Washington Utilities and Transportation Commission

v.

Cascade Natural Gas Corporation Bench Request UG-200568

Bench Request No. 7

Date prepared: March 15, 2021

Preparer: Tony Durado

Contact: Christopher Mickelson

Email: Christopher.Mickelson@cngc.com

Telephone: 509-734-4549

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 case¹, does Cascade's accounting separately track protected-plus Excess Deferred Income Taxes (EDIT) and unprotected EDIT in subaccounts 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.

Α	В	C	D	E	F	G	Н	1	AT
				Ca	scade Natural Gas Corporation UG 20 MCP WP-1.4 e for Construction & Deferred Taxes elve Months Ended December 31, 2				
				Advance					
ine No.	A	В		C	D	E	F	G	AR
1				-				dger Type	AA
2	E!	71	N E	44				Year	2019
3	Figures are exported fr	om JI	JE I	ine				Format	LTD
4	company's accounting	o softv	var	0				Period	12
5	company s accounting	Sojir	<i>, ,,,</i>	<u> </u>				Currency	***
6								Carrency	
35									(105,143,322
30	OTHER DEFERRED TAXES:								(100,140,02
31	State Grossup	00047			1900	861		-	(6,239
32	State FAS 109 adi	00047			1900	862			2.00
34	State Non-current deferred Tax	00047			1900	865			329.51
35	State Current Deferred Tax	00047			1900	875			152.23
36	Federal Grossup	00047			1900	961			(71.28
37	Federal FAS 109 adi	00047			1900	962			(270.15)
39	Federal Non-current deferred Tax	00047			1900	965			3,764,79
40	Federal Current Deferred Tax	00047			1900	975			1,739,29
41	Teoeral Corrent Deferres Tax	00047			1500	273			5,640,16
42									3,040,10
43	State Grossup	00047			2820	861			850,01
44	State FAS 109 adi	00047			2820	862			(748,37
46	State Non-current deferred Tax	00047			2820	865			505,73
47	State Current Deferred Tax	00047			2820	875			505,755
48	Federal Grossup	00047			2820	961			9,711,53
49	Federal FAS 109 adi	00047			2820	962			37,290,72
51	Federal Non-current deferred Tax	00047			2820	965			496.45
52	Federal Current Deferred Tax	00047			2820	975			,
53									48.106.079
54									,,
55	State Grossup	00047			2830	861			145,554
56	State FAS 109 adj	00047			2830	862			(70,88
58	State Non-current deferred Tax	00047			2830	865			(3,272,46
59	State Current Deferred Tax	00047			2830	875			(=,=,=,,
60	Federal Grossup	00047			2830	961			1,662,98
61	Federal FAS 109 adi	00047			2830	962			6,326,86
63	Federal Non-current deferred Tax	00047			2830	965			(41,379,61
64	Federal Current Deferred Tax	00047			2830	975			(,,
65					1	1			(36,587,56
66		1					_		(30)-01)-