

WASHINGTON



UTILITIES AND TRANSPORTATION  
COMMISSION

**Consumer Help Line**  
888-333-WUTC (9882)  
consumer@utc.wa.gov

**TTY**  
800-416-5289

**Education and Outreach**  
360-664-1110

**Media Line**  
360-664-1116

The UTC regulates the services of privately or investor owned utility and transportation companies. Our mission is to ensure that services are fairly priced, available, reliable and safe.

**Regulated companies:**

- Telephone
- Electricity
- Natural Gas
- Water
- Garbage
- Recycling
- Residential Movers
- Charter Buses
- Airport Shuttles
- Commercial Ferries
- Natural Gas Pipeline

**General Information**  
360-664-1160  
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## Understanding Purchased Gas Cost Adjustments

### **What is a Purchased Gas Cost Adjustment (PGA)?**

A PGA is a regulatory tool used by the Utilities and Transportation Commission (UTC) to adjust the price of natural gas to reflect the changing cost of gas in the wholesale market. The single largest cost of operating a gas company is purchasing gas to sell to customers.

Companies buy gas from producers in Canada and the United States, and the price fluctuates over time. The PGA allows gas companies to periodically adjust their prices to reflect the increasing or decreasing cost of gas. Gas companies must file PGAs at least every 15 months, or within 13 months of the effective date of their last PGA they must file documents to show that a rate change is not necessary at that time (Washington Administrative Code 480-90-233). The total cost of gas is passed through to customers. This means that the company does not earn a return on or lose any money on the cost of prudently incurred gas costs.

### **How does this help the customer?**

A regular, mandatory PGA lowers the cost of regulating natural gas companies. Without the PGA process, the company would be required to file a general rate increase – an eleven month process – to reflect ever-changing natural gas market costs. Under the PGA procedure, they follow a more efficient process and reduce the number of rate cases. This benefits the customer by providing a lower cost of regulation, a charge that is typically recovered through a company's rates. This also benefits the customer because to the extent that gas rates decrease, they also see these more immediate decreases reflected in their rates.

### **How does the UTC evaluate requests for gas cost adjustments?**

When a company requests a PGA, commission staff investigate to ensure that the requested rates appropriately recover the cost of gas. The UTC will only allow the actual cost of gas to be passed along to customers. The UTC has the authority to set final rates that may vary from the company's original request, depending on the results of the staff investigation.

# Understanding Purchased Gas Cost Adjustments

## **When is a decision made on a natural gas rate request?**

Under state law, rate requests filed by companies become effective automatically unless acted on by the UTC before the requested effective date. Generally the commission has 30 days to act on a company's request. UTC staff will make its recommendations at a commission Open Meeting, held every other Thursday at the commission offices. Visit [www.utc.wa.gov](http://www.utc.wa.gov) for the Open Meeting schedule.

## **Where can I find a copy of a company's filing?**

A copy of a company's filing will be available from the UTC records office at (360) 664-1166, or through the UTC Web site at [www.utc.wa.gov](http://www.utc.wa.gov).

## **For more information**

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