

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

CASCADE NATURAL GAS
CORPORATION,

For an Accounting Order Authorizing
Deferred Accounting Treatment of Expenses
Related to filing the Company's First Multi-
Year Rate Plan

DOCKET UG-23 _____

PETITION OF CASCADE
NATURAL GAS CORPORATION
FOR DEFERRED ACCOUNTING

I. INTRODUCTION

1 In accordance with WAC 480-07-370(3) and WAC 480-90-203(3), Cascade Natural Gas Corporation (“Cascade” or “Company”), petitions the Washington Utilities and Transportation Commission (“Commission”) for an order authorizing the deferred accounting treatment for legal and consulting costs related to the Company’s initial multi-year rate plan (“MYRP”) to be filed in 2024. As described more fully below, the MYRP is an extraordinary undertaking for Cascade, and Cascade anticipates incurring significant new costs that are not currently being recovered in rates. Accordingly, Cascade requests to account for and defer for consideration by the Commission as part of the MYRP case, costs incurred in connection with developing and litigating its first MYRP.

2 Cascade is a natural gas utility that provides service to approximately 229,000 customers in various locations in Washington including Bellingham, Mt. Vernon, Bremerton, Longview, Yakima, Kennewick, and Walla Walla.

3 Please direct all correspondence related to this Petition as follows:

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4 Rules and statutes that may be at issue in the Petition include RCW 80.01.040,
RCW 80.28.020, RCW 80.28.425, WAC 480-07-370(3), and WAC 480-90-203(3).

II. BACKGROUND

5 Beginning January 1, 2022, every general rate case filing of a gas company must
include a proposal for a multiyear rate plan as provided in RCW 80.28.425. This new
statute introduces significant changes to the traditional and historical rate making
process, including mandates for filing multiyear rate plans with performance measures,¹
provisions for rates subject to refund,² potential protections for customers during a
multiyear rate plan,³ and consideration of several new factors as part of the public
interest standard.⁴ These new public interest factors include, but are not limited to,
environmental health and greenhouse gas emissions reductions, health and safety
concerns, economic development, and equity.⁵

6 Cascade is in the process of preparing for its first MYRP, and the Company plans to
file it in the first quarter of 2024. Cascade anticipates incurring significant and
extraordinary costs related to preparation and litigation of its first MYRP. Cascade has
engaged or will engage consultants to identify and help implement proposals consistent

¹ RCW 80.28.425(7).

² RCW 80.28.425(3(b)).

³ RCW 80.28.425(4).

⁴ RCW 80.28.425(1).

⁵ *Id.*

with and pursuant to RCW 80.28.425. The work will include the completion of a load study, a decoupling study, a return on equity study, a cost of service study, consulting related to the establishment of an equity advisory committee, as well as consulting related to the implementation of the Climate Commitment Act within the multiyear period. Further, Cascade has engaged legal counsel to represent the Company in its MYRP proceeding, and the Company anticipates that it will incur legal fees that exceed those in prior rate proceedings. While Cascade is unable to provide an accurate and complete cost estimate at this time for the total amount that may be deferred to develop and implement its first MYRP, preliminary estimates of such costs could be up to \$2.9 million for the first year of the Company's rate plan. Such costs may have a material impact on the Company's financial results and are beyond the Company's control. As such, Cascade's MYRP expenses meet the Commission's standard for deferred accounting.⁶ Cascade is not seeking pre-approval of any such costs, and the Company will address the costs associated with this deferral at the time any ratemaking treatment is proposed.

7 Cascade has not routinely sought deferral for costs related to preparation and presentation of its general rate cases. However, such costs are incurred after the test year, incurred on an irregular basis, and are highly variable. Rate case expenses are appropriate expenses for deferral and amortization if advance approval is requested, as it

⁶ *In the Matter of the Petition of Cascade Natural Gas Corporation, For an Order Authorizing Deferred Accounting Treatment of Expenses Related to the Implementation of the Climate Commitment Act*, Docket UG-220759, Order 01 at ¶ 12 (Feb. 28, 2023). See also, *In the Petition of Avista Corp. d/b/a Avista Utils. for an Order Approving Deferral of Costs Associated with the Clean Energy Implementation Plant and Named Communities Investment*, Docket UE-220350 at ¶¶ 5-6 (July 28, 2022).

is here.⁷ In the case of Cascade’s first MYRP, such costs are even more variable and uncertain due to first-time efforts to comply with new statutory obligations under RCW 80.28.425. Such costs, therefore, meet the Commission’s standard of extraordinary circumstances that warrant deferral and amortization.

III. PROPOSED ACCOUNTING TREATMENT

8 If this petition is approved, Cascade proposes to record the deferral amount as a regulatory asset in FERC Account 186 and credit various applicable FERC accounts. The Company requests that it be allowed to accrue interest on the unamortized balance at its actual cost of debt, updated semi-annually on July 1 and January 1.

IV. REQUEST FOR RELIEF

9 Based on the foregoing, Cascade respectfully requests that the Commission issue an Accounting Order authorizing the requested deferred accounting treatment as outlined above.

Respectfully submitted this 15th day of September 2023

By: /s/ Lori Blattner
Lori Blattner
Director, Regulatory Affairs

⁷ *Wash. Utils. & Transp. Comm’n v. Puget Sound Energy, Inc.*, Dockets UG-040640, UE-040641, UE-031471, and UE-032043 (consolidated), Order 06 at ¶¶ 163-72 (Feb. 18, 2005) (approving PSE’s deferred accounting for rate case expenses, but clarifying that deferral requires express, advance approval.).