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CNG/W21-09-01

September 15, 2021

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

Re: Cascade Natural Gas PGA and TTA Annual Filing

Dear Mr. Johnson:

Cascade Natural Gas Corporation (“Cascade or “Company”) hereby encloses for filing the following proposed tariff sheets containing a requested effective date of November 1, 2021:

Third Revision Sheet No. 590, Canceling Second Revision Sheet No. 590
Forty-Third Revision Sheet No. 595, Canceling Forty-Second Revision Sheet No. 595

The Purchased Gas Adjustment (PGA) portion of this application details the commodity and demand units and costs of Cascade’s core market gas supply portfolio including company purchased supplies, pipeline transportation and peaking resources. The cost of gas, which includes pipeline, reservation and storage costs, is significantly up from last year. The purpose of this filing is to pass on rate adjustments designed to reflect the cost of gas in the Company’s current gas supply portfolio.

NYMEX natural gas futures have traded at their highest summer levels in seven years. Last year, summer prices comfortably remained below \$2.00 for the most part, whereas 2021 summer pricing has gone as high as \$4.00. Natural gas production is picking up but the lagged response to increased demand hasn’t materialized any volumes in the near-term. Elevated forward prices for the upcoming winter are likely to persist until storage across the region returns to normal levels or production catches up.

Cascade’s storage is typically filled throughout the summer, with fill targets of 100% by September/October. Due to the spike in summer prices, Cascade’s storage accounts at Jackson Prairie are seeing a much higher average cost of gas than prior years, ranging from \$0.06-\$0.10 more per therm than last year.

The proposed tariff (schedule 595) will result in an estimated annual revenue increase of approximately \$20,433,251 or an increase in annual revenue of 7.76 percent. The average residential customer using 56 therms per month will see an increase of \$4.56.

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Service	Sch. No.	Commodity Change per therm	Demand Change per therm	Total Rate Change	WACOG Proposed Rate Per Therm	Percent Change
Residential	503	\$0.06814	\$0.01336	\$0.08150	\$0.51616	8.01%
Commercial	504	\$0.06814	\$0.01316	\$0.08130	\$0.51334	8.92%
Industrial	505	\$0.06814	\$0.01216	\$0.08030	\$0.49942	10.69%
Industrial Lg Vol	511	\$0.06814	\$0.01216	\$0.08030	\$0.49942	11.58%
Interruptible	570	\$0.06814	\$0.01116	\$0.07930	\$0.48554	12.89%

The second part of this filing is the Temporary Technical Adjustments (TTA) portion. These adjustments pass on changes in the amounts affecting customer rates as a result of deferral account amortizations and charges to the prospective purchased gas costs. Temporary Gas Cost Amortization Schedule No. 590 combines prior period rate adjustments and new rate adjustments designed to amortize current outstanding deferral account balances (including accrued interest) as well as the prospective changes to expected gas costs, the PGA component.

The rates contained in the attached Schedule 590 will debit the remaining deferral balance of \$33,999,966. The three-year amortization period approved in Docket UG-190773 is set to expire on October 31, 2022. The annual revenue change reflected in this filing is an increase of \$15,673,952 to customers, which reflects an increase in annual revenue 5.96 percent. The average residential customer using 56 therms per month will see an increase of \$3.49. Below is a table summarizing the proposed changes reflected in the deferral amortization portion of the filing:

Service	Sch. No.	Rate Change	Proposed Rate Per Therm	Percent Change
Residential	503	\$0.06234	\$0.13550	6.13%
Commercial	504	\$0.06234	\$0.13550	6.84%
Industrial	505	\$0.06234	\$0.13550	8.30%
Industrial Lg Vol	511	\$0.06234	\$0.13550	8.99%
Interruptible	570	\$0.06234	\$0.13550	10.14%

The impact of the PGA and TTA changes combined is a revenue increase of \$36,107,202 or an overall 13.72 percent increase. The impact to an average residential customer using 56 therms per month will be \$8.06 or a 14.37 percent increase.

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

The Company therefore requests that the documents contained in the spreadsheet marked confidential that are identified with the cover page as “Confidential per WAC 480-07-160” be treated as confidential under the provisions of WAC 480-07-160(8), as they each contain sensitive commercial information. It would be unduly burdensome to mark as required in 480-07-160(4-7).

In accordance with WAC 480-90-198, the Company declares that notice to customers was made in accordance with WAC 480-90-195. Cascade issued bill inserts to customers during August 2021 explaining the PGA process and Cascade will publish on its webpage the anticipated rate increase. Also, at the beginning of October 2021, Cascade will issue another bill insert to customers stating what the increased rates will be. Both copies of the 2021 bill insert have been included with this filing. The proposed change will affect all of Cascade’s Washington customers. Cascade serves approximately 197,371 residential, 26,933 commercial and 484 industrial customers in the state of Washington.

As directed by the WUTC in the March 13, 2017 Policy and Interpretive Statement in Docket UG-132019, included as an attachment to this filing is the Company’s 2020-21 Hedging Plan. The information contained in the plan is confidential pursuant to WAC 480-07-160(2)(c) as the plan contains valuable commercial information.

Cascade’s Hedging Program uses a three-year forward-looking ladder while establishing maximum and minimum percentage boundaries that allow hedge volumes to adjust to market conditions. In addition, the 2021 Hedge Plan implements a change to the year one maximum percent from 60% to 75%, reflecting the Company’s increased capability for technical analysis and internal expertise.

Hedge volume comparison: hedged volumes for the 2020 plan (November 2019 thru October 2020) totaled 18,543,750. Hedge volumes for the 2021 plan as of August 20, 2021 (November 2020 thru October 2021) totaled 16,762,500. Administrative and consulting costs associated with the hedging program were \$144,000 for the 2020 plan.

If you have any questions, please direct them to me at (208) 377-6015.

Sincerely,

/s/ Lori A. Blattner

Lori A. Blattner
Director, Regulatory Affairs
Cascade Natural Gas Corporation
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Attachments

PGA

NEW, CNGC Advice W21-09-01 PGA Trf Sheets, 09-15-21.pdf
NEW, CNGC Advice W21-09-01 PGA Redlined Trf Sheets, 09-15-21.pdf
NEW, CNGC Advice W21-09-01 PGA Bill Insert, 09-15-21.pdf
NEW, CNGC Advice W21-09-01 PGA Exhibit A, 09-15-21.pdf
NEW, CNGC Advice W21-09-01 PGA WP, 09-15-21.xlsx
NEW, CNGC Advice W21-09-01 PGA Gas Cost WP, 09-15-21(R).pdf
NEW, CNGC Advice W21-09-01 PGA Gas Cost WP, 09-15-21(C).xlsx

Hedge Plan

NEW-CNGC-PRJCT-TEAM-MTG-MINUTES-July2021-9-15-2021.pdf
NEW-CNGC-VAR-TO-LIFE-9-15-2021(C).xlsx
NEW-CNGC-VAR-TO-LIFE-9-15-2021(R).pdf
NEW-CNGC-2021-ANNUAL-HEAD-PLAN-9-15-2021(C).pdf
NEW-CNGC-2021-ANNUAL-HEAD-PLAN-9-15-2021(R).pdf
NEW-CNGC-2021-HEDGE-PLAN-PROCESS-FLOW-HARTS-9-15-2021.pdf
NEW-CNGC-2021-HEP-PRESENTATION-9-15-2021(C).pdf
NEW-CNGC-2021-HEP-PRESENTATION-9-15-2021(R).pdf
NEW-CNGC-BOOK-MODEL-9-15-2021(C).xlsx
NEW-CNGC-BOOK-MODEL-9-15-2021(R).pdf
NEW-CNGC-COMPLIANCE-MATRIX-9-15-2021.xlsx
NEW-CNGC-GELBER-ASSOCIATES-2021-FORECAST-9-15-2021(R).pdf
NEW-CNGC-GELBER-ASSOCIATES-2021-FORECAST-9-15-2021(C).pdf
NEW-CNGC-GSOC-MINUTES-9-15-2021(C).pdf
NEW-CNGC-GSOC-MINUTES-9-15-2021(R).pdf
NEW-CNGC-HEDGE-SCHDL-CHART-9-15-2021.xlsx
NEW-CNGC-MARK-TO-MARKET-CALC06022020-9-15-2021(C).xlsx
NEW-CNGC-MARK-TO-MARKET-CALC06022020-9-15-2021(R).pdf
NEW-CNGC-MONTHLY-GUIDANCE-JUNE-9-15-2021(C).pdf
NEW-CNGC-MONTHLY-GUIDANCE-JUNE-9-15-2021(R).pdf
NEW-CNGC-RETROSPECTIVE-REPORT-WORKBOOK-9-15-2021(C).xlsx
NEW-CNGC-RETROSPECTIVE-REPORT-WORKBOOK-9-15-2021(R).pdf