



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166  
TELEPHONE 509-734-4500 FACSIMILE 509-737-7166  
www.cngc.com

August 9, 2018

Mr. Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Received  
Records Management  
08/09/18 12:39  
State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

**Re: Advice No. 18-08-01  
Schedule 12, Rule 8, Extension of Distribution Facilities**

Dear Mr. Johnson,

On August 2, 2018, Cascade Natural Gas Corporation ("Cascade" or the "Company") filed revisions to its tariff in Docket No. UG-180673, confirmation ID number 11241. On the recommendation of the filing center the Company removes reference to UG-160967 and files herewith the following replacement cover letter.

The tariff sheets filed on August 2, 2018, were:

Twelfth Revision of Sheet No. 12  
Third Revision of Sheet No. 12-A  
Third Revision of Sheet No. 12-B

The purpose of this filing is to revise the Company's line extension allowance amounts for residential customers on rate schedule 503 and commercial customers on rate schedule 504. The allowances have been revised to reflect the Company's new authorized rate of return and revenues per customer class as approved per Commission Order No. 06 issued in UG-170929.

### **Background**

The Company currently uses the Perpetual New Present Value (PNPV) methodology for calculating its line extension allowances. Commission staff has expressed support for this



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166  
TELEPHONE 509-734-4500 FACSIMILE 509-737-7166  
[www.cngc.com](http://www.cngc.com)

methodology because it produces the maximum line extension allowance that is economically-viable for the company.<sup>1</sup>

A PNPV allowance is the annual basic service charge and distribution revenue for the average residential or average commercial customers, as applicable, divided by 7.31%, which is the Company's approved pre-tax rate of return as approved in Commission Order No. 06 issued in UG-170929. This methodology results in an upfront allowance for residential customers not to exceed \$3,275 and an allowance of no more than \$12,500 for commercial customers. Attached is a work paper that shows how the line extension allowance was derived.

This filing is comprised of the following electronic files:

NEW, CNGC Advice No. W18-08-01, CLtr, 08.02.18.pdf  
NEW, CNGC Advice No. W18-08-01, Sch. 12 Rule 8, Leg Tariffs, 08.02.18.pdf  
NEW, CNGC Advice No. W18-08-01, Sch. 12 Rule 8, Tariffs, 08.02.18.pdf  
NEW, CNGC Advice No. W18-08-01, WP, 08.02.18.xlsx

Questions regarding this filing should be directed to me at (509) 734-4593.

Sincerely,

*/s/ Michael Parvinen*

Michael Parvinen  
Director, Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W Grandridge Blvd  
Kennewick, WA 99336-7166  
[michael.parvinen@cngc.com](mailto:michael.parvinen@cngc.com)

Enclosures

---

<sup>1</sup> See UG-160967, Washington Utilities and Transportation Commission, Open Meeting Memo dated 08/30/2016