



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE: 509-734-4500; FACSIMILE: 509-737-7166
www.cngc.com

February 1, 2021

Mr. Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Received
Records Management
02/01/21 15:54
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Regarding: **Dockets UG-200479 – Cascade Natural Gas Corporation COVID-19 Deferred Accounting Quarterly Report**

Cascade Natural Gas Corporation (Cascade or the Company), hereby submits an updated COVID-19 deferred accounting quarterly report for the period of October 1, 2020 to December 31, 2020. As described in Order 01 of Docket U-200281 (In the Matter of Response to the COVID-19 Pandemic), and detailed in the “UTC Staff Proposed COVID-19 Response Term Sheet,” approved by the Commission, this quarterly report complies with the following condition of the Cost Recovery section:

4. *Future reporting that itemizes the utility costs in any approved COVID-19 petitions for deferred accounting in the docket approving the petition.*
 - a. *The first report should be filed by December 1, 2020, and cover the period between March 1, 2020 and September 30, 2020.*
 - b. *Subsequent reports should be required 30 days after the close of each quarter and shall include information from the previous quarter to continue until the conclusion of the proceeding in which the Utility requests recovery of the deferred expenses, or until such time the Commission determines the reports no longer provide benefit.*

As of December 31, 2020, Cascade has identified the following direct costs and benefits associated with the COVID-19 pandemic.¹

Direct Costs and Benefits

Direct costs for reasonable measures taken by Cascade in response to the COVID-19 pandemic net of credits, payments, or other benefits received from a federal, state, or local government will continue to be analyzed. Costs related to COVID-19 for personal protective equipment and other health and safety measures for front-line personnel was equal to \$67,100.85 through December 31, 2020. Benefits deferred related to travel not incurred was \$618,733.23.

¹ The Company’s revised Deferred Accounting Petition for deferred accounting of COVID-19 related costs filed in Docket UG-200479 was approved subject to conditions in Order 01 on December 10, 2020.

Benefits from Federal Acts

Cascade evaluated the various provisions of the CARES act. The only provision that the Company expects to avail itself of is the ability to defer payment of Payroll Taxes under the delay in deposit of payroll taxes provision. The Company has deferred payment of Payroll Taxes in 2020 resulting in a tax asset; however, it should be stressed that this is purely a timing difference and will be reversed by the Company in 2021 and 2022. In addition, Cascade is evaluating provisions received from the Family First Act and where the Company generated credits of \$17,011 in Q2, \$37,202.80 in Q3 and \$26,745.57 in Q4 of 2020. The Company is still evaluating the impact these amounts will have on related deferrals.

Late Payment Fees

For Washington, the Company's late fee revenues through November 2020 was \$331,468.47 with an additional \$85,717.04 in December 2020 for a cumulative total of \$417,185.51 through the end of the quarter.

Bad Debt Expense

As of December 31, 2020, the incremental bad debt expense incurred for Washington was \$310,187.85. This is in addition to the \$2.2 million in excess to the bad debt expense amount authorized as provided in the previous report.

Reconnection Charges

Reconnection charges are being analyzed and a deferral determination will be made at a later date.

Bill Payment Assistance Program Costs

The Company is developing a program proposal to establish a temporary COVID-19 assistance program, in coordination with its Energy Assistance Advisory Group, as described in the "UTC Staff Proposed COVID-19 Response Term Sheet" in Docket U-200281. Plans are to finalize the program design and begin offering additional customer assistance early in 2021. Costs associated with the delivery of the program will begin to be deferred once the program is made available to customers. Funding to be distributed is one percent (1%) of the Company's Washington retail revenues, not to be increased without prior Commission approval, as determined by the Company's Commission Basis Reports in Docket UG-200393, which the amount is \$2,473,250.

If there are any questions regarding this report, please contact me at (509) 734-4593.

/s/ Michael Parvinen

Michael Parvinen
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336-7166
michael.parvinen@cngc.com