

*Washington Utilities and Transportation Commission*  
v.  
*Cascade Natural Gas Corporation*  
**Bench Request**  
**UG-200568**

**Bench Request No. 7**

Date prepared: March 15, 2021

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**Bench Request 7:**

Referring to Mullins, Exh. BGM-7T at 14:14 -14:21 and the Settlement Agreement in the Company's 2017 general rate case<sup>1</sup>, does Cascade's accounting separately track protected-plus Excess Deferred Income Taxes (EDIT) and unprotected EDIT in sub-accounts within FERC Account 254? If yes, then please explain why Cascade could not provide separate and precise protected plus and unprotected EDIT balances in response to AWEC Data Request 38.

**Response:**

Cascade separately tracks protected-plus EDITs in FERC Account 282, sub accounts 962 (federal) and 862 (state). The gross-ups on these accounts are recorded in FERC Account 282, sub accounts 961 (federal) and 861 (state).

Cascade separately tracks unprotected EDIT's in FERC Accounts 190 and 283, sub accounts 962 (federal), and 862 (state). The gross-ups on these accounts are recorded in FERC Accounts 190 and 283, sub accounts 961 (federal) and 861 (state), respectively.

The sum of the EDITs plus their associated gross-ups are recorded within FERC Account 254. Protected EDIT balances plus gross-ups, are reported separately in in sub-account 20201. Unprotected EDIT balance plus gross ups, are reported separately in sub-account 20217.

All these general ledger accounts are maintained on a total company basis. Jurisdictional detail for Washington and Oregon is maintained within the Company's tax accounting software.

1

*See WUTC v. Cascade Natural Gas Corporation*, Docket UG-170929, Order 06, App. A ¶ 14-18 (July 20, 2018) (Partial Joint Settlement Agreement).

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As discussed in AWEC 38, protected-plus and unprotected EDIT's, excluding gross-ups are recorded in their originating FERC account as contra accounts to the historical deferred tax balances with an offsetting regulatory liability in the 254 account which includes both the EDIT balance and the gross-up on that EDIT balance.

Also as discussed in AWEC 38, the separate and precise EDIT balances were provided in UG-200568 CNGC Exh MCP 8-10 and WP-1, 07.24.20, "Adv for Const. & Def Tax". The EDIT balance accounts are noted as "FAS 109 adj" (sub accounts 962 and 862). The Gross-ups on these accounts are noted as "Gross-up" accounts (sub accounts 961 and 861).

See highlighted lines in UG-200568 CNGC Exh MCP 8-10 and WP-1, 07.24.20, below.

Line No.	A	B	C	D	E	F	G	H	I	AT
	Cascade Natural Gas Corporation UG 20 MCP WP-1.4 Advance for Construction & Deferred Taxes twelve Months Ended December 31, 2019									
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