



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803
www.cngc.com

April 30, 2025

Jeff Killip
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: UG-240008, Compliance Filing
Annual Provisional Plant Report

Director Killip

Cascade Natural Gas Corporation ("Cascade" or "Company") submits to the Washington Utilities and Transportation Commission ("Commission") its Annual Provisional Plant Report ("Report"), which is required per Order No. 05 ("Final Order"), issued in docket UG-240008, Cascade's most recent multi-year rate plan ("MYRP").¹ Based on the Report, the actual amount of plant placed in service in 2024 rate base is \$67,984,747, which is less than the \$97,736,858 of plant additions authorized by the Commission, resulting in a revenue requirement reduction of \$3,710,322. The Report contains the following required elements per the Final Order:²

1. Actual costs versus authorized costs, as well as explanations for significant cost variances, defined as variances greater than 10 percent or \$500,000 from the authorized cost.
2. Actual in-service date by month and year.
3. Any material changes to the project descriptions.
4. In the case of significant cost overruns, an update to the project description, that includes the justification to continue to invest in the project.
5. Updated information (if any) on offsetting factors for any Funding Projects.

¹ WUTC Order No. 05, Docket No. UG-240008, ¶¶61-77, pps. 19-25. Please note that any mention of the Final Order includes reference to the Commission's Notice of Errata to Order 05 issued February 27, 2025, in UG-240008.

² *Ibid.*

6. Detailed description of any Funding Projects not approved by Commission Order.
7. All data and information included in the Company's annual provisional plant report will include the same level of detail expected in a general rate case filing pursuant to WAC 480-07-510(3)(a), (c), (h), (i), and (4).
8. Compare actual used and useful plant with the level of plant included in provisional rates, thus applying a refund that is consistent with the property valuation statute, RCW 80.04.250.
9. Demonstrate all offsetting benefits received or for which it has applied for through the Inflation Reduction Act ("IRA") and Infrastructure Investment and Jobs Act ("IIJA") for all provisional plant. Reporting on all IRA/IIJA funding, tax benefits, or any other benefit for which the Company has applied and the reason justifying any decision not to pursue IRA and IIJA funding options for which the Company may be eligible.

The Final Order also requires the following additional actions:

1. The filings should clearly indicate whether the provisional plant is identified in the most recent Integrated Resource Plan ("IRP") and where it is identified, and whether it is required for Climate Commitment Act ("CCA") compliance.
2. Project cost information must be provided on both an annual and cumulative rate-effective period basis.
3. A narrative should be attached to the filing that describes the filing structure and how the worksheets relate and function together.
4. The provisional plant review filing must maintain consistent project naming conventions found in this MYRP and be submitted in this Docket.³

Finally, the Final Order authorizes a Project-by-Project review for specifically identified projects and projects over \$3 million. It also authorizes a portfolio review for small projects with budget amounts of less than \$3 million. The portfolio review "will provide Cascade with latitude to use unspent funds to allow for new projects, while ensuring the Company remains accountable to demonstrate the prudence of expenses incurred."⁴

Cascade itemizes below how the above elements are addressed.

Filing Structure Narrative

The discussion in this cover letter as well as Attachments A, B, C, D, E, and F constitute the entirety of the Company's Report. This cover letter explains the requirements of the Report as outlined above and in the Final Order and demonstrates how Cascade has complied with these requirements. The following is a brief summary of each Attachment which will be discussed more fully throughout this cover letter:

- Attachment A (see "UG-240008-CNGC-Provisional-Plant-Rpt-Attach A-04-30-2025.pdf") provides a listing of 2024 plant additions including projects previously authorized in the Final Order as well as new projects subject to portfolio review. The following information is provided for each project: whether the project is subject to project or portfolio review; the

³ *IBID.*

⁴ *IBID.*

witness responsible for the project; the reference to the original testimony supporting the project; the funding project number; a short project description; the FERC account number; the authorized project cost; the month and year closed to plant; the actual project cost; the cumulative rate-effective period project cost; the dollar variance between authorized and actual project cost; the percentage variance between authorized and actual project cost; if the project experienced a significant cost variance; if the project experienced a significant cost overrun; a reference to the 2023 IRP for certain projects; the allowed cost in rate base.

- Attachment B (see “UG-240008-CNGC-Provisional-Plant-Rpt-Attach B-04-30-2025.pdf”) provides explanations for any project that experienced a significant cost variance including discussions of material changes to project descriptions and justification for significant cost overruns.
- Attachment C (see “UG-240008-CNGC-Provisional-Plant-Rpt-Attach C-04-30-2025.pdf”) provides detailed descriptions of portfolio review funding projects not approved by the Final Order.
- Attachment D (see “UG-240008-CNGC-Provisional-Plant-Rpt-Attach D-04-30-2025.pdf”) provides the calculation of the revenue requirement reduction due to lower actual plant amounts versus authorized plant amounts.
- Attachment E (see “UG-240008-CNGC-Provisional-Plant-Rpt-Attach E-04-30-2025.pdf”) provides support for the significant cost variance explanations for the following funding projects: FP-316046, FP-320004, FP-320006, FP-322165, FP-322173.
- Attachment F (see “UG-240008-CNGC-Provisional-Plant-Rpt-Attach F-04-30-2025.xlsx”) is the native Excel file which produced Attachments A and D.

Actual Cost Versus Authorized Costs

Attachment A lists the actual cost (column (I)), authorized cost (column (G)), and the resulting dollar and percent variances (columns (K) and (L), respectively) for each funding project included in the Company’s Settlement. Significant cost variances greater than \$500,000 or 10% are identified in column (M). Explanations for significant cost variances are provided in Attachment B. Explanations are grouped by either “Project Review” or “Portfolio Review” and sorted according to the funding project number consistent with the presentation in Attachment A.

The Settlement Adjustment at the bottom of Attachment A was included in the Commission-authorized plant amount as an agreed-upon reduction to the Company’s revenue requirement related to the 2024 plant estimate. The Settlement Adjustment was not specific to any particular plant projects. Since this Report uses actual 2024 plant additions, the reduction is no longer necessary and is added back as a positive variance in column (K).

Actual in-service date

In-service dates are provided in Attachment A, column (H) for projects closed to plant in-service in year 2024.

Material changes to project descriptions

Instances of a material change to the project description are addressed in the explanations provided in Attachment B when applicable.

Significant cost overruns

Projects that experienced a significant cost overrun are identified in Attachment A, column (N). For these projects, the explanations provided in Attachment B include an update to the project description as well as the justification to continue to invest in the project.

Offsetting factors

As seen in the explanations for Attachments B and C, the Company considered updates to offsetting factors for each funding project. However, the Company did not identify any updates to the offsetting factors already included in the Commission-authorized provisional rates.

New funding projects subject to portfolio review

Attachment A identifies new projects that were not included in the Commission-authorized provisional rates. Following the process outlined in the Company's MYRP, the Company provided project summaries for new minor funding projects under \$1 million and a detailed description for the one new major funding project over \$1 million but under the \$3 million Project-by-Project threshold. These descriptions of the new funding projects are included in Attachment C and sorted by funding project number consistent with the presentation in Attachment A.

Data and information in annual provisional plant report

Pursuant to WAC 480-07-510(3)(a), (c), (h), (i), and (4), Cascade provides the same level of detail for all data and information included in this annual provisional plant report, consistent with what is expected in a general rate case filing.

Compare actual used and useful plant to plant included in provisional rates

Attachment A, columns (G) and (I) show the authorized cost currently included in provisional rates and the actual cost of 2024 plant, respectively. Attachment A, column (P) shows the plant amounts allowed in rate base after applying the project and portfolio review process. The Company used the amounts in column (P) to calculate the impact to the Rate Year 1 ("RY1") revenue requirement approved in the Final Order. Attachment D shows the calculation of the RY1 revenue requirement reduction of \$3,710,322. To calculate this reduction, the Company compared the revenue requirement effect of the PR-1 adjustment authorized in the Final Order to the updated revenue requirement effect of the PR-1 adjustment after accounting for the lower plant numbers from Attachment A, column (P). This lower revenue requirement and its effect on rates is addressed in Cascade's filing, Advice No. W25-04-01, which was submitted on the same day as this filing.

Offsetting benefits through IRA and IIJA

Cascade has not received nor applied for any offsetting benefits through the IRA and IIJA because neither the IRA nor the IIJA are applicable to the plant projects reported in Attachment A.

Provisional plant identified in the most recent IRP/required for CCA compliance

Funding projects that are related to capacity enhancements detailed in the 2023 IRP are identified in column (O) of Attachment A with page number references to Appendix I of Docket UG-220131 for each area of interest. There are no CCA compliance related projects included in Attachment A. The Company's original multi-year rate plan filing in this docket included several projects that were related to CCA compliance, however, these projects were removed from plant during settlement proceedings.

Annual and cumulative rate-effective period project cost information

Attachment A shows both the annual and cumulative rate-effective period project cost information in columns (I) and (J), respectively. Please note that the amounts in these two columns are the same because the plant amounts included in base rates were put in service before the rate effective date.

Consistent project naming conventions

The Company is filing this Report in the same docket as its MYRP filing and has maintained the same project naming convention in Attachments A, B, and C as was used in the Company's MYRP.

Other Information

A Certificate of Service is attached stating that parties to Docket UG-240008 were provided notice of this filing.

This electronic filing comprises the following files:

- UG-240008-CNGC-Provisional-Plant-CLtr-04-30-2025.pdf
- UG-240008-CNGC-Provisional-Plant-Rpt-Attach A-04-30-2025.pdf
- UG-240008-CNGC-Provisional-Plant-Rpt-Attach B-04-30-2025.pdf
- UG-240008-CNGC-Provisional-Plant-Rpt-Attach C-04-30-2025.pdf
- UG-240008-CNGC-Provisional-Plant-Rpt-Attach D-04-30-2025.pdf
- UG-240008-CNGC-Provisional-Plant-Rpt-Attach E-04-30-2025.pdf
- UG-240008-CNGC-Provisional-Plant-Rpt-Attach F-04-30-2025.xlsx
- UG-240008-CNGC-Provisional-Plant-COS-04-30-2025.pdf

Please direct any questions regarding this filing to me at (208) 377-6015 or Jacob Darrington at (208) 377-6041.

Sincerely,

/s/ Lori Blattner

Lori Blattner
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336-7166
lori.blattner@intgas.com

Attachments