

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

CASCADE NATURAL GAS  
CORPORATION

Petition for an Accounting Order Associated  
with COVID-19 Public Health Emergency

DOCKET NO. UG-200479

AMENDED PETITION OF CASCADE  
NATURAL GAS CORPORATION

**I. INTRODUCTION**

1 Pursuant to WAC 480-07-370(3)(b) and 480-90-203, Cascade Natural Gas Corporation (“Cascade” or the “Company”) files this petition (“Petition”) with the Washington Utilities and Transportation Commission (the “Commission”) seeking authorization for an accounting order to allow the use of deferred accounting, from the date of this Petition forward, for costs associated with the recent COVID-19 public health emergency.<sup>1</sup> As described more fully below, Cascade anticipates that the emergency, overall, will result in costs to customers that the Company seeks to defer for later rate-making treatment, as other jurisdictions across the United States have approved similar accounting treatment, with ultimate recovery of such revenues and costs subject to a prudence review in a future proceeding.

**II. BACKGROUND**

2 Cascade is a natural gas utility and public service company doing business in the State of Washington and is subject to the jurisdiction of the Commission regarding rates, service, and accounting practices. The Company’s principal place of business is 8113 W. Grandridge Blvd., Kennewick, Washington 99336.

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<sup>1</sup> Cascade filed its original petition on May 27, 2020. Subsequent to the filing the Company participated in Docket U-200281 where extensive discussion occurred relating to the direct costs and benefits that would be tracked according to the proposed deferred accounting petitions filed by Cascade and the other utilities. Those changes are reflected in this amended petition.

### III. COMMUNICATIONS

3 Communications regarding this Petition should be addressed to:

Cascade Natural Gas  
Regulatory Affairs  
8113 W. Grandridge Blvd.  
Kennewick, WA 99336  
Telephone: (509) 734-4593  
Email: [cngcregulatory@cngc.com](mailto:cngcregulatory@cngc.com)

4 In addition, Cascade respectfully request that all data requests be addressed to:

Regulatory Affairs  
[cngcregulatory@cngc.com](mailto:cngcregulatory@cngc.com)

### IV. REASONS FOR REQUEST FOR DEFERRED ACCOUNTING

5 On February 29, 2020, Washington Governor Inslee declared a state of emergency over the COVID-19 pandemic. Cascade has suspended all service disconnections and late payment fees in order to help limit the impact on customers as they navigate these difficult economic times. The public health emergency is expected to drive significant accounts receivable write-off expense. The Company also expects to experience other costs related to the emergency that the Company is currently unable to predict. Cascade will document all costs known to be incurred by the COVID-19 public health emergency. Due to the unpredictable and unprecedented nature of the emergency, these costs are not currently recovered in rates, outside normal business risk, and, accordingly, Cascade requests to recover these expenses through deferred accounting as further discussed below.

6 In response to the COVID-19 pandemic, on October 20, 2020, the Commission issued Order 01 in Docket U-200281 to extend the suspension of disconnection of energy services for nonpayment and adopt related requirements. The impetus for the Order arose from negotiation between the Joint Utilities group and Joint Advocates group on a term sheet intended to ensure “that customers experiencing economic hardship as a result of the  
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COVID-19 pandemic maintain access to essential services after Proclamation 20-23 expires and the moratorium on disconnections and late fees is no longer in effect.”<sup>2</sup> In addition the term sheet was intended to address COVID-19 deferred accounting, as described herein. The Joint Utilities and Joint Advocates were able to reach agreement in principle on many facets of a term sheet, but ultimately could not reach consensus on final terms. As a result, Commission Staff proposed a term sheet which the Commission ultimately adopted via Order 01, with several modifications.

7 Included within the Commission Staff term sheet were “Staff’s position on the types of costs for which it will support deferral treatment,” including “direct costs, bad debt, late payment fees, and reconnection charges.”<sup>3</sup> The Joint Utilities agreed with many of these recommendations. Per Order 01, the Commission elected to not adopt Staff’s view on these items and instead stated “Utilities may incorporate Staff’s views into their accounting petitions...Ultimately, the Commission will consider each petition on its merits and render a decision based on the record compiled in each docket.”<sup>4</sup> Based on this guidance, the Company proposes the following costs be deferred for future recovery.

1. Direct costs for reasonable measures taken by the Company in response to the COVID-19 pandemic, including incremental costs associated with: personal protective equipment, cleaning supplies and services, contact tracing, medical testing, financing costs to secure liquidity, information technology updates, equipment needed for remote work options, and the administrative needs to implement the term sheet components accepted by the Commission in Docket U-200281, Order 01. Direct costs are net of savings, credits, payments, or other

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<sup>2</sup> U-200281, Order 01, ¶ 3

<sup>3</sup> U-200281, Order 01, ¶25

<sup>4</sup> U-200281, Order 01, ¶ 26

benefits received by the Company from a federal, state, or local government that are directly related to a COVID-19 direct cost, including federal, state, or local tax credits or benefits.

2. Any amount of bad debt expense accrued in 2020, 2021, and 2022 above the bad debt baseline as defined below. While the Company will defer the bad debt expense that is accrued above the baseline being collected from customers today, it will not collect any amount above the actual amount that is written-off. The bad debt expense baseline is the amount that is currently being collected from customers for bad debt, as determined in their last general rate proceeding as of October 1, 2020.

3. For calendar year 2020 the average annual amount of reconnection charges collected over the previous five years (2015-2019) less the actual amount collected by the Company from January 1, 2020 through March 1, 2020 for calendar year 2020.

4. Costs to fund a COVID-19 bill payment assistance program, as described in the Additional Funding for Customer Programs section in Docket U-200281, Order 01.

## **V. PROPOSED ACCOUNTING TREATMENT**

8 Beginning in March 2020, Cascade proposes to defer the net costs and benefits associated with COVID-19 public health emergency and normal business costs not recovered due to reduction in natural gas use by its customers due to the statewide Stay-Home Order. Cascade proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets), and credit FERC Account 407.4 (Regulatory Credit).

## **VI. ESTIMATED AMOUNTS SUBJECT TO DEFERRAL**

9 As the COVID-19 pandemic and associated impacts are developing daily, the Company is

continuously evaluating its response. Currently, the length and magnitude of the COVID-19 emergency response is unknown, and the nature of these circumstances are also unprecedented. As such, the Cascade is unable to provide a cost estimate at this time, but will address the incremental costs associated with this deferral at the time any ratemaking treatment is proposed.

## VII. REQUEST FOR RELIEF

10 WHEREFORE, Cascade respectfully requests that the Commission issue an Order approving the requested deferred accounting and ratemaking treatment, as described above. Cascade is prepared and able to provide safe, reliable service to its customers during this COVID-19 emergency. To maintain the ongoing financial health of the Company during this extraordinary time, Cascade requests authorization to defer for later ratemaking treatment its prudently incurred incremental costs, net of benefits, from the COVID-19 public health emergency and normal business costs not recovered to a regulatory asset until it can request amortization of the deferred costs in a future Commission proceeding.

Dated this 30<sup>th</sup> day of October 2020.

Respectfully Submitted,

/s/ Michael Parvinen

Cascade Natural Gas

Michael Parvinen

Director, Regulatory Affairs

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Kennewick, WA 99336

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