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July 26, 2024

**VIA ELECTRONIC FILING**

Brinda Westbrook-Sedgwick  
Commission Secretary  
Public Service Commission  
of the District of Columbia  
1325 "G" Street, N.W., Suite 800  
Washington, D.C. 20005

**Re: Formal Case No. 1169  
[ACOSS – Joint Report]**

Dear Ms. Westbrook-Sedgwick:

Transmitted for filing is the Joint Report on Washington Gas Light Company's Affiliate Cost of Service Study, pursuant to Order No. 22011.

Sincerely,

Cathy Thurston-Seignious  
Supervisor, Administrative and  
Associate General Counsel

cc: Per Certificate of Service

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF THE DISTRICT OF COLUMBIA**

IN THE MATTER OF )  
 )  
THE APPLICATION OF WASHINGTON GAS )  
LIGHT COMPANY FOR AUTHORITY TO ) Formal Case No. 1169  
INCREASE EXISTING RATES AND CHARGES )  
FOR GAS SERVICE )

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**JOINT REPORT ON WASHINGTON GAS LIGHT  
COMPANY' S AFFILIATE COST OF SERVICE STUDY**

Pursuant to Public Service Commission of the District of Columbia (“Commission”) Order No. 22011, issued on June 28, 2024, in the above-captioned proceeding, Washington Gas Light Company (“Washington Gas” or “Company”), the Apartment and Office Building Association of Metropolitan Washington (“AOBA”), District of Columbia Government, U.S. General Services Administration and District of Columbia Water and Sewer Authority (collectively, the “Parties”) hereby submit this Joint Report on Washington Gas’s Affiliate Cost of Service Study (“ACOSS”) filed on May 15, 2024 in this proceeding. As directed by the Commission, the Parties met on July 12, 2024, and discussed the topics identified in the Order pertaining to the content of the ACOSS.<sup>1</sup> The Parties were able to reach agreement on all of the substantive outstanding issues. The results of the discussions and recommendations for what should be included in the ACOSS to be filed by the Company when it files its next base rate case application are provided below. Additionally, Attachment A includes a list of information the Company agreed to include with its ACOSS.

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<sup>1</sup> Formal Case No. 1169, Order No. 22011 at 7-8 (June 28, 2024).

**I. The dollar amounts continue to show “netted” transactions.**

The Parties discussed what was meant by “netted” transactions. The Company explained that the CAM and the ACOSS both include totals comprised of inbound and outbound charges but there is no netting within these two categories of costs. AOBA requested that the Company provide each individual inbound and outbound charge separately. Washington Gas agreed with the parties to include this detail with its ACOSS that will be filed in the Company’s next base rate case (see Attachment A).

**II. The tracking of costs by FERC account is a “practical impossibility” due to the way the FERC account information has been formatted.**

AOBA expressed concern that, in some instances, the ACOSS references multiple Federal Energy Regulatory Commission (“FERC”) accounts without an ability to track which charges are included in each individual FERC account. However, the Company explained that its Jurisdictional Cost of Service Study (“JCOSS”), filed in its base rate cases, details how outbound allocations are represented and includes detail, by account, in the associated Excel files. For each category of charges, it shows the accounts that are being allocated in and out. For more clarity, the Company amended its ACOSS to report both the original Account the charges are recorded to, including the related amounts, as well as the target allocation Account. An example of this revision was presented during the meeting and the parties agreed that the Company’s future ACOSS filings will include this revision.

**III. The ACOSS lacks support for the development of allocation factors as well as the calculations.**

Washington Gas prepared and presented detailed analyses to help clarify the development of the allocation factors and underlying calculations. Washington Gas

agreed with the parties to include these analyses with its ACOSS that will be filed in the Company's next base rate case (see Attachment A).

**IV. The ACOSS is missing elements of detail included in the JCOSS and CCOSS that prevent replicability by non-WGL parties.**

Washington Gas agreed with the parties to include detailed analyses on the development and calculation of all allocation factors, as well as to amend its ACOSS to show the original account where costs are coded as well as the target allocation accounts. Washington Gas's ACOSS that will be filed in the Company's next base rate case will include this detail.

**V. The MMF model that WGL relies on, by its own admission, is for parent companies.**

Washington Gas explained that it uses the Modified Massachusetts Formula ("MMF") for limited purposes, including for the allocation of affiliate costs when a direct assignment is not possible. Washington Gas updates the MMF every quarter, taking the average of five (5) quarters from the financial statements. Washington Gas agreed with the parties to include the calculation of the MMF with its ACOSS that will be filed in the Company's next base rate case (see Attachment A).

**VI. The ACOSS is missing the amount of average invested capital used for any affiliate as well as the source documents from which average invested capital was computed.**

Washington Gas agreed with the parties to include the calculation of the MMF with its ACOSS that will be filed in the Company's next base rate case (see Attachment A). The MMF analyses will include the amount and source documents of average invested capital, as applicable, by affiliate.

**VII. The “adjusted net revenue” figures are not shown.**

Washington Gas agreed with the parties to include the calculation of the MMF with its ACOSS that will be filed in the Company’s next base rate case (see Attachment A). The MMF analyses will include the “adjusted net revenue” figures, as applicable, by affiliate.

**VIII. The ACOSS does not identify either the amounts billed monthly to each affiliate or the amounts it actually collected from each affiliate.**

Washington Gas agreed with the parties to include the detailed PeopleSoft data that presents the amounts billed to each affiliate, and collected, for the applicable test period with the ACOSS that will be filed in the Company’s next base rate case (see Attachment A).

**IX. The ACOSS does not identify the actual total transactions of each affiliate, including revenues from third parties.**

The parties agreed that the information that Washington Gas will provide with its next ACOSS filing, as shown in Attachment A, which will include net revenue figures by affiliate, will resolve this issue.

**X. The ACOSS does not document direct and assigned labor used for each affiliate in WGL’s MMF allocations.**

Washington Gas agreed with the parties to include the calculation of the MMF with its ACOSS that will be filed in the Company’s next base rate case (see Attachment A).

The MMF analyses will include details related to direct and assigned labor used for each affiliate in Washington Gas's MMF allocations.

**XI. The derivation of the "Pool Total" amounts for Time & Labor Charged to Affiliates is not documented and cannot be verified.**

Washington Gas agreed with the parties to include the PeopleSoft data that totals to the "Pool Total" amounts for Time & Labor Charged to Affiliates (see Attachment A).

**XII. The dollar amounts that are allocated or assigned to WGL are not documented, and how the amounts allocated or assigned to WGL's own utility operations were determined is also not documented.**

The Company amended its ACOSS to report both the original Account the charges are recorded to, including the related amounts, as well as the target allocation Account. An example of this revision was presented during the meeting and the parties agreed that the Company's future ACOSS filing will include this revision.

**XIII. Any other deficiency that AOBA or other parties may identify.**

Although no new concerns were raised at the meeting, the parties agreed to continue to work on refinements to the presentation of, and data and calculations included with, the ACOSS, as necessary.

**FC 1169**  
**Joint Report - Attachment A**

Below is the list of additional support that will be filed with the ACOSS:

1. Inbound and outbound charges shown separately.
2. Payroll Overheads and other allocations will have the original and target FERC Accounts and will also have the Washington Gas portion shown separately.
3. Detail Support for the Benefit Overhead rate for each of the benefit allocations.
4. Detail Support for each of the quarterly MMF factors for Washington Gas and all the affiliates. (Average Invested Capital, Adjusted Net Revenue, Direct and assigned Labor)
5. PeopleSoft System data that presents the amounts billed to each affiliate and amounts collected.
6. PeopleSoft System data for the "Pool Total" amounts for Time & Labor Charged to Affiliates.
7. PeopleSoft System data showing the calculation for Building Service and Phone allocations.

## CERTIFICATE OF SERVICE

I, the undersigned counsel, hereby certify that on this 26th day of July 2024, I caused copies of the foregoing document to be hand-delivered, mailed, postage-prepaid, or electronically delivered to the following:

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A handwritten signature in blue ink, appearing to read "Cathy Thurston-Seignious". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

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CATHY THURSTON-SEIGNIOUS