

**DETERMINATION AND FINDINGS
FOR
SOLE SOURCE PROCUREMENT**

1. **Authorization**ⁱ

- D.C. Code § 34-801
- D.C. Code § 34-804
- 15 D.C.M.R. § 3700

2. **Minimum Need**

The Office of the People’s Counsel for the District of Columbia (“OPC” or “Office”) requests the services of Brubaker & Associates, Inc. for the purpose of providing expert technical services and analysis in response to Washington Gas Light Company’s (“WGL” or “Company”) application to increase its base rates with specific regard to reviewing the Company’s (“WGL’s”) recently filed, 2019 Depreciation Study.

3. **Estimated Fair and Reasonable Price**

The total contract (“not –to-exceed”) price is \$45,000.

4. **Facts That Justify a Sole Source Procurement**

- A. The Office of the People’s Counsel is an independent agency of the District of Columbia Government. By law, it is the advocate for consumers of natural gas, electric, water and landline telephone services in the District. District of Columbia law designates the Office as a party to all utility-related proceedings before the District of Columbia Public Service Commission (“PSC” or “DC PSC” or “Commission”). The Office also represents the interests of District ratepayers before federal regulatory agencies. The Office is authorized to investigate the operation and valuation of utility companies independently of any pending proceedings.
- B. Back on March 3, 2017, the DC PSC issued Order No. 18712 which, in part, directed WGL to file a new Depreciation Study at least **90 days** prior to their next rate case. On October 8, 2019, WGL submitted it’s new 2019 Depreciation Study, which indicates it retained a consultant to (1) conduct and independent review of its pipe replacement processes and practices, and (2) provide a recommended allocation methodology that identifies what portion of pipe replacement expenditures are attributable to removal versus new asset installation. The Office expects that WGL will file its new application to increase its base rates with the Commission in January 2020. As such, OPC is in urgent need of a technical consultant that can review and analyze WGL’s 2019 Depreciation Study timely and prior to WGL’s assumed filing of their Rate Application.

C. Brubaker & Associates, Inc. has extensive experience in the areas in which OPC is seeking technical services. In the past twenty-five (25) years they have participated in regulatory electric, gas, water and wastewater rate cases and have sponsored testimony on a wide variety of issues. In these rate cases, Brubaker & Associates, Inc. has testified on revenue requirement issues including normal revenues at current rates, operating expenses, rate of return (return on equity, debt cost and capital structure), depreciation rates and expense, O&M expenses, and A&G expense (affiliate service charges). Lastly, they have also provided policy testimony on proposals for proposed non-traditional regulatory mechanisms such as rider/surcharge mechanisms, the need and justification to balance interests between company and ratepayer, and certain policy changes related to typical ratemaking protocols that may be used for accelerating infrastructure modernization investments.

The technical tasks that will be covered in this procurement will include:

- Review and analyze the adequacy of WGL's 2019 Depreciation Study;
- Review the adequacy of WGL's depreciation rates and procedures;
- Provide expert analysis of, among other things: the propriety of, and reasonableness of, WGL's proposed adjustments to the current net salvage rates for mains and services, cost of removal percentages for main replacements and service replacements, and its primary depreciation rates equivalent for other general plant categories;
- Analyze the external or environmental factors that may impact the depreciation rates;
- Prepare relevant issues analyses for the preparation of testimony, pleadings, and briefs;
- Prepare and respond to data requests; and
- Attend all necessary hearings, meetings, and concerns with the Office, the Commission, and any other parties.

D. Given Brubaker & Associates, Inc.'s expertise in understanding utility rate depreciation studies and given the time-sensitive nature in which OPC needs these technical services, they are uniquely qualified and positioned to support OPC in this effort. Additionally, Brubaker & Associates, Inc. is already under contract in Formal Case No. 1156 to provide OPC with a similar analysis of Pepco's proposed Depreciation Rate Study and amortization in which they are to consider both changes to Pepco's last depreciation study, and if applicable, any proposed changes to their depreciation calculation methodologies.

E. It is for the reasons outlined herein that it is recommended that a sole source contract be awarded to Brubaker & Associates, Inc.

5. **Certification by the Contracting Officer**

I hereby certify that the above facts are accurate and complete.

Christopher K. Sellers
Contracting Officer

Date

DETERMINATION

Based on the above findings and in accordance with the District of Columbia procurement regulations: *DC Law: 34-804; DC Law: 34-801; and 15 D.C.M.R. §3700*, I hereby determine that the award of a sole source contract for the services described herein is in the best interest of the Office of the People’s Counsel.

Eric B. Scott, Esq.
Chief Operating Officer

Date

ⁱ Procurement authority is vested in the Commission pursuant to § 13(c) (2) of the Residential Real Property Seller Disclosure, Funeral Services Date Charge, and Public service Commission Independent Procurement Authority Act of 1998 (D.C. Law 12-263). The Commission is statutorily exempt from the D.C. procurement rules as set forth in D.C. Official Code § 1-1181 et seq.

D.C. Code § 34-804, hereby established within the Public Service Commission of the District of Columbia, as established by D.C. Code § 34-801, as Office to be known as the “Office of the People’s Counsel.” The Office shall be a party, as of right, in any investigation, valuation, revaluation, or proceeding of any nature by the Public Service Commission of or concerning a public utility operating in the District of Columbia.

15 D.C.M.R. § 3700: Public Utilities and Cable Television – Public Service Commission Rules of Practice and Procedure.