

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS  
CORPORATION

Respondent.

Docket No. UG-190775

CASCADE NATURAL GAS  
CORPORATION'S NOTICE OF  
WITHDRAWAL OF TARIFF  
FILING

**I. INTRODUCTION**

*I* In accordance with WAC 480-07-380(3)(b), Cascade Natural Gas Corporation (Cascade or Company) submits the following notice of withdrawal of Cascade's proposed revision to its tariff to adjust the Temporary Federal Income Tax Rate Credit Schedule Rate (Schedule 583) dated September 13, 2019 (Tariff Filing). Cascade's Tariff Filing was intended to true up the Tax Cuts and Jobs Act (TCJA) benefit amount that Cascade over-refunded to customers through implementation of Order 06 in Docket UG-170929. In its Tariff Filing, Cascade calculated the benefit amount consistent with its interpretation of Orders 06 and 07 in Docket UG-170929. However, at the October 24, 2019, Open Meeting, the Commissioners indicated that Cascade's interpretation was incorrect, and provided further clarification on the appropriate calculation of the true up. Following that Open Meeting, Cascade consulted with Staff regarding a possible approach to recovering over-refunded amounts, recalculated consistent with the direction provided by the Commission. As the result of discussions with Staff, Cascade proposes to withdraw its Tariff Filing and include the over-refunded balance into the annual true-up of Schedule 582, Unprotected Excess Deferred Income Tax (EDIT) Reversals. The next annual true-up of Schedule 582 will be

filed mid-September, 2020, with a November 1, 2020, effective date. Cascade is authorized to represent that Staff supports Cascade’s proposed approach.

## II. DISCUSSION

2 In Docket UG-170929, the sole litigated issue was the treatment of the TCJA benefit for the period the period January 1, 2018, through July 31, 2018 (Interim Period). In Order 06, the Commission resolved this issue by directing Cascade to return the Interim Period tax benefit amount of \$1,590,562 to customers over 15 months.<sup>1</sup> In addition, the Commission stated: “To address any discrepancy, Cascade may file a true up, effective November 1, 2019, once its actual 2018 tax liabilities are known.”<sup>2</sup>

3 Cascade interpreted the amount to be included in the true up filing to be the difference between the amount refunded to customers (\$1.8 million) and the actual Interim Period benefits (\$1.1 million), and prepared its Tariff Filing accordingly. As explained in Staff’s Open Meeting Memo in this proceeding, Staff disagreed with Cascade’s interpretation, recommending instead that the amount refunded to customers should be trued up to the estimated benefit amount (\$1.6 million), and further recommended that the Commission suspend the Company’s Tariff Filing for additional investigation.

4 The Commission considered the Company’s Tariff Filing at the October 24, 2019, Open Meeting and expressed its view that Cascade’s interpretation of Order 06 was incorrect. The Commission clarified that the true up should instead be calculated to reflect the difference between the amount the Commission directed the Company to refund to customers—approximately \$1.6

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<sup>1</sup> *Wash. Utils. & Transp. Comm’n Cascade Natural Gas Corp.*, Docket UG-170929, Order 06, ¶¶43-45 (July 20, 2018) (hereinafter “Order 06”).

<sup>2</sup> Order 06, ¶44.

million—and the amount actually refunded to customers. Consistent with Staff's recommendation, the Commission suspended the Tariff Filing for further investigation.

5           Following the issuance of Order 01 in this docket, Cascade consulted with Staff regarding options for recovering amounts that were over-credited to customers, calculated relative to the \$1.6 million that was to be refunded to customers per Order 06, consistent with the clarification provided by the Commission at its October 24, 2019, Open Meeting, and procedural options for resolving the suspension. To avoid a surcharge to customers to recover the amounts that were over-refunded, Cascade proposes to incorporate the over-refunded balance into Schedule 582, which is the schedule through which unprotected excess deferred income tax (EDIT) is returned to customers over a 10-year amortization period, consistent with the Stipulation in Docket UG-170929.<sup>3</sup> The amount over-refunded to customers is \$206,234 (the difference between the refund amount in Order 06 and the actual amount refunded to customers). Accordingly, Cascade proposes that in the fall of 2020, when Cascade files to update Schedule 582, Cascade will net the over-refunded amount of \$206,234 against the remaining balance of unprotected EDIT owed to customers.<sup>4</sup> Because Cascade plans to resolve the true up contemplated in its Tariff Filing through its update to Schedule 582, which will be made in a separate proceeding in the fall of 2020, the Tariff Filing is no longer necessary, and Cascade will withdraw its Tariff Filing in this docket.

6           Cascade's request for withdrawal is consistent with the public interest because it will allow Cascade to implement the direction provided by the Commission at its October 24, 2019, Open Meeting while avoiding a tariff schedule surcharge for over-refunded amounts, providing for efficient resolution of this issue.

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<sup>3</sup> See Order 06 at ¶¶52-54.

<sup>4</sup> Cascade is not requesting approval of its alternative proposal in this docket and provides this detail for informational purposes only.

### III. CONCLUSION

7 In conclusion, Cascade respectfully requests that the Commission acknowledge the withdrawal of the Tariff Filing and close this docket. The Company will take no further action in the immediate term and implement its alternative proposal in fall 2020.

Respectfully submitted this 17th day of December, 2019.

/s/ Jocelyn Pease

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