

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

CASCADE NATURAL GAS
CORPORATION

Petitioner,

For an Accounting Order Authorizing a
Revision to Depreciation Rates

DOCKET UG-200278

ORDER 01

GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On March 26, 2020, Cascade Natural Gas Corporation (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) a letter requesting an accounting order authorizing the Company to revise its depreciation rates for gas plant. Cascade attached an updated Depreciation Study (Study) completed in March 2020 based on gas plant balances as of December 31, 2018. Cascade last performed a comparable study approximately five years ago in Docket UG-150762.
- 2 Cascade subsequently filed a Petition for an Accounting Order (Petition) as directed by Commission Staff (Staff) on September 1, 2020. Based on the Study, the Petition requests an increase in annual depreciation expense of approximately \$1.2 million on a whole-system basis, allowing the new depreciation rates to be reflected on the Company's books effective January 1, 2021. Cascade noted that it had a similar petition pending before the Oregon Public Utility Commission.
- 3 On September 8, 2020, Cascade filed a supplemental update to the Study. This supplemental update reflects negotiated adjustments to the Company's depreciation rates as filed with the Oregon Public Utility Commission on March 26, 2020, in Docket Number UM 2073. Cascade explains that all issues with the Company's depreciation study were resolved in the Oregon proceeding, and that the Company submitted the same, updated depreciation rates to the Commission for consistency throughout the Company's service territory.
- 4 These supplemental proposed depreciation rates result in a decrease in annual depreciation expense of approximately \$1.2 million on a whole-system basis as compared to the Petition as originally filed on September 1, 2020.

5 Staff reviewed Cascade’s filings in this Docket and recommends that the Commission approve the updated depreciation rates as set forth in the September 8, 2020, update to the Study. Staff found that Cascade applied the appropriate approved rate to each plant account to determine the depreciation expense proposed in the supplemental update to the Petition. Staff concludes that the depreciation parameters for transmission, distribution, and general gas plant are reasonable and should be authorized by the Commission.

6 Staff notes that approval of the Petition will not change current rates to customers. This filing changes the depreciation expense recorded on the Company’s books. The depreciation rates approved in this filing will be considered for inclusion in base rates when the Company files its next general rate case.

DISCUSSION

7 We grant Cascade’s Petition. The Company seeks approval of consistent depreciation rates for gas plant in each jurisdiction in which it operates because gas plant categories are allocated system-wide for ratemaking purposes. We agree with Staff that Cascade applied the appropriate approved rate to each plant account to determine the depreciation expense proposed in the Petition. Accordingly, we conclude that the depreciation parameters for transmission, distribution, and general gas plant are reasonable.

FINDINGS AND CONCLUSIONS

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

9 (2) Under RCW 80.04.350, the Commission “may from time to time ascertain and by order fix the proper and adequate rates of depreciation or retirement of each public service company.”

10 (3) Cascade is a gas company and a public service company subject to Commission jurisdiction.

11 (4) WAC 480-07-370(1)(b) allows companies to file petitions including that for which Cascade seeks approval.

- 12 (5) Staff has reviewed the Petition filed in this Docket, including related work papers.
- 13 (6) Staff finds that Cascade's Petition should be approved and that the depreciation rates set forth in Attachment 1 to this Order, which reflect the September 8, 2020, update to Cascade's Study, should be adopted. Staff further finds that the rates are reasonable and should be granted.
- 14 (7) This matter came before the Commission at its regularly scheduled meeting on December 10, 2020.
- 15 (8) The Petition and proposed depreciation rates are consistent with RCW 80.04.350 and are in the public interest.
- 16 (9) After review of Cascade's Petition filed in Docket UG-200278 on September 1, 2020, and supplementally updated on September 8, 2020, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that Cascade's Petition should be approved, and the depreciation rates set forth in Attachment 1 to this Order should be granted.

ORDER

THE COMMISSION ORDERS:

- 17 (1) Cascade Natural Gas Corporation's Petition to revise its depreciation rates as set forth in Attachment 1 to this Order is granted. Cascade Natural Gas Corporation may recognize the updated depreciation costs on its books effective January 1, 2021.
- 18 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting the Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 19 (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 Executive Secretary to enter this Order.

DATED at Lacey, Washington, and effective December 10, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Mark L. Johnson
Executive Director and Secretary