

**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  
relating to the Maximum Allowable  
Operating Pressure (MAOP) Determination  
and Validation Plan

DOCKET NO. UG-16 \_\_\_\_\_

PETITION OF CASCADE  
NATURAL GAS CORPORATION

**I. INTRODUCTION**

1. In accordance with WAC 480-07-370(1)(b), Cascade Natural Gas Corporation (“Cascade” or “Company”), at 8113 West Grandridge Boulevard, Kennewick, Washington, hereby petitions the Commission for an Order authorizing the deferred accounting treatment detailed in this Petition related to incremental costs incurred to implement the Maximum Allowed Operating Pressure (MAOP) Determination and Validation Plan (Plan) submitted to the Commission on April 29, 2016, under Docket PG-150120. As an alternative, less preferred approach, Cascade has simultaneously filed for recovery of these costs in its annual Cost Recovery Mechanism (CRM) in compliance with the Commissions Policy Statement in Docket UG-120715.
2. Cascade is a utility that provides service to approximately 204,000 customers in various locations in Washington including Bellingham, Mt. Vernon, Bremerton, Longview, Yakima, Kennewick, and Walla Walla. Please direct all correspondence related to this Petition as follows:

Michael Parvinen  
Director of Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 West Grandridge Boulevard  
Kennewick, WA 99336-7166  
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3. Rules and statutes that may be at issue in the Petition include RCW 80.01.040, RCW 80.28.020, and WAC 480-07-370(1)(b).

## **II. BACKGROUND**

4. On April 29, 2016, Cascade filed its Maximum Allowed Operating Pressure (MAOP) Determination and Validation Plan in compliance with the stipulated agreement in Docket PG-150120. The implementation of the plan will result in significant incremental costs that were not addressed or accounted for in Cascade's current general rate case (Docket UG-152286). As these costs are somewhat unknown until more information is available, it was premature to include them in the rate case.
5. Cascade anticipates the upper magnitude of costs to be \$2.2 million in 2016 and potentially \$2.3 million in 2017. Cascade will be using external parties to perform the evaluations in the Plan
6. Cascade believes these costs warrant deferred accounting treatment because:
  - a. The costs are material and incremental to those costs included in Cascade's general rate case in Docket UG-152286.
  - b. The potential benefits to customers of the program could result in significant capital cost avoidance.
  - c. Deferral treatment properly matches Cascade's ability to embed these ongoing costs in general rates.

## **III. PROPOSED ACCOUNTING AND RATEMAKING TREATMENT**

7. The Company proposes that all incremental third party costs associated with the Maximum Allowed Operating Pressure (MAOP) Determination and Validation Plan be deferred to account 182.3 Other Regulatory Assets.
8. Cascade would request that such deferred costs be amortized and recovered in the

Company's next general rate case<sup>1</sup>.

#### **IV. REQUEST FOR RELIEF**

Based on the foregoing, Cascade respectfully requests that the Commission issue an Accounting Order authorizing the accounting treatment.

Dated this 1<sup>st</sup> day of June, 2016

**CASCADE NATURAL GAS CORPORATION**



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Michael Parvinen

Director, Regulatory Affairs

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<sup>1</sup> Cascade currently anticipate filing its next general rate case on or around March 31, 2017.

VERIFICATION

STATE OF WASHINGTON )

) ss.

COUNTY OF BENTON )

Michael Parvinen, being first duly sworn, on oath deposes and says:

That he is Director of Regulatory affairs with Cascade Natural Gas Corporation, that he has read the foregoing Petition of Cascade Natural Gas Corporation for An Accounting Order, that he knows the contents thereof, and that he believes the same to be true to the best of his knowledge and belief.

Michael Parvinen

SUBSCRIBED and SWORN to before me this 1<sup>st</sup> day of June, 2016.

Print Name: TRUDY A NUGENT  
Notary Public in and for the State of Washington, residing at Benton Co.  
My commission expires: 9-1-16

