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March 12, 2021

Mr. Mark L. Johnson
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: UG-152286 - Cascade Decoupling Mechanism Third-Party Program Audit

On December 1, 2015, Cascade Natural Gas Corporation (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions to increase general rates for natural gas service under Docket UG-152286 in all of the Company's service territories in Washington State.

On May 13, 2016, the parties to the general rate case reached a Joint Settlement Agreement (Agreement) which the Commission later approved in Order 04. The Agreement included terms regarding the Company's decoupling mechanism which stated in part that "Cascade will engage an independent third-party to audit its decoupling program following the end of the third full year that the program is in place."¹

The Agreement stated the evaluator would be tasked with reviewing the following areas of interest:

- Decoupling's effect on revenues and conservation
- The degree to which allowed revenues are recovering its allocated cost of service by customer class
- The fixed cost recovery in classes that are not covered by the decoupling mechanism

Consistent with the Commission order the first full year of Cascade's decoupling mechanism began on January 1, 2017 with the third full program year ending December 31, 2019. In mid-2020 the Company contracted the services of H. Gil Peach & Associates LLC and Forefront Economics Inc. to perform an evaluation of the decoupling mechanism.

The final report dated March 10, 2021 is included in this filing.

The following electronic files are included in this filing:

- UG-152286 CNGC Decoupling Mechanism Cply Cltr, 03.12.21.pdf
- UG-152286 CNGC Decoupling Mechanism Final Rpt, 03.12.21.pdf
- UG-152286, CNGC Decoupling Cply COS, 03.12.21.pdf

If there are any questions regarding this filing, please contact me at (509) 734-4593.

Sincerely,

/s/ Michael Parvinen

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¹ UG-152286 – Joint Settlement Agreement at 9.

Michael Parvinen
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Attachment