

Agenda Date: October 30, 2013  
Item Number: A3

**Docket:** UG-131959  
**Company:** Cascade Natural Gas Corporation

**Staff:** Betty Erdahl, Regulatory Analyst  
E. J. Keating, Regulatory Analyst

### **Recommendation**

Take no action, thereby allowing the tariff sheet filed in Docket UG-131959 to become effective on November 1, 2013, by operation of law.

### **Background**

On May 31, 2013, Cascade Natural Gas Corporation (Cascade or company) filed its pipeline replacement plan and cost recovery mechanism (CRM) tariff in Dockets PG-131838 and UG-131959, respectively. The CRM was updated on October 14, 2013, to reflect actual expenditures from November 1, 2012, through September 30, 2013, plus estimated expenditures for October 2013.

### **Cost Recovery Mechanism (CRM)**

The effect of the CRM is an increase of \$1,042,730, or 0.5 percent on annual revenues of \$198,097,159. The impact of the filing on a residential customer's monthly bill with consumption of 54 therms will be an increase of \$0.21, resulting in a change to the average bill from \$45.41 to \$45.62. The total increase related to the CRM, Conservation, PGA, and Deferral charges will increase the bill by \$8.86, from \$45.41 to \$54.27.

The pipeline replacement plan and cost recovery mechanism were filed in accordance with the commission's policy statement in Docket UG-120715, providing for accelerated replacement of pipeline facilities with elevated risk to the public.

The policy statement allows a return of and return on specific identified investment with elevated risk, as approved in a company's pipeline replacement plan. The company proposes a CRM related to high risk pipe and does not seek to recover the costs associated with:

- Locating pipe;
- Normal growth, system expansion, and repair and replacement of pipe damaged by third parties; and
- Pipe that a company is required to replace by a commission order or approved settlement.

Of the four companies that filed pipeline replacement plans, Cascade is the only one that proposes a CRM.

Cascade serves approximately 200,000 gas customers in various areas situated primarily along Williams Gas Pipeline. Major Washington locations include Aberdeen, Bellingham, Bremerton, Yakima, Walla Walla, and Longview.

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**Conclusion**

Staff has analyzed the supporting documentation of this proposed cost recovery mechanism and recommends the commission take no action, thereby allowing the tariff sheet filed in Docket UG-131959 to become effective on November 1, 2013, by operation of law.