Firm</u>	7.1%	4.2%
<u>Non-Firm</u>	0.3%	0.3%
<u>Total District of Columbia</u>	6.5%	4.0%

¹ Formal Case No. 1093 – Exhibit WG (J)-1, Schedule C, Page 1 of 3



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Additional Surcharges –

- **Annual Plant Recovery Adjustment (PRA) – Proposed by WGL**
 - ✓ The PRA was originally approved by Commission Order on December 11, 2009, Formal Case No. 1027
 - ✓ WGL proposes to Expand its PRA to provide for recovery of Accelerated Pipeline Replacement Plan costs.
 - ✓ Original PRA authorized for \$28 million over seven (7) years for recovery of the cost of replacing pipelines and mechanical couplings in response to leaks.
 - ✓ The monthly impact on ratepayers of the proposed accelerated pipeline replacement PRA has not been determined.
 - ✓ If the proposal is approved, the increase in the PRA will begin in 2013.
 - ✓ In the Company's next rate case, accelerated plant costs being recovered through the PRA will be rolled into the Company's base rates.
- ✓ **Annual Plant Recovery Adjustment – Not Approved**



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Additional Surcharges (cont.)

➤ WGL Right of Way Surcharge (ROW) ¹

Rate Effective with the April 2012 Billing Cycle	\$ 0.0313 per therm
Rate Effective with the April 2013 Billing Cycle	\$ 0.0364 per therm

➤ Sustainable Energy Trust Fund ²

FY 2009	\$0.011 per therm
FY 2010	\$0.012 per therm
FY 2012	\$0.014 per therm and each year thereafter

¹A per therm surcharge for all therms used shall be billed in addition to any other billings under this rate schedule. This surcharge will provide for the recovery of the District of Columbia Rights of Way Tax and be computed as set forth in General Service Provision No. 22, Surcharge for District of Columbia Rights of Way Fee. Source Washington Gas website under Tariff Information.

² Energy Assistance Trust Fund Surcharge & Sustainable Energy Trust Fund Surcharge effective billing month of October 2008. Amounts billed to customers shall include a surcharge to recover costs of programs implemented pursuant to the DC Clean and Affordable Energy Act of 2008 and amended by the Residential Aid Subsidy Amendment Act of 2010. Charges are mandated by the DC Government. See *DC Code § 8-1774.10 Sustainable Energy Trust Fund*, <http://dccode.org/simple/sections/8-1774.10.html>



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Additional Surcharges (cont.)

- Energy Assistance Trust Fund \$0.006/therm ¹

- Hexane Cost Adjustment
 - ✓ Implemented through Purchase Gas Charge (PGC) for Sales Service Customers
 - ✓ Implemented through Balancing Charges for Delivery Service Customers

¹Energy Assistance Trust Fund Surcharge & Sustainable Energy Trust Fund Surcharge effective billing month of October 2008. Amounts billed to customers shall include a surcharge to recover costs of programs implemented pursuant to the DC Clean and Affordable Energy Act of 2008 and amended by the Residential Aid Subsidy Amendment Act of 2010. Charges are mandated by the DC Government. See *DC Code § 8-1774.11 Energy Assistance Trust Fund*, <http://dccode.org/simple/sections/8-1774.11.html>



Washington Gas – District of Columbia

Recent Purchased Gas Charges and Balancing Charges¹

Washington Gas Purchased Gas Costs* District of Columbia

Month, Year	Dollars Per Therm
Jun-12	\$0.6301
Jul-12	\$0.6301
Aug-12	\$0.6878
Sep-12	\$0.5287
Oct-12	\$0.5287
Nov-12	\$0.5817
Dec-12	\$0.6035
Jan-13	\$0.6159
Feb-13	\$0.6545
Mar-13	\$0.6227
Apr-13	\$0.7491
May-13	\$0.7896
Jun-13	\$0.7539
Jul-13	\$0.6831

Washington Gas Balancing Charges District of Columbia

Month, Year	Dollars Per Therm
Mar 2012 - Nov 2012	\$0.0183
Dec 2012 - Feb 2013	\$0.0096
Mar 2013 - Nov 2013	\$0.0070

¹Washington Gas DC Purchased Gas Costs and Balancing Charges
<http://www.washgas.com/pages/DCCOMWashingtonGasPurchasedGasCosts>

**Reflects purchased gas costs less balancing charges listed below. Effective April 2001, the Balancing Charge is billed to third party suppliers by Washington Gas to recover a portion of Washington Gas' capacity and peaking operation's costs. The Balancing Charge does not include a portion of Washington Gas' storage costs, which are billed separately to third party suppliers.*

Washington Gas – District of Columbia Case History

Summary of WGL Rate Increase Applications and Results District of Columbia

