

Agenda Date: October 9, 2002
Item Number: A1

Docket: UG-020952
Company Name: Cascade Natural Gas Corporation

Staff: Mike Parvinen, Regulatory Analyst
Thomas Schooley, Regulatory Analyst
Ken Elgin, Case Strategist

Recommendation:

Issue an order approving the petition as modified in Docket UG-020952.

Discussion:

On July 24, 2002, Cascade Natural Gas Corporation filed an accounting petition requesting deferral treatment of a buy-down payment to Northwest Pipeline for the Tumwater Compressor Station. After numerous discussions between the Company and Staff, the parties reached an impasse. The primary disagreement was the interest rate to be applied to the deferral balance.

On September 25, 2002, the matter was brought to the Commission with a recommendation that the matter be set for hearing. Staff included two potential alternatives that it considered appropriate accounting treatment for this item in its memorandum to the Commission. The Commission accepted Staff's recommendation that the matter be set for hearing, but encouraged the parties to strive for resolution of the outstanding issues. A notice of hearing has not been issued.

On October 3, 2002, Cascade filed modifications to its petition reflecting an interest rate consistent with WAC 480-90-233, thereby resolving the remaining outstanding issue.

The petition allows the Company to defer the buy-down costs in account 191 (Unrecovered Purchased Gas Costs), accrue interest at the FERC interest rate as prescribed in WAC 480-90-233, amortize the balance over seven years, and recover the amortization in the Purchase Gas Adjustment (PGA) mechanism.

Conclusion:

Staff is satisfied that the petition as modified provides a fair outcome to both Cascade and Ratepayers. Staff recommends that the Commission issue an order approving the petition as modified in Docket UG-020952.