

CASCADE NATURAL GAS GENERAL RATE CASE DOCKET UG-152286
ISSUES MATRIX—MARCH 9, 2016

CONTESTED ISSUES

ISSUE	CASCADE NATURAL GAS	COMPANY Rebuttal Filing	COMMISSION STAFF	PUBLIC COUNSEL	PARTY	PARTY
<i>Overall Revenue / Rate Increase</i>	\$10,514,548 4.1%					
<i>Capital Structure and Cost of Capital</i>	<p>Capital Structure Long-term Debt: 50% Preferred Stock: 0% Common Equity: 50%</p> <p>Cost of Capital: Long-term Debt: 5.295% Preferred Stock: 0% Common equity: 10.0%</p> <p>Overall Rate of Return: 7.65% Capital structure, cost of long-term debt, and cost of preferred stock are addressed in Exhibit No.__(MAC-1T).</p>					
<i>Per Books Results</i>	The actual Washington booked figures for the test year, which is the twelve months ended June 30, 2015. Exhibit No.__(MPP-2)					
<i>R-1 Weather Normalization Adjustment</i>	An adjustment to the test period results to reflect customer usage given normal weather. The result is an increase in net income of \$3,642,550. Exhibit No.__(MPP-5)					
<i>R-2 Promotional Advertising Adjustment</i>	Removes advertising costs more aimed at promoting the company brand or image rather than conservation or safety. The result is an increase in net income of \$44,138. Exhibit No.__(MPP-5)					

<p>R-3 <i>Restate Revenue</i></p>	<p>Removes from revenue amounts that are out of period or will not be realized in the rate year. Examples are bill corrections, net unbilled revenues, deferral revenues, etc. The result of this adjustment is a decrease in net income of \$666,359. Exhibit No.____(MPP-5)</p>					
<p>P-1 <i>Interest Coordination Adjustment</i></p>	<p>Adjusts federal income taxes for the effect of the average debt rate used to calculate the rate of return applied to the proposed rate base shown in Exhibit No MPP-1, column (3), line 27. The result is a decrease in net income of \$50,507. Exhibit No.____(MPP-5)</p>					

<p>P-2 Pro Forma Wage Adjustment</p>	<p>Three components: The first component is the annualization of the 2015 increases granted on January 1, 2015 for non-union employees and April 1, 2015 for union employees. The second component layers on the 2016 wage increases for non-union and union employees. The non-union increase is estimated to be 3 percent but won't be known until sometime in December. The Company will update the calculation to reflect the actual non-union increase awarded at a later date. The union increase is 3.1 percent effective April 1 and is based on the contract.</p> <p>The third component is a reflection of seven months of the 2017 union wage increase. It is anticipated that the rate year will include seven months of the effects of the known and measurable 2017 union contract increase of 3.1 percent. The result is a decrease in net income of \$692,171.</p> <p>Exhibit No.__(MPP-5)</p>					
<p>P-3 AC Survey Pro Forma Adjustment</p>	<p>Reflects a change in the company's Atmospheric Corrosion (AC) Survey program. Cascade has been using contractors to perform AC Survey work but has chosen to move the program in house. This change was made in the course of our negotiations with the union of our latest contract, and will provide more control of the work, and better tracking of information. This adjustment decreases net income by \$56,083.</p> <p>Exhibit No.__(MPP-5)</p>					

<p>P-4 Pro Forma Plant Additions</p>	<p>Reflects the Company's budgeted level of capital additions expected to go into service by the expected effective date of the current filing, November 1, 2016. The proposed projects are limited to only those projects that increase the reliability of Cascade's system. These are non-revenue producing upgrades and have no material offsetting factors. As the cost and timing of these projects is budgeted at this point, Cascade will update the actual costs and standing of each project as the case proceeds. The intent is add into rate base only those projects that will be used and useful by the time rates from the current proceeding go into effect. The net income effect of the rate base additions, for depreciation expense and property taxes, is a decrease of \$431,051. The rate base impact is an increase of \$17,396,629. Exhibit No.__(MPP-5)</p>					
<p>P-5 Rate Case Costs</p>	<p>Reflects the impacts of incremental costs associated with filing this general rate case normalized over a two year period. These costs will be updated later in the case as they become known and better estimated. The net income impact is a decrease in net income of \$146,250. Exhibit No.__(MPP-5)</p>					

<p>P-6 CRM Investments 7/1 to 10/31/15</p>	<p>Adds investment included in the most recent annual Cost Recovery Mechanism (CRM) that is beyond the test period (UG-151155). Cascade also adds the revenue associated with the rates approved in the latest CRM filing. The revenue component is included in the adjustment in column (P-6). The result of these adjustments and all effects of the latest approved CRM, are included in this filing. This adjustment decreases net income by \$86,982 and increases rate base by \$4,981,631. Exhibit No.__(MPP-5)</p>					
<p>P-7 Pro Forma Revenue</p>	<p>Adjusts weather normalized volumes to the most current rates. Included in this adjustment is the annualization effect of the most current CRM rates and the most current special contract rates. This adjustment is further described in the testimony of Ms. Pamela J. Archer. This adjustment increases net income by \$741,335. Exhibit No.__(MPP-5) Exhibit No.__(PJA-1T)</p>					
<p>Cost of Service</p>	<p>Cost of Service Study Exhibit No.__(RJA-1T)</p>					
<p>Rate Spread/Rate Design</p>	<p>Exhibit No.__(RJA-1T)</p>					

<i>Decoupling</i>	<p>First, the Company requests approval of two proposed tariffs: proposed Rule 21, “Decoupling Mechanism,” which establishes how the mechanism will work and Schedule 594, “Decoupling Mechanism Adjustment,” which will apply the rate associated with the Rule 21 mechanism. Both Rule 21 and Schedule 594 are included in Exhibit No. __ (PJA-3).</p> <p>Second, the Company requests Commission authorization to defer 100 percent of the differential between Actual Revenues billed and the Authorized Revenue per customer. Exhibit No. ____ (JGG-1T)</p>					
<i>Low Income Discussion</i>	Exhibit No. ____ (MPP-1T)					
<i>Expedited Rate Case Discussion</i>	Exhibit No. ____ (MPP-1T)					