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January 15, 2021

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

Regarding: **Advice No. CNGC/W21-01-02**
Cascade Natural Gas Corporation - Tariff Revision

Dear Mr. Johnson:

Pursuant to RCW 80.28.060 and Chapter 480-80 WAC, 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 February 15, 2021:

Second Revision Sheet No. 23 Canceling First Revision of Sheet No. 23
Second Revision Sheet No. 23-A Canceling First Revision of Sheet No. 23-A

The purpose of this filing is to add clarifying language around renewable natural gas (“RNG”) to the Purchased Gas Adjustment Mechanism (“PGA”) in Rule No. 19 of Cascade’s natural gas tariff. The proposed changes will clarify that costs associated with the purchase of RNG will be included in the PGA, which recovers projected and actual gas costs. This will allow Cascade to implement RCW 80.28.385(1) Renewable Natural Gas Program and supply renewable natural gas for a portion of the natural gas sold to its retail sales customers. RCW 80.28.385 was signed into law in 2019 to support the development of RNG resources and to provide guidelines for natural gas companies who opt to include RNG purchases with the other natural gas purchases that are sold to customers. Consistent with RCW 80.28.385(1), Cascade has elected to utilize this option in the law.

To implement RCW 80.28.385, the revision to Cascade’s Rule No. 19 addresses the additional actual commodity costs and possible actual demand costs that will be incurred by implementing RNG Program. Cascade believes that this statute and others, as well as Cascade’s present tariff language, currently allow for the purchase of RNG. This filing simply intends to add clarification, out of an abundance of clarity in advance of Cascade’s annual PGA filing later next year. When Cascade makes the annual PGA filing, and consistent with the law, the Commission will review the portion of the RNG supply newly included in the PGA Mechanism along with the projected RNG supply for the upcoming months. The Commission will review and ensure that the impact of purchasing that portion of RNG on customer charges does not exceed five percent (5%) the provision in RCW 80.28.385(1) of the amount charged to retail

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sales customers for natural gas, as a result of the portion that is RNG. By doing so, the Commission is reviewing and approving the portion and the costs as part of the PGA filing.

A separate law, RCW 80.28.390 Tariff-Voluntary Renewable Natural Gas Service, also went into effect concurrent with RCW 80.28.385. This separate law requires gas companies to offer a new optional tariff schedule that provides RNG service to individual customers, at the customer's choice. Cascade intends to file a natural gas tariff schedule to offer voluntary RNG service as prescribed in RCW 80.28.390 in the near future. Only the quantity of RNG purchased by Cascade that is not utilized in a future voluntary RNG tariff service will flow through the Purchased Gas Adjustment Mechanism. The amount of RNG that will be voluntarily subscribed by customers in the future RNG tariff service will be accounted for separately, as will the setting of those rates.

Cascade is confident that for the foreseeable future, the impact of the renewable natural gas on the PGA will remain below the provision in RCW 80.28.385(1) of five percent; and as noted above, the Commission will review that portion of RNG when it reviews and approves rates in Cascade's annual PGA filing. Cascade also understands the provision in RCW 80.28.385(2), that the environmental attributes of renewable natural gas provided must be retired using procedures established by the Commission and may not be used for any other purpose. Cascade will abide by both these two provisions noted above and indicated in the law; as these provisions are already written in the law, it is not necessary to repeat them in Cascade's tariff rule.

Posting of the proposed tariff changes for public inspection and review, as required by law and the Commission's rules and regulations, is being completed in accordance with WAC 480- 90-193(1). The following file is electronically submitted as part of this filing:

- NEW, CNGC Advice W21-01-02 Trf, 01-15-21.pdf
- NEW, CNGC Advice W21-01-02 Leg Trf, 01-15-21.pdf

If there are any questions regarding this report, please contact me at (509) 734-4593.

Sincerely,

/s/ Michael Parvinen

Michael Parvinen,
Regulatory Affairs Director
Cascade Natural Gas Corporation
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