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August 2, 2018

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

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State Of WASH.  
UTIL. AND TRANSP.  
COMMISSION

**Re: UG-160967, Advice No. 18-08-01  
Schedule 12, Rule 8, Extension of Distribution Facilities**

Dear Mr. Johnson,

Cascade Natural Gas Corporation (“Cascade” or the “Company”) files herewith the following revisions to its Tariff, WN U-3, stated to become effective with service on and after September 1, 2018:

- Twelfth Revision of Sheet No. 12
- Third Revision of Sheet No. 12-A
- Third Revision of Sheet No. 12-B

The purpose of this filing is to revise the Company’s line extension allowance amounts for residential customers on rate schedule 503 and commercial customers on rate schedule 504. The allowances have been revised to reflect the Company’s new authorized rate of return and revenues per customer class as approved per Commission Order No. 06 issued in UG-170929.

**Background**

The Company currently uses the Perpetual New Present Value (PNPV) methodology for calculating its line extension allowances. Commission staff has expressed support for this methodology because it produces the maximum line extension allowance that is economically-viable for the company.<sup>1</sup>

<sup>1</sup> See UG-160967, Washington Utilities and Transportation Commission, Open Meeting Memo dated 08/30/2016



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A PNPV allowance is the annual basic service charge and distribution revenue for the average residential or average commercial customers, as applicable, divided by 7.31%, which is the Company's approved pre-tax rate of return as approved in Commission Order No. 06 issued in UG-170929. This methodology results in an upfront allowance for residential customers not to exceed \$3,275 and an allowance of no more than \$12,500 for commercial customers. Attached is a work paper that shows how the line extension allowance was derived.

This filing is comprised of the following electronic files:

UG-160967, CNGC Advice No. W18-08-01, CLtr, 08.02.18.pdf  
UG-160967, CNGC Advice No. W18-08-01, Sch. 12 Rule 8, Leg Tariffs, 08.02.18.pdf  
UG-160967, CNGC Advice No. W18-08-01, Sch. 12 Rule 8, Tariffs, 08.02.18.pdf  
UG-160967, CNGC Advice No. W18-08-01, WP, 08.02.18.xlsx

Questions regarding this filing should be directed to me at (509) 734-4593.

Sincerely,

*/s/ Michael Parvinen*

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Enclosures