

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-240008

CASCADE NATURAL GAS CORPORATION
NINTH EXHIBIT TO THE
DIRECT TESTIMONY OF ZACHARY L. HARRIS

March 29, 2024

**RULE 21
DECOUPLING MECHANISM**

DECOUPLING CALCULATION:

On a monthly basis the Company will perform the following steps separately for each customer class that is applicable to the rate adjustment in this Rule:

- 1) Record Number of Customers per Customer Class
- 2) Determine Actual Margin Revenues
- 3) Determined Authorized Revenue by multiplying the number of Customers per Customer class (No. 1 above) times the Authorized Revenue for the corresponding month per Customer class as established in Tables 1 & 2 above.
- 4) Determine then record the Deferral Amount by subtracting the Authorized Margin Revenue (No. 3 above) from Actual Margin Revenue (No. 2 above).
- 5) Annually determine the new rate to be applied in Schedule 594 by taking the annual sum of monthly Deferral Amounts and dividing the total by forecasted volumes per Customer class.

EARNINGS TEST:

This mechanism is subject to the following earnings test:

If the Company's annual commission basis report demonstrates that the reported rate of return on its rate base for the 12-month period ending at the end of the period for which the annual commission basis report is filed is more than 0.5 percent higher than the Company's authorized rate of return as granted by the Commission in UG-240008, the Company shall defer all revenues that are in excess of 0.5 percent higher than the Company's authorized rate of return to refund to customers or for another determination as authorized by the Commission in a subsequent adjudicative proceeding.

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(continued)

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By:  Lori A. Blattner

Director, Regulatory Affairs

**RULE 21
DECOUPLING MECHANISM (Continued)**

SPECIAL CONDITIONS:

(D)

- 1) Following the application of the Earnings Test, the amount of an incremental proposed rate increase under this Rule alone cannot impact the overall per therm rate charged for natural gas and transmission services more than 3%.
- 2) The Company shall apply interest on the deferred balance on a monthly basis using the interest rate published by FERC. This calculation will be consistent with the current deferred accounting procedures detailed in WAC 480-90-233.

REPORTING:

- 1) Annual Reporting
The Company's annual true-up filing to revise the rate herein will include a work paper detailing monthly amounts deferred, the monthly customer count, and a reconciliation of amounts amortized and recovered in the prior twelve months.

GENERAL TERMS:

(D)

Service under this Rate Schedule is governed by the terms of this Rate Schedule, the General Rules and Regulations contained in this Tariff, any other Schedules that by their terms or by the terms of this Rate Schedule apply to service under this Rate Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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By: 

Lori A. Blattner

Director, Regulatory Affairs

**RESIDENTIAL SERVICE RATE
SCHEDULE NO. 503**

AVAILABILITY

This schedule is available to residential customers throughout the territory served by the Company under the tariff of which this schedule is a part for natural gas supplied for all purposes provided adequate capacity and supply exist in the Company's system. Service under this schedule shall be through one or more meters, billed separately.

RATES

1) For purposes of this rate, the measurement of service shall be expressed in therms, each equivalent to 100,000 BTUs.

	Effective March 1, 2025	Effective March 1, 2026
Basic Service Charge	\$10.00 per month	\$11.50 per month
Delivery Charge	\$0.44047 per therm	\$0.44502 per therm
Gas Costs	All therms per month multiplied by the WACOG rate per therm as shown on Supplemental Schedule 590.	

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2) The minimum bill per month shall be the basic service charge. The minimum bill for this service shall not be subject to cancellation or reduction for seasonal or temporary periods.

3) Service and rates under this schedule are subject to various adjustments as set forth in Schedule 500 and other supplemental schedules, when applicable.

TERMS OF PAYMENT

Above rates are net. Each monthly bill shall be due and payable within twenty-two (22) days from the date of rendition. Past due balances are subject to a late payment charge(s) per Rule 6.

OTHER CHARGES

Charges outline on Schedule 200 may be applied for restoration of service when service has been turned off for nonpayment of any bill due, seasonal turnoff, or for other reasons arising through the action of the Customer.

TERMS AND CONDITIONS

- 1) The application of this rate schedule is subject to the General Rules and Regulations of the Company as they may be in effect from time to time and as approved by the Washington Utilities and Transportation Commission.
- 2) Gas purchased under this schedule shall not be sub-metered or resold to others without special permission from the Company.

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**GENERAL COMMERCIAL SERVICE RATE
SCHEDULE NO. 504**

AVAILABILITY

This schedule is available to commercial customers throughout the territory served by the Company under the tariff of which this schedule is a part for natural gas supplied for all purposes provided adequate capacity and supply exist in the Company's system. Service under this schedule may be through one or more meters, billed separately.

RATES

1) For purposes of this rate, the measurement of service shall be expressed in therms, each equivalent to 100,000 BTUs.

	Effective March 1, 2025	Effective March 1, 2026	
Basic Service Charge	\$20.00 per month	\$25.50 per month	(N)
Delivery Charge	\$0.32666 per therm	\$0.32828 per therm	(I)(I)
Gas Costs	All therms per month multiplied by the WACOG rate per therm as shown on Supplemental Schedule 590.		(I)(I)
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2) The minimum bill per month shall be the basic service charge. The minimum bill for this service shall not be subject to cancellation or reduction for seasonal or temporary periods.

3) Service and rates under this schedule are subject to various adjustments as set forth in Schedule 500 and other supplemental schedules, when applicable.

TERMS OF PAYMENT

Above rates are net. Each monthly bill shall be due and payable within twenty-two (22) days from the date of rendition. Past due balances are subject to a late payment charge(s) per Rule 6.

OTHER CHARGES

Charges outline on Schedule 200 may be applied for restoration of service when service has been turned off for nonpayment of any bill due, seasonal turnoff, or for other reasons arising through the action of the Customer.

TERMS AND CONDITIONS

1. The application of this rate schedule is subject to the General Rules and Regulations of the Company as they may be in effect from time to time and as approved by the Washington Utilities and Transportation Commission.
2. Gas purchased under this schedule shall not be sub-metered or resold to others without special permission from the Company.

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**GENERAL INDUSTRIAL SERVICE RATE
SCHEDULE NO. 505**

AVAILABILITY

This schedule is available to industrial customers throughout the territory served by the Company under the tariff of which this schedule is a part for natural gas supplied for all purposes provided adequate capacity and supply exist in the Company's system. Service under this schedule shall be through one or more meters, billed separately.

RATES

For purposes of this rate, the measurement of service shall be expressed in therms, each equivalent to 100,000 BTUs.

	Effective March 1, 2025	Effective March 1, 2026
Basic Service Charge	\$100.00 per month	\$130.00 per month
Delivery Charge		
i) The first 500 therms	\$0.26610 per therm	\$0.26741 per therm
ii) The next 3,500 therms	\$0.22031 per therm	\$0.22139 per therm
iii) Over 4,000 therms.	\$0.21339 per therm	\$0.21444 per therm
Gas Costs	All therms per month multiplied by the WACOG rate per therm as shown on Supplemental Schedule 590.	

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- 2) The minimum bill per month shall be the basic service charge. The minimum bill for this service shall not be subject to cancellation or reduction for seasonal or temporary periods.
- 3) Service and rates under this schedule are subject to various adjustments as set forth in Schedule 500 and other supplemental schedules, when applicable.

TERMS OF PAYMENT

Above rates are net. Each monthly bill shall be due and payable within twenty-two (22) days from the date of rendition. Past due balances are subject to a late payment charge(s) per Rule 6.

OTHER CHARGES

Charges outline on Schedule 200 may be applied for restoration of service when service has been turned off for nonpayment of any bill due, seasonal turnoff, or for other reasons arising through the action of the Customer.

TERMS AND CONDITIONS

1. The application of this rate schedule is subject to the General Rules and Regulations of the Company as they may be in effect from time to time and as approved by the Washington Utilities and Transportation Commission.
2. Gas purchased under this schedule shall not be sub-metered or resold to others without special permission from the Company.
3. Customers receiving service under this rate schedule shall execute a service agreement if the Company offers the customer the opportunity to pay line extension costs over time through a facility charge per Rule 8.

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Director, Regulatory Affairs

**SCHEDULE 511
LARGE VOLUME GENERAL SERVICE**

AVAILABILITY

This schedule is available to customers throughout the territory served by the Company under the tariff of which this schedule is a part provided adequate capacity and supply exist in the Company's system. Service under this schedule shall be for natural gas supplied for all purposes to customers having an annual fuel requirement of not less than 50,000 therms.

RATES

1) For purposes of this rate, the measurement of service shall be expressed in therms, each equivalent to 100,000 BTUs.

	Effective March 1, 2025	Effective March 1, 2026
Basic Service Charge	\$250.00 per month	\$350.00 per month
Delivery Charge		
i) The first 20,000 therms	\$0.21524 per therm	\$0.22357 per therm
ii) The next 80,000 therms	\$0.16884 per therm	\$0.17538 per therm
iii) Over 100,000 therms.	\$0.05405 per therm	\$0.05614 per therm
Gas Costs	All therms per month multiplied by the WACOG rate per therm as shown on Supplemental Schedule 590.	

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2) The minimum bill per month shall be the basic service charge. The minimum bill for this service shall not be subject to cancellation or reduction for seasonal or temporary periods.

3) Service and rates under this schedule are subject to various adjustments as set forth in Schedule 500 and other supplemental schedules, when applicable.

SERVICE AGREEMENT

Customers receiving service under this rate schedule shall execute a service agreement for an Annual Minimum Quantity of 50,000 therms a year.

ANNUAL DEFICIENCY BILL

In the event customer purchases less than the Annual Minimum Quantity, as stated in the service agreement, the customer shall be charged an Annual Deficiency Bill. The Annual Deficiency Bill shall be calculated as the difference between the Annual Minimum Quantity and the actual purchase or transport therms times per therm rates in this schedule, except Gas Costs (WACOG), plus all per therm rates for all adjustment schedules that would apply to service procured under this rate schedule.

TERMS OF PAYMENT

Each monthly bill shall be due and payable within twenty-two (22) days from the date of rendition. Past due balances are subject to a late payment charge(s) per Rule 6.

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(continued)

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WN U-3

Original Sheet No. 555

**SCHEDULE 555
COMMISSION FEE ADJUSTMENT**

(N)

PURPOSE

This adjustment schedule collects the 0.02 percent increase in Commission Fee as adopted by Senate Bill 5634, which was signed into law on March 24, 2022, and became effective January 1, 2023 . These costs are deferred in accordance with Order 01 issued in UG-220912.

APPLICABILITY

This adjustment schedule applies to the following rate schedules: 503, 504, 505, 511, 570, and 663.

TERM

This adjustment rate will expire after February 28, 2027.

ADJUSTMENT RATE

The following adjustment rates will apply on a per therm basis for each rate schedule as listed in the table below:

RATE SCHEDULE	ADJUSTMENT RATE (PER THERM)
503	\$0.00329
504	\$0.00208
505	\$0.00143
511	\$0.00106
570	\$0.00024
663	\$0.00058

GENERAL TERMS

Service under this adjustment schedule is governed by the terms and conditions outlined in this schedule, the Rules contained in this Tariff, any other applicable schedules, and all rules and regulations prescribed by regulatory authorities, subject to amendments from time to time.

(N)

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WN U-3

Original Sheet No. 556

**SCHEDULE 556
COVID-19 COST RECOVERY ADJUSTMENT**

(N)

PURPOSE

This adjustment schedule collects the costs incurred due to the moratoriums on disconnections and late fees imposed by Governor Inslee's Proclamation 20-23.2 and the Commissions COVID-19 Response Term Sheet, as approved and modified in Order 01 through Order 06 in U-200281. The costs collected in this schedule are deferred in accordance with Orders 01, 02, and 03 issued in UG-2000479.

APPLICABILITY

This adjustment schedule applies to the following rate schedules: 503, 504, 505, 511, 570, and 663.

TERM

This adjustment rate will expire after February 28, 2027.

ADJUSTMENT RATE

The following adjustment rates will apply on a per therm basis for each rate schedule as listed in the table below:

RATE SCHEDULE	ADJUSTMENT RATE (PER THERM)
503	\$0.02644
504	\$0.00611
505	\$0.00600
511	\$0.00054
570	\$0.00002
663	\$0.00031

GENERAL TERMS

Service under this adjustment schedule is governed by the terms and conditions outlined in this schedule, the Rules contained in this Tariff, any other applicable schedules, and all rules and regulations prescribed by regulatory authorities, subject to amendments from time to time.

(N)

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**SCHEDULE. 570
INTERRUPTIBLE SERVICE**

AVAILABILITY

This schedule is available throughout the territory served by the Company under the tariff of which this schedule is a part provided adequate capacity and supply exist in Company's system. Service under this schedule shall be for natural gas delivered for all purposes to customers having an annual fuel requirement of not less than 50,000 therms per year, which shall include all firm gas delivered, if any, and where customer agrees to maintain standby fuel burning facilities and an adequate supply of standby fuel to replace the entire supply of natural gas delivered hereunder. Service under this schedule shall be subject to curtailment by the Company when, in the judgment of the Company, such curtailment or interruption of service is necessary. Company shall not be liable for damages for, or because of, any curtailment of natural gas deliveries hereunder.

RATES

1) For purposes of this rate, the measurement of service shall be expressed in therms, each equivalent to 100,000 BTUs.

	Effective March 1, 2025	Effective March 1, 2026
Basic Service Charge	\$300.00 per month	\$400.00 per month
Delivery Charge		
i) The first 30,000 therms	\$0.14149 per therm	\$0.14691 per therm
ii) Over 30,000 therms	\$0.05299 per therm	\$0.05502 per therm
Gas Costs	All therms per month multiplied by the WACOG rate per therm as shown on Supplemental Schedule 590.	

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2) The minimum bill per month shall be the basic service charge. The minimum bill for this service shall not be subject to cancellation or reduction for seasonal or temporary periods.

3) Service and rates under this schedule are subject to various adjustments as set forth in Schedule 500 and other supplemental schedules, when applicable.

ANNUAL DEFICIENCY BILL

In the event customer purchases less than the Annual Minimum Quantity, as stated in the service agreement, the customer shall be charged an Annual Deficiency Bill. The Annual Deficiency Bill shall be calculated as the difference between the Annual Minimum Quantity and the actual purchase or transport therms times per therm rates in this schedule, except Gas Costs (WACOG), plus all per therm rates for all adjustment schedules that would apply to service procured under this rate schedule.

SERVICE AGREEMENT

Customers receiving service under this rate schedule shall execute a service agreement for an Annual Minimum Quantity of 50,000 therms a year.

TERMS OF PAYMENT

Each monthly bill shall be due and payable within twenty-two (22) days from the date of rendition. Past due balances are subject to a late payment charge(s) per Rule 6.

GENERAL TERMS

Service under this rate schedule is governed by the terms of this schedule, the Rules contained in this Tariff, any other schedules that by their terms or by the terms of this rate schedule apply to service under this rate schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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**SCHEDULE 663
DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

PURPOSE:

This schedule provides transportation service on the Company’s distribution system of customer-supplied natural gas. Service under this schedule requires Customer to secure both gas supply and pipeline transportation capacity services through third-party arrangements. Service under this schedule is subject to Entitlement and Curtailment.

APPLICABILITY:

To be served on this schedule, Customer must have a service agreement with Company. Customer must also have secured the purchase and delivery of gas supplies through use of Agent or on own behalf.

RATE:

The rates set forth below are exclusive of fuel use requirements designed to cover distribution system lost and unaccounted for gas.

	Effective March 1, 2025	Effective March 1, 2026
Basic Service Charge ¹	\$1,000.00 per month	\$1,200.00 per month
Contract Demand ²	\$0.40 per CD per day	\$0.45 per CD per day
System Balancing Charge	\$0.00110 per therm	\$0.00110 per therm
Delivery Charge		
i) First 100,00 therms	\$0.07487 per therm	\$0.07539 per therm
ii) Next 200,000 therms	\$0.03040 per therm	\$0.03061 per therm
iii) Next 200,000 therms	\$0.02039 per therm	\$0.02053 per therm
iv) Over 500,000 therms	\$0.01225 per therm	\$0.01234 per therm

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1. **Basic Service Charge:** Customers receiving service under this schedule will be charged a monthly basic service charge for each single-metered facility.
- 2) **Contract Demand (CD) Charge:** Contract Demand is the number of therms per day of distribution capacity the customer reserves on the Company’s distribution system for delivery of the customer-supplied natural gas. The Company will determine each customer’s CD which will be stated in the service agreement. Each monthly bill will include a charge that will be no less than the CD times the CD charge. Customer may be forced to curtail more gas than its CD rate if a curtailment per Rule 17 or entitlement as defined in this schedule is necessary, or Force Majeure circumstances per Rule 15 are experienced.

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**SCHEDULE 663
DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

(D)

Rates (continued):

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Fuel Use Requirements:

Customers served on Schedule 663 shall provide Company with in-kind fuel for lost and unaccounted for gas on Company's distribution system. The fuel use factor is 0.3237%.

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All other terms and conditions of service shall be pursuant to the rules and regulations set forth in this Tariff.

RATE ADJUSTMENTS:

Service under this schedule is subject to various adjustments including Schedules 581, 582, 590, 593, 594, 595, 596 and 597.

TAX ADDITIONS:

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

(K) refers to language previously on this sheet that was moved to Sheet No. 663.

(N)

(continued)

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