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July 30, 2021

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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 April 1, 2021, to June 30, 2021. 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.*

On June 16, 2021, the Commission made an erratum to Order 01 to reduce its deferrals by the amount collected by the Company from January 1 to May 27, 2020, to coincide with the beginning of the deferral period. Thus, Cascade reduced both expenses and benefits for this period, which is reflected within this quarterly report.

As of June 30, 2021, Cascade has identified the following direct costs and benefits associated with the COVID-19 pandemic.<sup>1</sup> The details summarized in this report are included in the file “Washington – Attachment A.xlsx.”

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<sup>1</sup> 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.

### **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 in 2020 and \$4,607.35 in Q1 of 2021 with an additional \$22,260.82 in Q2.

In the Company's previous report, it estimated benefits deferred related to travel not incurred in Q1 of 2021 to be \$222,376.05. The Company now revises the total Q1 savings to be \$222,837.56. The Q2 savings estimate is \$36,590.76.

Included in the total Q2 2021 amounts are accounting adjustments made to recognize or remove previously recognized costs. Specifically, the Company has booked operational costs associated with credit & collections of past due balances. Beginning June 2021 interest expenses on past due amounts were booked. More details are available in the file, "Washington – Attachment A.xlsx."

### **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 totaling \$80,959.37 in 2020 and \$29,447.49 for Q1 and \$18,723.48 in Q2 of 2021. 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 waived in 2020 were equal to \$417,185.51. The total late payment fee revenue waived in Q1 of 2021 was \$453,747.17 and \$517,840.88 in Q2.

### **Bad Debt Expense**

For the quarter ending March 31, 2021, the Company had previously estimated the incremental bad debt expense incurred for Washington to be \$10,923.40. This first quarter amount is now restated as 16,196.96. This restated amount includes a bad debt true up adjustment from January 2021 in the amount of \$7,357.82.

The Q2 bad debt amount is \$119,384.97 which includes an adjustment of (\$47,814.73) for bad debt recovery not allowed between the months of March and April of 2020 and a true up adjustment of \$7,410.97 for December 2020. Beginning June of 2021, the Company has been recording interest on past due balances, which equals \$104,793.83 for the second quarter of 2021. More details are available in the file, "Washington – Attachment A.xlsx."

### **Reconnection Charges**

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

**Bill Payment Assistance Program Costs**

On April 1, 2021, Cascade began offering its temporary COVID-19 bill assistance program, known as the “Big Heart” grant, to eligible customers. Funds to be distributed from the program are equal to one percent (1%) of the Company’s Washington retail revenues as determined by the Company’s Commission Basis Reports in Docket UG-200393, in the amount of \$2,473,250.

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

*/s/ Michael Parvinen*

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