

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION)	DOCKET UG-200755
)	
Complainant,)	
)	
v.)	
)	
CASCADE NATURAL GAS)	
CORPORATION)	
)	
Respondent.)	
<hr/>)

EXH. BGM-4

Cascade Responses to Data Requests

**OPPOSITION TESTIMONY OF BRADLEY G. MULLINS
ON BEHALF OF
ALLIANCE OF WESTERN ENERGY CONSUMERS**

April 25, 2022

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-210755
Cascade Natural Gas Corporation
2021 General Rate Case**

AWEC DATA REQUEST NO. 004:

Financial Data

Reference Cascade's Revenue Requirement Model, Tab "Operating Report." Please provide transaction level detail supporting each expense value in the referenced workpaper. Please provide the transaction detail on a total-company and a Washington-allocated basis. Please provide detail showing all fields stored in Cascade's accounting system including date, vendor, amount, detailed description, memorandum, and any other fields stored in Cascade's accounting system.

Response:

Attached as Attachment A to Cascade Natural Gas Corporation's ("Cascade") Response to AWEC Data Request No. 004, please find an Excel file containing transaction level detail supporting each expense value contained Cascade's Revenue Requirement Model.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-210755
Cascade Natural Gas Corporation
2021 General Rate Case**

AWEC DATA REQUEST NO. 005:

Depreciation Expense

Please provide the monthly calculation of depreciation expenses by FERC account for 2020 including the monthly gross plant balances and the depreciation rate applied.

Response:

Attached as Attachment A to Cascade Natural Gas Corporation's ("Cascade") Response to AWEC Data Request No. 005, please find an Excel file that includes the monthly calculation of all depreciation expenses for each Cascade jurisdiction. Cascade records depreciation for all classes of depreciable gas plant in service to depreciation expense except for depreciation that is allowed to be charged to a clearing account. The depreciation of transportation equipment, work equipment, and power operated equipment is charged to a clearing account in order to obtain a proper distribution of the expense between construction and operation. The use of this method is in accordance with the FERC's Uniform System of Accounts general instructions for natural gas companies, which states under Note B of FERC 403 "[d]epreciation expense applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation."

Cascade notes that depreciation rates changed effective January 1, 2021. This change was approved in Docket UG-200278 and adopted within Cascade's recent fully litigated rate case in Docket UG-200568.

In preparing its Response to AWEC Data Request No. 005, Cascade discovered an error in Adjustment R-3, Restate End of Period Adjustment, Depreciation & Amortization, found on page 1, Column R-3, of the Fourth Exhibit to the Direct Testimony of Maryalice Gresham, Exh. MCG-5. Cascade inadvertently used the Depreciation Expense total of \$32.1 million found on tab "EOP Depn Exp Adj", Column D, Row 46, as the annual end of period depreciation expense. As Column F, Row 47 illustrates, the \$32.1 million includes depreciation charged to Auto and Work clearing accounts. To accurately reflect Depreciation Expense for the end of period, the \$31.0 million in Column F, Row 40 should have been used. The result was an over-statement

of Depreciation Expense by \$1.1 million in the original case as shown in Column I, Row 40.

Additionally, in 2015, two assets were transferred from FERC sub-plant account 376 HP Distribution Mains to FERC sub-plant account 367 Transmission Mains per Engineering. The jurisdictional allocation factor used under FERC 376 correctly allocated these assets to Washington. However, when transferred to FERC 367 the allocation factor was set up incorrectly to allocate to Oregon and has been used that way since. This error was found when looking at the plant's state on asset reports where the state on the work orders/assets were correct versus the allocation on the depreciation reports where the jurisdiction factors were incorrect. There has been no activity in these two assets between 2015 and 2021. These assets and their corresponding accumulated reserve will be transferred to the correct allocation group as of December 2021 so they will be reflected in the Washington jurisdiction. Therefore, any reporting going forward will correctly reflect these assets, accumulated reserve, and depreciation expense in the Washington jurisdiction. This results in an increase in Depreciation Expense of \$6,999.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-210755
Cascade Natural Gas Corporation
2021 General Rate Case**

AWEC DATA REQUEST NO. 038:

Income Taxes

Reference Cascade's Revenue Requirement Model, Tab "CAC-Def Tax": Please detail the amount of Washington protected EDIT that has been amortized by calendar year since January 1, 2018.

Response:

Attached as Attachment A to Cascade Natural Gas Corporation's ("Cascade") Response to AWEC Data Request No. 038, please find an Excel file showing the amount of Washington protected EDIT that has been amortized by calendar year since August 2018. Specifically, the tab labeled 2540.20481, column P contains the annual amortizations of the Washington protected EDIT. And the tab labeled 2540.20482, column P is the associated gross up associated with the amortization.

State:	Washington
Description:	Protected Excess Deferred Income Taxes-Base
Account number:	47WA.2540.20481
Class of customers:	
Deferral period:	N/A
Amortization period:	8/1/18 to Life of Assets
Narrative:	Amortization of previously deferred Proteccted Excess Deferred Income Taxes

<i>Debit (Credit)</i>									
Month/ Year	Rate	Therms	Deferral	Amortization	Interest	Adjustments	Deferred Balance	Amortization	Annual Amortization Total
				Balance transferred from 47WA.2292		(801,265.87)	(801,265.87)		
Aug-18	Various	61,836,631	(92,025.52)	34,981.63	0.00		(858,309.76)	34,981.63	
Sep-18	Various	69,221,884	(111,661.43)	53,753.71	0.00		(916,217.48)	53,753.71	
Oct-18	Various	58,118,580	(111,661.42)	66,520.71	0.00		(961,358.19)	66,520.71	
Nov-18	Prorated	43,389,765	(111,661.43)	86,514.12	0.00		(986,505.50)	86,514.12	
Dec-18	Various	80,158,637	(184,967.18)	170,724.38	0.00		(1,000,748.30)	170,724.38	412,494.55
Jan-19	Various	86,264,908	(126,096.29)	191,670.15	0.00		(935,174.44)	191,670.15	
Feb-19	Various	82,269,503	(126,096.29)	200,335.82	0.00		(860,934.91)	200,335.82	
Mar-19	Various	84,736,435	(126,096.29)	217,106.23	0.00		(769,924.97)	217,106.23	
Apr-19	Various	62,230,455	(126,096.29)	129,029.57	0.00		(766,991.69)	129,029.57	
May-19	Various	50,477,479	(126,096.29)	83,880.94	0.00		(809,207.04)	83,880.94	
Jun-19	Various	51,732,018	(126,096.29)	60,084.77	0.00		(875,218.56)	60,084.77	
Jul-19	Various	67,400,695	(126,096.29)	61,861.41	0.00		(939,453.44)	61,861.41	
Aug-19	Various	76,438,837	(126,096.29)	63,152.43	0.00		(1,002,397.30)	63,152.43	
Sep-19	Various	73,218,474	(126,096.29)	60,796.27	0.00		(1,067,697.32)	60,796.27	
Oct-19	Various	62,211,815	(126,096.29)	86,035.85	0.00		(1,107,757.76)	86,035.85	
Nov-19	Prorated	72,608,604	(126,096.29)	136,594.44	0.00		(1,097,259.61)	136,594.44	
Dec-19	Various	95,612,394	(126,096.29)	208,864.80	0.00		(1,014,491.10)	208,864.80	1,499,412.68
Jan-20	Various	96,190,788	(111,949.58)	241,582.44	0.00		(884,858.24)	241,582.44	
Feb-20	Various	84,770,508	(111,949.58)	201,853.16	0.00		(794,954.66)	201,853.16	
Mar-20	Various	99,882,117	(111,949.58)	210,250.82	0.00		(696,653.42)	210,250.82	
Apr-20	Various	81,878,770	(111,949.58)	165,155.15	0.00		(643,447.85)	165,155.15	
May-20	Various	46,164,069	(111,949.58)	84,774.72	0.00		(670,622.71)	84,774.72	
Jun-20	Various	43,284,213	(111,949.58)	68,891.88	0.00		(713,680.41)	68,891.88	
Jul-20	Various	55,089,338	(111,949.58)	68,123.24	0.00		(757,506.75)	68,123.24	
Aug-20	Various	66,863,465	(111,949.58)	63,819.41	0.00		(805,636.92)	63,819.41	
Sep-20	Various	73,703,550	(111,949.58)	70,220.72	0.00		(847,365.78)	70,220.72	
Oct-20	Various	65,687,484	(111,949.58)	76,264.69	0.00		(883,050.67)	76,264.69	

<i>Debit (Credit)</i>								Annual Amortization	
Month/ Year	Rate	Therms	Deferral	Amortization	Interest	Adjustments	Deferred Balance	Amortization	Total
Nov-20	Various	68,293,788	(111,949.58)	119,648.28	0.00		(875,351.97)	119,648.28	
Dec-20	Various	94,595,765	(68,950.24)	187,415.29	0.00		(756,886.92)	187,415.29	1,557,999.80
Jan-21	Various	93,263,558	(135,688.74)	195,469.82	0.00		(697,105.84)	195,469.82	
Feb-21	Various	86,995,469	(135,688.74)	183,864.48	0.00		(648,930.10)	183,864.48	
Mar-21	Various	103,209,019	(135,688.74)	201,599.41	0.00		(583,019.43)	201,599.41	
Apr-21	Various	89,581,135	(135,688.74)	148,799.98	0.00		(569,908.19)	148,799.98	
May-21	Various	56,228,122	(135,688.74)	80,993.25	0.00		(624,603.68)	80,993.25	
Jun-21	Various	68,779,022	(135,688.74)	76,272.47	0.00		(684,019.95)	76,272.47	
Jul-21	Various	72,135,275	(135,688.74)	61,843.22	0.00		(757,865.47)	61,843.22	
Aug-21	Various	70,764,185	(135,688.74)	58,682.77	0.00		(834,871.44)	58,682.77	
Sep-21	Various	71,864,038	(135,688.74)	62,059.02	0.00		(908,501.16)	62,059.02	
Oct-21	Various	72,338,720	(135,688.74)	79,716.85	0.00		(964,473.05)	79,716.85	
Nov-21	Various	75,721,245	(135,688.74)	114,027.53	0.00		(986,134.26)	114,027.53	
Dec-21	Various	83,926,722	(252,164.55)	169,832.88	0.00		(1,068,465.93)	169,832.88	1,433,161.68

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-210755
Cascade Natural Gas Corporation
2021 General Rate Case**

AWEC DATA REQUEST NO. 063:

Financial Data

Please provide Cascade's FERC Form 2 for calendar years 2018, 2019, and 2020.

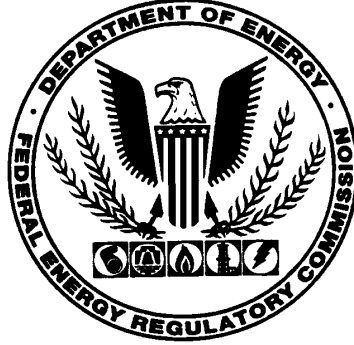
Response:

Attached as Attachments A to C to Cascade Natural Gas Corporation's ("Cascade") Response to AWEC Data Request No. 063, please find Cascade's FERC Form 2 files for 2018, 2019 and 2020 as follows:

2018 FERC Form 2	Attachment A
2019 FERC Form 2	Attachment B
2020 FERC Form 2	Attachment C

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____



FERC FINANCIAL REPORT

FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Cascade Natural Gas Corporation

Year/Period of Report

End of 2020/Q4

MDU ENERGY CAPITAL, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended December 31, 2020 and 2019

On June 15, 2020, Cascade issued \$50.0 million of senior notes under a note purchase agreement with maturity dates ranging from June 15, 2050 to June 15, 2060, at a weighted average interest rate of 3.66 percent. The agreement contains customary covenants and provisions, including a covenant of Cascade not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent.

On October 30, 2020, Cascade issued \$25.0 million of senior notes under a note purchase agreement with a maturity date of October 30, 2060, at an interest rate of 3.34 percent. The agreement contains customary covenants and provisions, including a covenant of Cascade not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent.

Cascade's ratio of total debt to total capitalization at December 31, 2020, was 53 percent.

Intermountain Any borrowings under the revolving credit agreement are classified as long-term debt as they are intended to be refinanced on a long-term basis through continued borrowings. The credit agreement contains customary covenants and provisions, including a covenant of Intermountain not to permit, at any time, the ratio of total debt to total capitalization to be greater than 65 percent. Other covenants include restrictions on the sale of certain assets, limitations on indebtedness and the making of certain investments.

Intermountain's ratio of total debt to total capitalization at December 31, 2020, was 51 percent.

Schedule of Debt Maturities Long-term debt maturities, which excludes unamortized debt issuance costs and discount, for the five years and thereafter following December 31, 2020, were as follows:

	2021	2022	2023	2024	2025	Thereafter
	(In thousands)					
Long-term debt maturities	\$700	\$12,200	\$47,200	\$244,300	\$137,700	\$1,100,302

NOTE 9 – LEASES

Most of the leases the Company enters into are for equipment, buildings and easements as part of their ongoing operations. The Company also leases certain equipment to third parties. The Company determines if an arrangement contains a lease at inception of a contract and accounts for all leases in accordance with ASC 842 - *Leases*.

The recognition of leases requires the Company to make estimates and assumptions that affect the lease classification and the assets and liabilities recorded. The accuracy of lease assets and liabilities reported on the Consolidated Financial Statements depends on, among other things, management's estimates of interest rates used to discount the lease assets and liabilities to their present value, as well as the lease terms based on the unique facts and circumstances of each lease.

Lessee accounting

The leases the Company has entered into as part of its ongoing operations are considered operating leases and are recognized on the Consolidated Balance Sheets as operating lease right-of-use assets, operating lease liabilities due within one year and, if applicable, noncurrent liabilities – operating lease liabilities. The

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-210755
Cascade Natural Gas Corporation
2021 General Rate Case**

AWEC DATA REQUEST NO. 067:

Financial Data

Please provide Cascade's results of operations for the 12-months ending December 2021, when available.

Response:

Attached as Attachment A to Cascade Natural Gas Corporation's ("Cascade") Response to AWEC Data Request No. 067, please find an Excel file showing Cascade's FERC (unaudited) income statement for January 2021 through December 2021.

Shaded information is designated as CONFIDENTIAL per Protective Order in Docket UG-210755 as marked in Attachment A to Cascade's Response to AWEC Data Request No. 066.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-210755
Cascade Natural Gas Corporation
2021 General Rate Case**

AWEC DATA REQUEST NO. 068:

Financial Data

Please provide Cascade's Washington-allocated bad debt expense and provision over the period 2016, 2017, 2018, 2019 and 2020.

Response:

Below are Cascade Natural Gas Corporation's ("Cascade") Washington-allocated bad debt expense for the periods 2016-2020:

2016 - \$765,092
2017 - \$980,606
2018 - \$678,646
2019 - \$964,264
2020 - \$972,241

Below are Cascade's Washington-allocated provision for uncollectible accounts for the periods 2016-2020:

2016 – (\$347,397)
2017 – (\$318,699)
2018 – (\$316,549)
2019 – (\$362,707)
2020 – (\$953,605)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-210755
Cascade Natural Gas Corporation
2021 General Rate Case**

AWEC DATA REQUEST NO. 095:

Transaction Data

Reference Cascade's response to AWEC Data Request 04, Attachment A, Tab "921":
Please provide an explanation, accounting workpapers and supporting invoices for
document number "57031", "COVID-19 DEFERRAL 1220".

Response:

Regarding Tab "921" in Attachment A to Cascade Natural Gas Corporation's
("Cascade") Response to AWEC Data Request No. 004, the entry for document number
"57031", "COVID-19 DEFERRAL 1220", is to record the excess "savings" and excess
"costs" because of the COVID-19 pandemic to a deferred liability and deferred asset,
respectively, per Cascade's accounting deferral petition approved in December 2020.
This entry recorded the activity through November to true-up the amounts. Monthly
entries were made going forward. Attached as Attachment A to Cascade's Response to
AWEC Data Request No. 095, please find the related Journal Entry.

JE 10 Digit
Name:

COVID-19 Deferral 12 20

Period

Dec-20

Batch # 1830813

Reversing

Yes	<input type="checkbox"/>
No	<input checked="" type="checkbox"/>

Document # 57031

Cascade Natural Gas Corporation Journal Entry Batch

Purpose of
JE:

COVID-19 expenses and savings Mar - Nov 2020 deferral.

Recurring
JE:

Y

APPROVED
By Kevin.Conwell at 3:21 pm, Jan 08, 2021

Prepared by: Brian Hoyle

Date: 1/8/2021

Reviewed/Approved by: Kevin Conwell

Date: _____

Journal Entry - Journal Entry

Personal Form: (No Personalization) Query: All Records

Row Form Tools

Batch Number 1830813 Model Percent Reverse

Doc Type/No/Co JE 57031 00047 G/L Date 12/31/2020

Explanation * COVID-19 DEFERRAL 1220 Ledger Type AA

Records 1 - 7 * Units

<input type="checkbox"/>	<input type="checkbox"/> Account Number *	Amount	Units	Unit of Measure	Remark	Account Description
<input type="checkbox"/>	47OR.1823.2051	<input checked="" type="checkbox"/> 89,667.46	.00		COVID-19 COSTS	OR Covid-19 Deferred Costs
<input type="checkbox"/>	47OR.2530.01291	<input checked="" type="checkbox"/> 170,360.45-	.00		COVID-19 SAVINGS	OR Covid-19 Savings
<input type="checkbox"/>	47604OR.5941.29210	<input checked="" type="checkbox"/> 80,692.99	.00			Office Supplies
<input type="checkbox"/>	47WA.1860.20487	<input checked="" type="checkbox"/> 159,164.64	.00		COVID-19 COSTS	WA Covid-19 Deferred Costs
<input type="checkbox"/>	47WA.2530.01290	<input checked="" type="checkbox"/> 589,798.68-	.00		COVID-19 SAVINGS	WA Covid-19 Savings
<input type="checkbox"/>	47604WA.5941.29210	<input checked="" type="checkbox"/> 430,634.04	.00			Office Supplies
<input type="checkbox"/>						

Remaining Amount

JE to be done

March-November 2020

✓ 47OR.1823.2051	89,667.46	Costs
✓ 47OR.2530.01291	(170,360.45)	Savings
✓ 47604OR.5941.29210	80,692.99	
✓ 47WA.1860.20487	159,164.64	Costs
✓ 47WA.2530.01290	(589,798.68)	Savings
✓ 47604WA.5941.29210	430,634.04	

COVID-Related Costs through 11/30/20

O&M Work Orders (Actual)

Capital Work Orders (Actual) (1)
(Jurisdictionally split based on O&M WO split)

Waived Late Fees

Bad Debts (Additional Provision for COVID - 10% increase in factors applied to each A/R bucket)
(Jurisdictionally split based on Provision balance)

Short Term Debt Issuance Costs - \$75M
(alloc on 00100/00116/00117)

Incremental interest cost of Short-Term Debt
(alloc on 00100/00116/00117)

Total Costs (Pre-tax) —
=

(1) Annual Estimate - \$150k for MDU, \$68k for CNG, \$81k for IGC

Reconnection Charges (Washington) - we can defer these foregone revenues

Washington (Mar-Nov)	Oregon (March - Nov)	Total Cascade
64,076.89	21,302.04	85,378.93
27,461.76	9,129.52	\$36,591.28
331,468.47	123,353.20	454,821.67
95,087.75	68,365.42	163,453.17
-	-	-
-	-	-
-	-	-
518,094.87	222,150.18	740,245.05
159,164.64	89,667.46	

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-210755
Cascade Natural Gas Corporation
2021 General Rate Case**

AWEC DATA REQUEST NO. 100:

Transaction Data

Reference Cascade's response to AWEC Data Request 04, Attachment A, Tab "930.2": Please identify "MDUR Cross Charge", please identify the vendor, provide an explanation of the underlying expenses, the date the services were incurred, and the total costs associated with each item.

Response:

Attached as Attachment A to Cascade Natural Gas Corporation's ("Cascade") Response to AWEC Data Request No. 100, please find an Excel file with transaction-level detail related to Tab "930.2" of Attachment A to Cascade's Response to AWEC Data Request No. 004. Cascade's total allocated amounts are in Column "AA", and Cascade's Washington allocated amounts are in Column "AG".

Cascade notes this account was part of Cascade's correction on December 8, 2021, based on Public Council Data Request Nos. 40-42, which incorporated this account plus other accounts within Adjustment R-6 of this rate case. Adjustment R-6 removes 50 percent of the costs shown in account 930.2.