

Agenda Date: November 10, 2016
Item Number: A3

Docket: UG-160787
Company: Cascade Natural Gas Corporation

Staff: Betty Erdahl, Regulatory Analyst
Kristen Hillstead, Regulatory Analyst
Melissa Cheesman, Regulatory Analyst

Recommendation

Issue an order authorizing Cascade Natural Gas Corporation to defer incremental third-party costs associated with implementation of the Maximum Allowable Operating Pressure Determination and Validation Plan (MAOP Plan), in Account 186, Miscellaneous Deferred Debits, subject to the conditions listed in Order 01, paragraph 5.

Discussion

On June 1, 2016, Cascade Natural Gas Corporation (Cascade or company) filed a petition under WAC 480-07-370(1)(b) seeking authorization to defer incremental third-party costs to implement the MAOP Plan submitted to the Commission on May 2, 2016.

Cascade filed with the Washington Utilities and Transportation Commission (commission) its MAOP Plan, which was required by Order in Docket PG-150120. Cascade has proposed to accelerate the completion of the work required under the MAOP Plan from ten years to seven years. Deferral of the third-party costs will incent the company to achieve this goal sooner, providing a benefit to customers. Cascade claims the incremental costs are material to its operations in any given year and if the costs are shown to be prudent, then amortizing the deferral over multiple years will also benefit customers. This determination will be an issue in a future rate case.

Conclusion

Staff supports granting an accounting petition allowing the company to defer incremental third-party costs related to the MAOP Plan. However, staff makes no determination of the prudence of such costs. This analysis will occur during the company's next rate case.

Recommendation

Grant an order authorizing Cascade Natural Gas Corporation to defer incremental third-party costs associated with implementation of the MAOP Plan, in Account 186, Miscellaneous Deferred Debits, subject to the conditions listed in Order 01, paragraph 5.