

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS  
CORPORATION,

Respondent.

DOCKET UG-170929

ORDER 07

GRANTING CASCADE’S MOTION  
FOR CLARIFICATION OF ORDER  
06

**BACKGROUND**

1 On August 31, 2017, Cascade Natural Gas Corporation (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its Tariff WN U-3 for natural gas service provided in Washington. Following an evidentiary hearing on June 20, 2018, the Commission entered its Final Order, Order 06, on July 23, 2018.

2 On July 30, 2018, Cascade filed a Motion for Clarification of Order 06 (Motion). In its Motion, Cascade requests that the Commission clarify the meaning of the following statement in paragraph 44 of Order 06: “To address any discrepancy, Cascade may file a true up, effective November 1, 2019, once its actual 2018 tax liabilities are known.” Cascade believes that the Commission “clearly intended that the ordered tax refund amount, \$1.6 million, would be trued up to the actual benefit received by the Company based on its 2018 tax filing.”<sup>1</sup> Cascade further explains that Commission staff (Staff) believes that the Commission intends for the true up to reflect any difference between the \$1.6 million refund ordered and the credit actually paid to customers as of November 2019.

**DISCUSSION**

3 We grant Cascade’s Motion and clarify the Commission’s statement in paragraph 44 of Order 06. Paragraph 44 states:

For the reasons discussed above, we find that Cascade failed to carry its burden to prove that allowing the Company to retain the Interim Period EDIT would benefit

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<sup>1</sup> Cascade’s Motion ¶1.

customers or result in rates that are fair, just, reasonable, and sufficient. We decline to allow Cascade to treat TCJA benefits as period costs and direct Cascade to amortize the Interim Period EDIT through a separate schedule over a 15-month period consistent with the first year amortization schedules for the Company's Protected and Unprotected EDIT amounts. As we have repeatedly expressed, the excess deferred taxes should inure to the benefit of ratepayers as soon as reasonably practicable. To address any discrepancy, Cascade may file a true up, effective November 1, 2019, once its actual 2018 tax liabilities are known.

In its entirety, paragraph 44 reflects the Commission's determination that Cascade may not retain any portion of the Interim Period EDIT benefit owed to its customers. The Commission acknowledged, however, that the Interim Period EDIT amount was estimated, and that the Company's "liability" for actual benefits due back to customers remained unknown. The purpose of the true up, therefore, is to ensure that the Interim Period EDIT benefit is neither over- nor under-refunded to customers.

4 In hindsight, we recognize that the term "tax liabilities" is subject to more than one interpretation. To remove any perceived ambiguity, we amend paragraph 44 by replacing the phrase "once its actual 2018 tax liabilities are known" with the phrase "once the actual Interim Period EDIT benefit owed to customers is known." We modify the last sentence of paragraph 44 of Order 06, by this reference, as follows: "To address any discrepancy, Cascade may file a true up, effective November 1, 2019, once the actual Interim Period EDIT benefit owed to customers is known."

## **ORDER**

### **THE COMMISSION ORDERS:**

- 5 (1) Cascade Natural Gas Corporation's Motion for Clarification is GRANTED.
- 6 (2) Order 06 is modified as set out in paragraph 4, above.

DATED at Olympia, Washington, and effective July 31, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner