

Exhibit No. __ (JGG-1T)
Docket No. UG-17____
Witness: Jennifer G. Gross

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-17____

**CASCADE NATURAL GAS CORPORATION
INITIAL TESTIMONY OF JENNIFER G. GROSS**

July 31, 2017

TABLE OF CONTENTS

I. INTRODUCTION 1

II. SCOPE AND SUMMARY OF TESTIMONY 2

III. PROPOSED TARIFF, WN U-4 2

IV. CONCLUSION..... 9

I. INTRODUCTION

1 **Q. Please state your name and business address**

2 A. My name is Jennifer G. Gross. My business address is 8113 W. Grandridge Boulevard,
3 Kennewick, Washington 99336-7166. My email address is jennifer.gross@cngc.com.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Cascade Natural Gas Corporation (“Cascade” or “Company”) as a
6 Regulatory Analyst IV.

7 **Q. How long have you been employed by Cascade?**

8 A. I have been with the Company since May 4, 2015.

9 **Q. What are your educational and professional qualifications?**

10 A. I graduated from Oregon State University in June 1993 with a Bachelor of Arts in
11 English and from Portland State University in December 1995 with a Master of Arts in
12 English.

13 I worked for Portland General Electric for twelve years in various capacities
14 including seven years as a Regulatory Analyst in Rates and Regulatory Affairs.
15 Following my time at Portland General Electric, I worked seven years as a Tariff and
16 Compliance Consultant in the Rates and Regulatory Department at Northwest Natural
17 Gas Corporation. In 2015, I began working for Cascade Natural Gas Corporation as a
18 Regulatory Analyst.

19 **Q. Have you testified before the Washington Utility and Transportation Commission
20 (“Commission”) before?**

21 A. Yes. I testified before the Commission in the Company’s last general rate case in
22 Washington, docketed as UG-152286. I have also testified before the Public Utility
23 Commission of Oregon in Cascade’s most recent Oregon general rate case, Docket No.
24 UG 305, and I have prepared materials and assisted in other utility proceedings including
25 advice filings, rulemakings, various Commission investigations, and rate cases.

II. SCOPE AND SUMMARY OF TESTIMONY

1 **Q. What is the purpose of your testimony in this docket?**

2 A. My testimony presents the Company's new tariff, designated as WN U-4 and referenced
3 throughout this testimony as the "Proposed Tariff."

4 **Q. Are you sponsoring any exhibits in this proceeding?**

5 A. Yes, I am sponsoring the following four exhibits which are explained in my testimony:

- 6 • Exhibit No. __ (JGG-2), Proposed Tariff
- 7 • Exhibit No. __ (JGG-3), Legislative Tariffs
- 8 • Exhibit No. __ (JGG-4), Table explaining revisions for each sheet of the Proposed
9 Tariff
- 10 • Exhibit No. __ (JGG-5), Service Agreement for service on Rate Schedules 511, 570,
11 or 663
- 12 • Exhibit No. __ (JGG-6), Revenue Impact of Changes to Miscellaneous Charges

III. PROPOSED TARIFF, WN U-4

13 **Q. Why is the Company replacing its current tariff in its entirety?**

14 A. The Company's current tariff, WN U-3, has been in place since 1963 and is referred to
15 throughout my testimony as the "Current Tariff." By replacing the Current Tariff in its
16 entirety, the Company is able to accomplish the following:

- 17 1) Modernize the formatting;
- 18 2) Ensure the Company's tariff content meets the requirements of the Washington
19 Administrative Code ("WAC");
- 20 3) Revise the language for greater clarity; and
- 21 4) Remove elements that are no longer valid or necessary.

1 **Q. Please explain how formatting is modernized in Proposed Tariff, WN U-4.**

2 A. The general look of each sheet is updated consistently throughout the entire Proposed
3 Tariff. The font is revised, and content is no longer presented in multiple text boxes
4 making the presentation of each sheet cleaner and easier to read.

5 Tariff sheets are renumbered so they are consistent with their corresponding rule
6 and schedule numbers.

7 **Q. Please explain how the revisions made in the Proposed Tariff are compliant with the**
8 **WAC.**

9 A. The following changes are included in the Proposed Tariff:

- 10 • In compliance with WAC 480-80-102(1)(f), a complete name, address, phone
11 number, unified business identifier, mailing address and web address are added to the
12 Title Page (Sheet No. i).
- 13 • In compliance with WAC 480-80-102(3) and WAC 480-80-105(4), a Legend of
14 Symbols defining margin codes for tariff revisions is added as Sheet No. iii.
- 15 • Rule 1, General contains the heating value of the natural gas provided to customers
16 on the Company's distribution system. This information is in Rule 16 of the Current
17 Tariff and is provided in compliance with WAC 480-80-102(4)(b)(ii).
- 18 • Rule 3, Establishing Service is revised to include a list of acceptable forms of
19 identification as required per WAC 480-90-108(2)(d).
- 20 • Rule 6, Billings and Payments is revised to include language regarding bill
21 corrections that conforms to revisions to WAC 480-90-178 that became effective on
22 March 26, 2016.

23 Beyond these specific changes, the Proposed Tariff in general conforms to the
24 requirements as established in WAC 480-80-102.

1 **Q. Please explain how the wording in the Proposed Tariff has been revised for greater**
2 **clarity.**

3 A. The Company has made numerous language changes to provide greater clarity in its
4 Proposed Tariff.

- 5 • Rule 2, Definitions is revised to add additional terms, remove terms no longer used,
6 and clarify the definitions for existing terms.
- 7 • Rule 4, Customer Deposits in the Current Tariff references the WAC without
8 providing the rule text. Language is added so that Rule 4 explains the terms and
9 conditions for customer deposits without requiring the reader to consult the WAC.
- 10 • Rule 8, Extensions of Distribution Facilities authorizes the Company to finance a
11 nonresidential customer's line extension costs. Language is added to clarify that the
12 financing would be paid back through a flat monthly fee over an agreed timeframe.
- 13 • Rule 17, Firm Service Priority in the Current Tariff is renamed Order of Priority for
14 Gas Service. The language is revised to clarify curtailments as they apply to all
15 customers, and the penalties a customer must pay for the use of unauthorized gas during
16 curtailment periods. Language is added that allows the Company the discretion to
17 charge a fee for the unauthorized use of gas during a curtailment. The fee equal to the
18 higher of \$1 a therm or 150 percent of the highest midpoint price for the day is
19 commensurate with an emergency situation. Language specific to entitlements is
20 removed and placed in the Rate Schedule for Transportation Service.
- 21 • Schedule 511, Large Volume General Service and Schedule 570, Interruptible Service
22 are both revised to clarify that the annual deficiency bill will be calculated on the
23 difference between a customer's actual annual usage and the minimum usage threshold
24 established as an applicability standard for each rate schedule, which is 50,000 annual
25 therms for Schedule 511 and 60,000 for Schedule 570.

- 1 • Schedule 595, Temporary Technical Adjustment is renamed Deferred Gas Cost
2 Adjustment as this matches the bill line item description on customers' bills.
- 3 • Schedule 663, Distribution System Transportation Service is revised to include the
4 information included in Rule 20, Unbundled Distribution System Transportation
5 Service in the Current Tariff. As the Company no longer "bundles" upstream,
6 competitive services for Transportation Service customers, Cascade no longer
7 requires two separate tariff schedules for transportation service. Cascade revised the
8 language related to entitlements for greater clarification and added definitions of
9 certain terms to clarify the parameters of an entitlement.

10 **Q, Please explain the elements included in the Current Tariff that are not carried**
11 **forward to the Proposed Tariff.**

12 A. The following service options or rate schedules that are found in the Current Tariff are
13 not included in the Proposed Tariff:

- 14 • Rule 12, Temporary Service – The Company has not actively offered temporary
15 service for some time. No customers are taking service on this schedule. This
16 offering is removed from the Proposed Tariff.
- 17 • Rule 16 Heating Value – The heating value of the natural gas delivered on Cascade's
18 system is no longer in a standalone rule. This information is moved into Rule 1,
19 General.
- 20 • Rule 20, Unbundled Distribution System Transportation Service – The information
21 from Rule 20 is included in Proposed Schedule 663, Transportation Service. The
22 Current Tariff includes historic offerings where Transportation Services customers
23 could "bundle" upstream services with distribution. "Bundled" services are no
24 longer available.
- 25 • Schedule 512, Compressed Natural Gas Service – This rate schedule promotes use of
26 compressed natural gas for fueling vehicles by discounting the cost of gas for

1 customers who own compression facilities for vehicular fueling. The Company
2 removes this schedule as the Company is no longer engaged in promotional
3 activities. One customer is currently served on this rate and will be migrated to
4 Schedule 504, General Commercial Service.

- 5 • Schedule 577, Limited Interruptible Service Rate – Schedule 577 is an interruptible
6 rate for institutions. For equity among the interruptible rate class, Cascade plans to
7 migrate Schedule 577 customers to Schedule 570, Interruptible Service. Customers
8 served on Schedule 577 will be notified by letter of the migration to Schedule 570.
- 9 • Schedule 590, Low Flow Showerhead Program – The Company does not have a low
10 flow showerhead program. The Company’s conservation plan is detailed in
11 Schedules 300, 301, and 302, as well as the Company’s annually filed Conservation
12 Plan.
- 13 • Schedule 598, General Revision of Rate Schedule Charges – This adjustment
14 schedule is no longer in use.
- 15 • The following schedules are competitive, upstream services that the Company no
16 longer offers:
 - 17 ○ Schedule 685, Optional Firm Pipeline Capacity;
 - 18 ○ Schedule 686, Optional Interruptible Pipeline Capacity Supplemental Service;
 - 19 ○ Schedule 687, Optional Gas Management Services; and
 - 20 ○ Schedule 690, Buy-Sell Supply Service.
- 21 • Schedule 700, Optional Customer-Owned Piping Construction, Operation, &
22 Maintenance – Schedule 700 provides rates for behind the meter work. The
23 Company no longer offers this service as it does not hold a current construction
24 license which is required for such work.

25 **Q. Have any other substantive changes been made to the Proposed Tariff that have not**
26 **been addressed above?**

1 A. Yes.

2 **Q. Please provide a summary of other substantive changes.**

3 A. Cascade also made the following additional changes to the Proposed Tariff:

4 • Rule 21, Decoupling Mechanism. The baseline authorized revenue customer class is
5 revised consistent with the revenue and margin rate as presented in the Testimony of
6 Ms. Maryalice Rosales, and the usage determinants shown in Mr. Brian Robertson’s
7 Exhibit ____ (BR-6).

8 • Schedule 200, Miscellaneous Charges. Below is a summary of the changes made to
9 the miscellaneous charges:

10 ○ Disconnect Visit Charge is renamed Field Visit Charge because the charge is not
11 incurred if disconnection occurs; it is incurred when Cascade makes a field visit
12 for the purposes of disconnecting service and the customer’s action (such as
13 paying delinquent charges) prevents disconnection from occurring.

14 ○ Returned Check Charge is renamed Returned Payment Charge as the charge is
15 incurred whenever a payment—regardless of whether it is in the form of a check
16 or some other payment channel—is not honored.

17 ○ The New Premise Charge is removed because adding upfront costs for conversion
18 to gas is a barrier that is inconsistent with the Company’s line extension policy
19 filed in Docket No. UG-160967 and was approved by the Commission.

20 ○ Schedule 200 charges are not cost-based charges, as full cost recovery for the
21 services provided under Schedule 200 would likely prove cost-prohibitive for
22 many of Cascade’s customers. Instead, the charges are intended to influence
23 customer behavior in such a manner that reduces the costs Cascade incurs for
24 providing services under Schedule 200, which are ultimately borne to some extent
25 by all customers. Schedule 200, Miscellaneous Charges was last updated in

1 2007.¹ In order to re-set the charges at a level where they are more likely to
2 influence behavior, the Company identified which charges appeared to be no
3 longer effective in influencing customer behavior, and applied to those charges
4 the consumer price index (“CPI”) inflation calculator posted on the website for
5 the Bureau of Labor Statistics.² On this website, Cascade entered the current fee
6 amount for certain Schedule 200 charges as established in 2007. The calculator
7 was used to determine how much in real terms the fee has increased from 2007 to
8 2017. For instance, a \$10 fee set in 2007 should be re-set to being a \$12 fee in
9 2017 if the true cost to the customer is going to be the same. This approach
10 results in modest adjustments, but this small incremental step up is important in
11 keeping these charges at a level that sends the appropriate signal to customers
12 without being overly burdensome. The following charges are increased: Field
13 Visit Charge, Returned Payment Charge, Pilot Light Charge, and Reconnect
14 Charge for regular and for after business hours. Exhibit No. __ (JGG-6) presents
15 the impact the proposed changes will have on revenue by comparing the average
16 annual revenue for each current charge with the revenue expected with the revised
17 charges and the difference between the two. This Exhibit also provides the
18 percentage of increased proposed for each charge.

19 **Q. Did you make any changes to the rate schedules on which customers receive gas**
20 **and/or distribution services?**

21 A. Yes, the rate schedules were revised in the following manner:

- 22 • The rates are revised as discussed in the Direct Testimony of Mr. Ronald Amen.
- 23 • Schedule 502, Building Construction is frozen; the basic service charge and base rate
- 24 are revised such that it is consistent with Schedule 503, Residential Service. The

¹ Schedule 200, Various Miscellaneous Charges was last approved in UG-060256.

² United States Department of Labor, Bureau of Labor Statistics website for CPI Inflation Calculator:
https://www.bls.gov/data/inflation_calculator.htm (last visited on [January 2017]).

1 Company does not want to continue separating residential dry out service customers
2 on a separate rate schedule. Customers currently served on Schedule 502 will remain
3 on Schedule 502 for the remainder of their six month term of service on this schedule.
4 Future dry out or building construction customers will be served on Schedule 503.

- 5 • As discussed previously, Schedule 512, Compressed Natural Gas and
6 Schedule 577, Limited Interruptible Service are both removed.
- 7 • The Company drafted a service agreement for service that can be used for customers
8 receiving service on Schedules 511, 570, or 663. It is a simple contract that defines
9 several characteristics unique to a customer such as annual minimum quantity of gas
10 or capacity demand, and the contact information in the event of a curtailment. The
11 service agreement is provided as Exhibit No. __ (JGG-5) in compliance with WAC
12 480-80-141(2) which requires a utility to provide the Commission with “samples of
13 all service contracts currently in use.”

14 **Q. Are other revisions to the Current Tariff included in the Proposed Tariff that you**
15 **have not already discussed?**

16 **A.** Yes. Cascade made numerous non-substantive changes which do not warrant detailed
17 discussion but are presented in the following attached exhibits:

- 18 • Exhibit No. __ (JGG-2), is the Proposed Tariff;
- 19 • Exhibit No. __ (JGG-3) is a Legislative draft of the Proposed Tariff. It compares
20 Proposed Tariff with the Current Tariff and shows the difference in redline, strikeout
21 text; and
- 22 • Exhibit No. __ (JGG-4) is a table citing the changes made for each page of the
23 Proposed Tariff.

IV. CONCLUSION

24 **Q. Does this conclude your testimony?**

25 **A.** Yes.