

Gresham, Maryalice

From: Gresham, Maryalice
Sent: Friday, September 23, 2022 1:00 PM
To: Gresham, Maryalice
Subject: RE: Cascade Natural Gas files annual purchased gas adjustment with WUTC

From: Mark Hanson <mark.hanson@mduresources.com>
Sent: Friday, September 23, 2022 11:52 AM
To: Hanson, Mark <mark.hanson@mduresources.com>
Subject: Cascade Natural Gas files annual purchased gas adjustment with WUTC

Cascade Natural Gas files annual purchased gas adjustment with WUTC

KENNEWICK, WASH. – Sept. 23, 2022 – Cascade Natural Gas filed several annual cost adjustments, including its annual purchased gas cost adjustment, with the Washington Utilities and Transportation Commission. The combined effect of all the filings is a request to increase prices by an overall average of 22.8%.

The filings submitted to the UTC for consideration also include the cost recovery mechanism for pipeline replacement, a decoupling mechanism adjustment, a conservation adjustment, and an unprotected excess deferred income tax adjustment. The changes are proposed to become effective Nov. 1.

The biggest impact to prices is within the purchased gas adjustment, or PGA. The monthly natural gas cost impact to an average residential customer using 54 therms per month is about \$13.54. The average monthly increase for the other four filings is \$0.98, for a combined total increase of \$14.52.

“We understand prices have increased for many day-to-day necessities because of inflation; securing a reliable source of natural gas for our customers is facing similar price increases,” said Scott Madison, executive vice president of business development and gas supply. “Cascade goes through a robust process to secure an adequate supply, using different sources and methods to mitigate price increases as much as possible.”

The cost of natural gas, which includes pipeline and storage costs, has increased significantly since last year. That price pressure not only is impacting natural gas customers across the United States, but also around the globe.

There are several reasons for high natural gas costs:

- Electric power generated by natural gas-fired power plants reached a new peak in July. The demand for the July was the highest since 2012 according to S&P Global Platts Analytics.
- Russia’s invasion of Ukraine has put a strain on supply across Europe, which in turn has increased liquified natural gas imports. LNG exports from the U.S. are at all-time highs.
- Underground storage is lower than the five-year average, and much of the natural gas put into storage over the summer was at a higher price than what’s typical for that time of year.

The PGA application is filed each year to ensure the costs Cascade Natural Gas incurs on behalf of its customers are reflected in its sales prices. The cost of natural gas is a straight passthrough to customers; Cascade does not earn a profit on the cost of natural gas.

Customers can contact the WUTC to submit comment or to be notified of the scheduled open meeting, at which time the proposal will be considered by the commission:

- On the WUTC website at www.utc.wa.gov, and click on Submit a Comment
- By email to comments@utc.wa.gov
- By phone at 1-888-333-9882
- In writing at WUTC, P.O. Box 47250, Olympia, WA 98504-7250.

Customers also can contact Cascade Natural Gas at 888-522-1130 for more information.

Cascade Natural Gas urges all customers to use energy wisely. For more information about the company's energy efficiency program, available rebates for installing high efficiency equipment, conservation tips, information on government payment energy assistance and programs to help consumers level out their energy bills over the year, go to the company's website: www.cngc.com.

*****NOTE: Please see the attached file for additional information*****

Cascade Natural Gas is a natural gas distribution company serving approximately 310,275 residential, commercial, industrial and transportation customers in 95 communities in Washington and Oregon. Cascade is a subsidiary of MDU Resources Group, Inc., a member of the S&P MidCap 400 and the S&P High-Yield Dividend Aristocrats indices, is Building a Strong America® by providing essential products and services through its regulated energy delivery and construction materials and services businesses. For more information about MDU Resources, see the company's website at www.mdu.com. For more information about Cascade, visit www.cngc.com.

Media Contact: Mark Hanson at 701-530-1093 or mark.hanson@mduresources.com

NOTICE OF PROPOSED RATE CHANGES

Cascade Natural Gas Corporation proposes an overall average 22.8 percent increase in natural gas rates.

In September 2022, Cascade Natural Gas Corporation (Cascade) will file the following requests with the Washington Utilities and Transportation Commission (WUTC) proposing an overall average 22.8 percent increase for all customer groups with natural gas service. The changes are proposed to become effective November 1, 2022:

- **Purchased Gas Adjustment (PGA):** Cascade requested an increase to rates to recover the cost of natural gas. Gas costs are a straight pass through of costs, where Cascade does not earn a profit on these costs. For gas costs alone, the average residential customer using 54 therms per month will see a bill increase of \$13.54 per month or 22.19 percent more. The proposed rate increase is primarily due to an increase in wholesale natural gas costs above the level presently included in rates.
- **Cost Recovery Mechanism for Pipeline Replacement (CRM):** Cascade asked for an overall average increase to rates of 0.83 percent to recover costs incurred for the replacement of aging natural gas pipes from November 1, 2021, through October 31, 2022. The CRM helps Cascade continue to provide customers with safe and reliable gas service. The typical residential customer using 54 therms per month will see a bill increase of \$0.54 cents per month or 0.89 percent more for the CRM costs alone.
- **Decoupling Mechanism Adjustment:** Decoupling refers to the disassociation of a utility profits from total gas sales, so utilities do not have an incentive to try to sell more energy. Cascade requested to charge customers the difference between authorized revenue and actual billed revenue consistent with Cascade's Rule 21, Decoupling Mechanism, and Commission Order 04 in Docket UG-152286. The proposed rate increase is primarily due to an increase in installation of conservation measures, weather variations, and different gas usage patterns. For the decoupling mechanism adjustment, the average residential customer using 54 therms per month will see a bill increase of \$0.45 per month or 0.73 percent more.
- **Conservation:** Cascade works with its customers to implement energy efficiency programs, which reduce energy use and saves gas at less than half the cost of new supply. These programs offer financial incentives that can help reduce the cost of energy for customers. Cascade requested an increase to rates to collect actual conservation costs from the previous twelve-month period. The purpose of the conservation adjustment is to pass on changes in the amount of conservation program expenditures compared to what has been collected from customers. An average residential customer using 54 therms per month will see a bill increase of \$0.01 per month or 0.02 percent more.
- **Unprotected Excess Deferred Income Tax:** This relates to the Tax Cut and Jobs Act that reduced the federal income tax rate effective January 1, 2018. The average residential customer using 54 therms per month will see a bill decrease of \$0.02 cents per month or 0.03 percent less.

The WUTC will review each of these filings and has the authority to set final rates that may vary from Cascade's requests, either higher or lower, depending on the results of its investigation.

If the WUTC approves all proposals, the total increase for a typical residential customer using 54 therms per month will be \$14.52 more per month or 23.81 percent, bringing the total average monthly Cascade bill to \$75.52 from \$61.00. The combined proposed rate changes for residential, commercial, and industrial customers are:

Type of Service	Current Rate**	Current Avg Bill *	Proposed Rate**	Proposed Avg Bill *	Dollar Change in Bill	Percent Change in Bill
Residential, Schedule 503	\$1.03712	\$61.00	\$1.30606	\$75.52	\$14.52	23.81%
Commercial, Schedule 504	\$0.97066	\$276.05	\$1.26147	\$354.86	\$78.81	28.55%
Industrial Firm, Schedule 505	\$0.89552	\$1,784.08	\$1.16029	\$2,311.50	\$527.42	29.56%
Com-Ind Dual Service, Schedule 511	\$0.78754	\$11,356.56	\$1.06687	\$16,004.33	\$4,647.77	40.93%
Industrial Interruptible, Schedule 570	\$0.75482	\$17,699.73	\$1.00060	\$23,409.94	\$5,710.21	32.26%
Transportation Service, Schedule 663	\$0.06583	\$12,011.17	\$0.06661	\$12,234.16	\$222.99	1.86%

* The average bill includes the monthly basic charge which has not changed with this filing.

** Due to tiered rate structures based on individual customer consumption, Rate Schedules 505, 511, 570, and 663 reflect average rates.

For additional information on the proposed rate changes, conservation tips, energy efficiency programs, energy assistance programs, and bill payment plans, visit Cascade Natural Gas’s website at www.cngc.com; call 1-888-522-1130; or write to c/o Cascade Regulatory Department, 8113 W Grandridge Blvd, Kennewick WA 99336-7166.

You can contact the WUTC to submit comment or to be notified of the scheduled open meeting, at which time the proposal will be considered by the commission:

- On the WUTC website at www.utc.wa.gov, and click on Submit a Comment
- By email to: comments@utc.wa.gov
- By phone at: 1-888-333-9882
- In writing: WUTC, P.O. BOX 47250, Olympia, WA 98504-7250

Please include your name and mailing address, reference the name of company (Cascade Natural Gas Corporation) and Advice Nos. CNG/W22-06-01, CNG/W22-09-01, CNG/W22-09-02, CNG/ W22-09-03, and CNG/W22-09-04.

The WUTC is committed to providing reasonable accommodations to participants with disabilities: Contact WUTC at 360-664-1132, 306-664-1243 or email humanresources@utc.wa.gov.



Notice sent to news editors of area within Cascade Natural Gas's territory.

Outlet Name	Outlet City
Anacortes American	Anacortes
Daily Sun-News	Sunnyside
Longview Daily News	Longview
Longview Daily News	Longview
Walla Walla Union Bulletin	Walla Walla
Walla Walla Union Bulletin	Walla Walla
Daily News, The	Longview
Bellingham Herald	Bellingham
Daily World, The	Aberdeen
Ferndale Record	Ferndale
Kitsap Sun	Bremerton
Northern Light, The	Blaine
Seattle Times, The	Seattle
Skagit Valley Herald	Mount Vernon
Skagit Valley Herald, The	Mount Vernon
Wenatchee World	Wenatchee
Columbia Basin Herald	Moses Lake
Sunny Side Sun	Sunnyside
Tri-City Herald	Kennewick
Yakama Nation Review	Toppenish
Yakima Herald-Republic	Yakima
Yakima Valley Business Times	Yakima