

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

<p>In the Matter of the Petition of</p> <p>CASCADE NATURAL GAS CORPORATION,</p> <p>Petitioner,</p> <p>For An Accounting Order Authorizing Deferred Accounting Treatment for Increase in Regulatory Fee Costs</p>	<p>DOCKET UG-220912</p> <p>ORDER 01</p> <p>GRANTING PETITION FOR ACCOUNTING ORDER SUBJECT TO CONDITION</p>
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BACKGROUND

- 1 On December 2, 2022, Cascade Natural Gas Company (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an accounting order under WAC 480-07-370 authorizing Cascade to utilize deferred accounting treatment for Cascade’s increase in regulatory fee costs.
- 2 On December 22, 2022, Cascade filed an amended petition (Amended Petition) requesting to defer to Federal Energy Regulatory Commission (FERC) account 186 rather than 182.3 and for the interest rate to be calculated by the Company’s short-term cost of debt rather than the weighted average.
- 3 Senate Bill 5634, codified as RCW 80.24.010, was signed into law on March 24, 2022, by Governor Jay Inslee, and became effective on June 9, 2022. This law raised the Commission’s regulatory fee from 0.2 percent to 0.4 percent of “gross operating revenue from intrastate operations for the preceding calendar year.” These amounts are payable to the Commission in May 2023. This increase in fees is not accounted for in current rates.
- 4 In its Amended Petition, Cascade requests approval to track the costs of the updated regulatory fees in FERC account 186 and to accrue interest at the actual cost of the Company’s short-term debt. The Company will track these costs and file for recovery during its next general rate case.
- 5 The threshold for granting accounting petitions is demonstration of extraordinary circumstances. Cascade contends that the regulatory fee bill is an extraordinary circumstance because it is beyond the Company’s control, and the cost is material.

6 Commission staff (Staff) recommends that the Commission grant the Amended Petition
subject to the condition that the deferral of increased regulatory fees accrue interest at the
Company's actual cost of debt, updated semi-annually. Staff believes that actual cost of
debt best compensates the Company for its cost of money, and that the Company should
be compensated for the actual cost of acquiring money. Staff recommends the interest
rate be updated semi-annually, on July 1 and January 1, to give the utility a more accurate
and current cost of debt, and to lower the administrative burden of updating every
quarter.

DISCUSSION

7 We agree with Staff's recommendation and grant Cascade's Amended Petition, subject to
the condition recommended by Staff. As a threshold matter, we agree that this regulatory
fee increase is an extraordinary circumstance because it creates a cost beyond the
Company's control, and that tracking this cost in FERC account 186 is appropriate.

8 Regarding the appropriate interest rate, Staff believes the actual cost of debt more
appropriately accounts for the cost of both short- and long-term debt for this specific
deferral. Therefore, we adopt Staff's recommendation and condition Cascade's deferral
of increased regulatory fees on interest accruing at the actual cost of debt, updated semi-
annually on July 1 and January 1.

FINDINGS AND CONCLUSIONS

- 9 (1) The Commission is an agency of the State of Washington vested by statute with
the authority to regulate the rates, rules, regulations, practices, accounts,
securities, transfers of property and affiliated interests of public service
companies, including natural gas companies.
- 10 (2) Cascade is a public service company regulated by the Commission, providing
service as a natural gas company.
- 11 (3) The Commission has jurisdiction over the subject matter of this proceeding and
over Cascade.
- 12 (4) WAC 480-07-370(3) allows companies to file petitions including that for which
Cascade seeks approval.

- 13 (5) Staff has reviewed the Amended Petition in Docket UG-220912 including related work papers.
- 14 (6) Staff recommends the Commission grant Cascade's Amended Petition, subject to condition discussed in the body of this Order.
- 15 (7) This matter came before the Commission at its regularly scheduled meeting on January 26, 2023.
- 16 (8) After reviewing Cascade's Amended Petition filed in Docket UG-220912 on December 22, 2022, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Amended Petition is consistent with the public interest and should be granted, subject to the condition outlined in this Order.

ORDER

THE COMMISSION ORDERS:

- 17 (1) Cascade Natural Gas Company's Amended Petition for an Accounting Order Authorizing Deferred Accounting Treatment for Cascade's Increase in Regulatory Fee Costs is granted, subject to the condition detailed in paragraph 8.
- 18 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 19 (3) The Commission retains jurisdiction over the subject matter and Cascade Natural Gas Company to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective January 26, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner