

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**CASCADE NATURAL GAS
CORPORATION,**

Respondent.

DOCKET UG-210755

**FULL MULTIPARTY
SETTLEMENT STIPULATION**

I. INTRODUCTION AND SETTLING PARTIES

- 1.* Pursuant to WAC 480-07-740(3)(a), this full Multiparty Settlement Stipulation (“Multiparty Settlement Stipulation”) is entered into and submitted by Cascade Natural Gas Corporation (“Cascade”) and the regulatory staff of the Washington Utilities and Transportation Commission (“Staff”). The parties are hereinafter collectively referred to as “Settling Parties” and each individually as “Settling Party.” The Public Counsel Section of the Washington Attorney General’s Office (“Public Counsel”), the Energy Project, and the Alliance of Western Energy Consumers are parties in this proceeding but are not signatories to the Multiparty Settlement Stipulation.
- 2.* The Multiparty Settlement Stipulation presented to the Washington Utilities and Transportation Commission (“Commission”) in this case is a “full multiparty settlement,” as that term is defined in WAC 480-07-730(3)(a), because the Multiparty Settlement Stipulation is entered into by some, but not all, parties and resolves all disputed issues

among them. The Settling Parties are also filing Joint Testimony in support of their agreement, pursuant to WAC 480-07-740(3)(a).

3. The Settling Parties request that the Commission review the Multiparty Settlement Stipulation and Joint Testimony and approve the terms of the Multiparty Settlement Stipulation in their entirety and without condition.
4. Consistent with the requirements of WAC 480-07-740(2)(a), the Settling Parties agree that this proceeding is a general rate case and are submitting this Multiparty Settlement Stipulation and supporting testimony for Commission review more than sixty days prior to the statutory deadline for Commission action in this proceeding.
5. Pursuant to WAC 480-07-740(3)(b), the Settling Parties will present one or more witnesses to testify in support of the Multiparty Settlement Stipulation if the Commission believes a hearing will assist the Commission to decide whether to approve the Multiparty Settlement Stipulation.

II. BACKGROUND

6. On September 30, 2021, Cascade Natural Gas Corporation (“Cascade”) filed with the Commission revisions to its currently effective Tariff WN U-3. The purpose of the filing is to increase rates and charges for natural gas services provided to customers in the state of Washington. Specifically, Cascade requested authority to increase charges and rates for natural gas service by approximately \$13.7 million or 5.12 percent in base rates. The Commission suspended operation of the tariffs on October 13, 2021, by Order 01 entered in this proceeding. Attorneys for Staff and Public Counsel filed appearances in the case, and TEP and AWEC requested intervention. No other parties requested intervention.

7. On October 25, 2021, the Commission convened a virtual prehearing conference before Administrative Law Judges Samantha Doyle and Rayne Pearson. The Commission issued a Prehearing Conference Order granting TEP's and AWEC's petitions for intervention and setting a procedural schedule.
8. Pursuant to the prehearing conference order, Staff, Public Counsel, and AWEC each issued data requests to Cascade, and Cascade responded to all requests. The parties in this proceeding convened a formal settlement conference on January 10, 2022, in accordance with the procedural schedule. The parties convened a second formal settlement conference on February 7, 2022. The parties did not reach a full settlement at those conferences, but the parties participated in several settlement-related calls and correspondence after the formal settlement conferences. Staff and Cascade ultimately reached a settlement in principle, and on February 18, 2022, counsel for Staff contacted the presiding officer indicating such. The Commission suspended the procedural schedule pending the Commission's review of the Multiparty Settlement Stipulation.

III. AGREEMENT

9. This Multiparty Settlement Stipulation and this Section III Agreement are based on the Company's initial filing in this proceeding, with the adjustments and changes described below. This Section III. Agreement describes the Settling Parties' stipulated terms and conditions. The Settling Parties agree to a revenue requirement reduction from Cascade's initial filing of \$13,725,286 (11.10%) to \$10,692,992 (8.64%).

A. Depreciation and Rate Base Adjustment:

10. The Settling Parties reached a compromise in this case on Cascade's treatment of its depreciation related expenses, reducing the cost as follows:

1. Cascade agrees to reduce its revenue requirement by \$3,000,000 in consideration of the differences between its filed end of period depreciation and its 2021 actual depreciation expense.
2. The Settling Parties agree that Cascade will reclass its rate base for a net increase to revenue requirement of \$4,973, which includes the impacts to Rate Base, taxes, and depreciation expense.
3. Cascade will revise its State Allocations to Calendar Year of 2020, instead of 2019, which reduces the revenue requirement by \$10,741.

B. Director & Officer Expense:

11. Cascade agrees to reduce its revenue requirement \$26,526, resulting from an increase in its R-6 Adjustment of \$25,353.16.

C. Prudency:

12. The Settling Parties accept the prudency of Cascade's new and renewed resources in this proceeding.

IV. MISCELLANEOUS PROVISIONS

13. The Settling Parties agree to support the terms and conditions of this Multiparty Settlement Stipulation as a settlement of all contested issues between them in the above-captioned proceeding.
14. This Multiparty Settlement Stipulation represents an integrated resolution of all issues in Cascade's general rate proceeding. Accordingly, the Settling Parties recommend that the Commission adopt and approve this Multiparty Settlement Stipulation in its entirety, without conditions.
15. The Settling Parties shall cooperate in submitting this Multiparty Settlement Stipulation promptly to the Commission for approval of Section III. Agreement above and shall cooperate in developing supporting testimony as required in WAC 480-07-740(3)(a). The Settling Parties agree to support the Multiparty Settlement Stipulation throughout this

proceeding, provide witnesses to sponsor such Multiparty Settlement Stipulation at a Commission hearing, and recommend that the Commission issue an order adopting the Multiparty Settlement Stipulation in its entirety.

16. In the event the Commission rejects Section III. Agreement of the Multiparty Settlement Stipulation, the provisions of WAC 480-07-750(2)(c) shall apply. In the event the Commission approves Section III. Agreement subject to conditions not proposed herein, each Party reserves the right, upon written notice to the Commission and all other Settling Parties to this proceeding within ten (10) days of the Commission order, to state its rejection of the conditions. In such event, the provisions of WAC 480-07-750(ii) shall apply. In any further proceedings triggered by this paragraph, the Settling Parties agree to cooperate in development of a hearing schedule that concludes such proceeding at the earliest possible date. Any further proceedings triggered by this paragraph shall not delay any compliance filing of Cascade ordered by the Commission and such compliance filing shall remain in effect pending any further proceeding.

17. The Settling Parties enter into this Multiparty Settlement Stipulation to avoid further expense, uncertainty, and delay associated with continued litigation. By executing this Multiparty Settlement Stipulation, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Multiparty Settlement Stipulation except to the extent expressly set forth in this Multiparty Settlement Stipulation. No Party shall be deemed to have agreed that this Multiparty Settlement Stipulation is appropriate for resolving any issues in any other proceeding. No Party shall represent that any of the facts, principles, methods, or theories employed by any Party in arriving at the terms of this Multiparty Settlement Stipulation are

precedents in any other proceeding or as to any matter remaining in dispute in this proceeding.

18. The Settling Parties agree to the admission into evidence of all pre-filed written testimony and exhibits of Cascade filed to date in this proceeding, with the exception of the term sheet filed on March 15, 2022.

19. This Multiparty Settlement Stipulation may be executed in counterparts, through original and/or facsimile signature, and each signed counterpart shall constitute an original document.

20. All Settling Parties agree:

- i. to provide all other Settling Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Multiparty Settlement Stipulation. This right of advance review includes a reasonable opportunity for a Party to request changes to the text of such announcements. However, no Party is required to make any change requested by another Party; and
- ii. to include in any news release or announcement a statement that Staff's recommendation to approve the settlement is not binding on the Commission itself. This subsection does not apply to any news release or announcement that otherwise makes no reference to Staff.

DATED this 22 day of March 2022.

Respectfully submitted,

ROBERT W. FERGUSON
Attorney General

**CASCADE NATURAL GAS
CORPORATION**

/s/ Nash Callaghan

Nash Callaghan
Assistant Attorney General
Counsel for Washington Utilities and
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/s/ Lori Blattner

Lori Blattner
Director of Regulatory Affairs
Cascade Natural Gas Corporation