

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

<p>In the Matter of the Petition of</p> <p style="text-align: center;"><b>CASCADE NATURAL GAS CORPORATION</b></p> <p style="text-align: center;">Petitioner,</p> <p>For an Accounting Order Authorizing deferred accounting treatment of expenses related to the Company’s Multi Year Rate Plan</p>	<p>DOCKET UE-230755</p> <p>ORDER 01</p> <p>DENYING ACCOUNTING PETITION</p>
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**BACKGROUND**

- 1 On September 15, 2023, Cascade Natural Gas Corporation (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition in Docket UG-230755 seeking an accounting order pursuant to WAC 480-07-370, authorizing Cascade to utilize deferred accounting treatment of expenses related to the Company’s Multi Year Rate Plan (MYRP).
  
- 2 The Company proposes to defer legal and consulting costs related to its initial MYRP, which is to be filed in 2024. The Company justifies this request by asserting that the MYRP is an extraordinary undertaking, and it anticipates incurring significant new costs that are not currently being recovered in rates. Hence, Cascade is seeking approval to record and defer, for the Commission’s review within the MYRP process, the costs incurred in connection with developing and litigating its first MYRP.
  
- 3 As of January 1, 2022, RCW 80.28.425 mandates that every general rate case filed by a gas or electrical company includes a proposal for a MYRP. The statute imposes requirements for filing MYRP’s with performance measures,<sup>1</sup> provisions for rates subject to refund,<sup>2</sup> established terms, conditions, and procedures during a multiyear rate plan,<sup>3</sup>

<sup>1</sup> RCW 80.28.425(7).

<sup>2</sup> RCW 80.28.425(3)(b).

<sup>3</sup> RCW 80.28.425(4).

and consideration of several new factors as part of the public interest standard.<sup>4</sup> These new factors include among others, environmental health and greenhouse gas emissions reductions, health and safety concerns, economic development, and equity.<sup>5</sup>

4 Commission staff (Staff) has reviewed the petition and met with the Company on February 21, 2024, expressing concerns and opposition to the proposed accounting petition. Staff's primary concern is that Cascade's proposed petition lacks necessity. Costs incurred in connection with developing and litigating its first MYRP fail to meet the Commission's standard for extraordinary circumstances warranting deferral and amortization.

5 Staff notes that the Company plans to file its first MYRP in the first quarter of 2024, anticipating significant and extraordinary costs associated with its preparation and litigation. Cascade has engaged legal counsel to represent the Company in its MYRP proceedings to identify and help implement proposals consistent with and pursuant to RCW 80.28.425.

6 Staff also notes that an accounting petition is a regulatory accounting treatment, typically reserved for costs (or revenues) meeting the following extraordinary circumstances: (1) beyond the utility's control and (2) generating costs with material impact on the company's financial results. Staff asserts that the costs Cascade is asking to defer are routine components of a rate case and should be addressed therein. Additionally, Staff notes that other regulated utility companies in Washington incurred similar costs related to legal and consulting costs related to MYRPs and implementation of the climate commitment act (CCA) within the multiyear period. None of those companies filed an accounting petition, although Avista and Puget Sound Energy filed a general rate case with a MYRP earlier in 2024.

7 Because no agreement was reached when Staff met with Cascade on February 21, 2024, Staff recommends that the Commission reject the Company's accounting petition as presented in Docket UG-230755.

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<sup>4</sup> RCW 80.28.425(1).

<sup>5</sup> *Id.*

## DISCUSSION

8 The Commission agrees with Staff that the Company's accounting petition, as filed on September 15, 2023, requesting to defer expenses related to the Company's MYRP should be denied.

9 As Staff notes, the costs Cascade asks to defer as extraordinary costs associated with its initial MYRP and CCA compliance consulting are routine. While the costs might be related to new compliance obligations and processes associated with the MYRP, they are not extraordinary and therefore the petition is denied.

## FINDINGS AND CONCLUSIONS

10 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts, and affiliated interests of public service companies, including natural gas companies.

11 (2) Cascade is engaged in the business of providing electric services within the state of Washington and is a public service company subject to Commission jurisdiction.

12 (3) This matter came before the Commission at its regularly scheduled meeting on March 28, 2024.

13 (4) After review of the petition filed in Docket UG-230755 on September 15, 2023, as revised on March 8, 2024, and giving due consideration, the Commission finds that the petition should be denied.

## ORDER

### THE COMMISSION ORDERS:

14 (1) The petition for accounting order filed by Cascade Natural Gas Corporation filed September 15, 2023, is denied.

- 15 (2) The Commission retains jurisdiction over the subject matter and Cascade Natural Gas Corporation to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective March 28, 2024.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**DAVID W. DANNER, Chair**

**ANN E. RENDAHL, Commissioner**

**MILTON H. DOUMIT, Commissioner**