

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

CASCADE NATURAL GAS
CORPORATION,

To Approve Tariff Revisions Regarding
Climate Commitment Act.

DOCKET UG-240141

ORDER 01

ALLOWING TARIFF TO GO INTO
EFFECT, SUBJECT TO
CONDITIONS

BACKGROUND

- 1 On March 1, 2024, Cascade Natural Gas Corporation (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) proposed revisions to rates under natural gas tariff WN U-3 to add Schedule No. 700, Temporary Climate Commitment Act (CCA) Rate Adjustment. With this filing, Cascade requests to establish a tariff schedule to pass through to ratepayers CCA compliance costs and revenues recorded by Cascade in 2022 and 2023, as well as those projected through the end of calendar year 2024.
- 2 The March 1, 2024, filing was discussed at the April 25, 2024, open meeting and the Company was encouraged to refile to update costs. On May 13, 2024, Cascade filed proposed revisions to the tariff.
- 3 Per Order 01, issued on February 28, 2023, in Docket UG-220759, the Company is seeking to defer its accrued costs and revenues, respectively, into FERC 182.3 and 254. Cost recovery for the temporary rate adjustment filing is for a 10-month period beginning June 1, 2024. Cascade will file an update to Schedule 700 by February 1, 2025, to true-up forecasts to actuals, and with an effective date of April 1, 2025.
- 4 Cascade's proposed Schedule 700 would establish a volumetric charge rate of approximately \$0.29 per therm to current ratepayer schedules to recover deferred CCA compliance costs and establish a seasonally adjusted, load-shaped, and non-volumetric billing credit to return to ratepayers \$111 million in deferred benefits. The proposed tariff revision represents a \$20.55 million increase in net costs to be recovered from ratepayers.

A non-low-income residential ratepayer using the system-wide class average of 54 therms per month with installed service on or before July 25, 2021, will see a bill increase of approximately \$1.12 per month, or 1.46 percent. If service was installed after July 25, 2021, the billing increase will be approximately \$15.80 per month, or 20.61 percent. All known low-income residential ratepayers will receive a credit that fully offsets the volumetric CCA compliance cost charge rate, resulting in \$0.00 bill impacts for those ratepayers.

5 Commission staff (Staff) reviewed the proposed tariff changes filed on May 13, 2024. Staff recommends approval of the tariff revisions with conditions, subject to later prudency review, true-up, and potential refund. Staff notes that the Company's projections for emission market costs and revenues, while inherently uncertain, are reasonable and in line with those of other natural gas utilities regulated by the Commission.

6 The Company began providing written notice to ratepayers on March 1, 2024. No public comments have been received.

7 Staff has engaged public ratepayer advocates, Company representatives, industry associations, affiliated agencies, and independent interest groups during its review. The Company, the Alliance of Western Energy Consumers (AWEC), NW Energy Coalition (NVEC), and The Energy Project (TEP) support Staff's recommendation with the following condition:

Cascade will work with its low-income advisory group to increase enrollment in its Cascade Arrearage Relief and Energy Savings (CARES) energy assistance program through additional outreach, qualification process enhancements, auto-enrollment, and other means to reach a target of at least 12,000 participants by December 31, 2024. This condition will remain in effect regardless of the outcome of an initiative to repeal the Climate Commitment Act.

8 Staff is supportive of the condition proposed by interested parties and recommends that the proposed tariff sheets, filed by Cascade, be allowed to go into effect on June 1, 2024, subject to the conditions that: (1) All accrued and forecasted Company CCA compliance costs and revenues are subject to a retrospective and comprehensive prudency review and potential ratepayer refund and (2) the Company will work with its low-income advisory group to increase enrollment in its CARES program through additional outreach, qualification process enhancements, auto-enrollment, and other means to reach a target of

at least 12,000 participants by December 31, 2024, regardless of the outcome of an initiative to repeal the Climate Commitment Act.

DISCUSSION

9 We agree with Staff that Cascade’s tariff revisions to pass through CCA compliance costs and revenues should be allowed to take effect June 1, 2024, subject to the conditions that: (1) all accrued and forecasted Company CCA compliance costs and revenues are subject to a retrospective and comprehensive prudence review and potential ratepayer refund and (2) the Company will work with its low-income advisory group to increase enrollment in its CARES program through additional outreach, qualification process enhancements, auto-enrollment, and other means to reach a target of at least 12,000 participants by December 31, 2024, regardless of the outcome of an initiative to repeal the Climate Commitment Act.

10 While we agree with Staff that the Schedule 700 charge and credit rates that Cascade proposes in this docket should be authorized, we make no finding regarding the prudence of these charges and credits at this time. Instead, we authorize the proposed rates on a provisional basis, subject to later review and possible refund. The prudence of the rates will be examined in a dedicated proceeding at a later date when CCA compliance costs and revenues over the entire four-year compliance period may be reviewed.

FINDINGS AND CONCLUSIONS

11 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts, and affiliated interests of public service companies, including natural gas companies.

12 (2) Cascade is engaged in the business of providing natural gas services within the state of Washington and is a public service company subject to Commission jurisdiction.

13 (3) This matter came before the Commission at its regularly scheduled meeting on May 23, 2024.

14 (4) After review of the tariff revisions filed in Docket UG-240141 by Cascade on March 1, 2024, and revised May 13, 2024, and giving due consideration, the Commission finds that the tariff revisions should be authorized on a provisional basis, subject to the conditions (1) all accrued and forecasted Company CCA

compliance costs and revenues are subject to a retrospective and comprehensive prudency review and potential ratepayer refund and (2) the Company will work with its low-income advisory group to increase enrollment in its CARES program through additional outreach, qualification process enhancements, auto-enrollment, and other means to reach a target of at least 12,000 participants by December 31, 2024, regardless of the outcome of an initiative to repeal the Climate Commitment Act.

ORDER

THE COMMISSION ORDERS:

- 15 (1) The tariff revisions filed by Cascade Natural Gas Corporation, filed March 1, 2024, as revised May 13, 2024, may go into effect on June 1, 2024, subject to the conditions set forth in paragraph 14 of this Order.
- 16 (2) The Commission authorizes the Commission Secretary to accept by letter a filing that complies with the requirements of this Order.
- 17 (3) The Commission retains jurisdiction over the subject matter and Cascade Natural Gas Corporation to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective May 23, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFF KILLIP
Executive Director and Secretary