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February 28, 2019

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

Re: Cascade Natural Gas Deferred Gas Cost Recovery

Dear Mr. Johnson:

Cascade Natural Gas Corporation (“Cascade”) hereby encloses for filing the following proposed tariff sheet containing a requested effective date of April 1, 2019:

Original Revision Sheet No. 590

The purpose of this filing is to recover deferred commodity gas costs associated with the unanticipated cost increases resulting from a supply interruption due to the Enbridge pipeline explosion on October 9, 2018, including the resulting recovery period. This temporary rate increase is proposed to be in place for three years to help mitigate the financial burden on customers.

Many factors including supply shortfalls, volatile pricing, limited storage, entitlements, operational flow orders (OFOs), increased demand, and uncertainty about Enbridge capacity all have led to a significant deferred gas cost balance as of the end of January. This filing is proposing a temporary gas cost adjustment to pass on changes in the amounts affecting customer rates as a result of deferral account amortizations through proposed Rate Schedule No. 590, entitled Temporary Gas Cost Amortization. Any residual balance at the end of the three-year amortization will be included in the annual commodity deferral amortization filing effective November 1, 2022.

The rates contained in the attached Schedule 590 are designed to collect the commodity gas cost deferral balance of \$48,162,014 over three years. The annual revenue change reflected in this filing is an increase of \$18,157,722 to customers, which reflects an increase in annual revenue of 8.09%. The average residential customer using 54 therms per month will see an increase of \$4.11 or 9.40 percent. Below is a table summarizing the proposed rate reflected in this deferral amortization filing:

In the Community to Serve®

| <u>Service</u> | <u>Sch. No.</u> | <u>Proposed Rate Per Therm</u> | <u>Percent Change</u> |
|-------------------|---------------------|--|---------------------------|
| Residential | 503 | \$0.07615 | 9.40% |
| Commercial | 504 | \$0.07615 | 10.64% |
| Industrial | 505 | \$0.07615 | 12.66% |
| Industrial Lg Vol | 511 | \$0.07615 | 15.71% |
| Interruptible | 570 | \$0.07615 | 15.86% |

In addition to the supporting materials submitted as part of this combined filing, the Company will separately submit all workpapers in electronic format.

In accordance with WAC 480-90-198, the Company declares that notice to customers was made in accordance with WAC 480-90-195. Cascade will issue bill inserts to customers during March 2019 explaining the deferred gas cost increase and Cascade will publish on its webpage the anticipated rate increase. A copy of the March 2019 bill insert has been included with this filing. The customer notification includes a chart showing that even with the proposed temporary increase, customer's bills will be nineteen percent lower than from ten years ago. The proposed change will affect all of Cascade's Washington core customers. Transportation customers are not impacted by this filing. Cascade serves approximately 188,216 residential, 26,255 commercial and 484 industrial customers in the state of Washington.

If you have any questions, please direct them to me at (509) 734-4593.

Sincerely,

/s/ Michael Parvinen

Michael Parvinen
Director, Regulatory Affairs
Cascade Natural Gas Corporation
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Kennewick, WA 99336-7166
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Attachments

NEW, CNGC Advice W19-02-02 PGA Trf Sheet 590, 02.28.2019.pdf
NEW, CNGC Advice W19-02-02 PGA Redlined Trf Sheet 590, 02.28.2019.pdf
NEW, CNGC Advice W19-02-02 PGA Bill Insert, 02.28.2019.pdf
NEW, CNGC Advice W19-02-02 PGA WP, 02.28.2019.xlsx
NEW, CNGC Advice W19-02-02 Enbridge Memo WP, 02.28.2019.pdf