

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-152286

ORDER 06

EXTENDING DECOUPLING
MECHANISM AND REQUIRING
TARIFF FILING

BACKGROUND

- 1 On December 1, 2015, Cascade Natural Gas Corporation (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to Tariff WN U-3, designed to effect a rate increase for natural gas service provided to customers in the state of Washington. Cascade requested an increase in annual revenues of approximately \$10.5 million, or 4.17 percent. The Commission suspended the filing and initiated an adjudication to determine whether the proposed tariff revisions were fair, just, reasonable, and sufficient.
- 2 On July 7, 2016, the Commission entered Order 04, Final Order Approving Settlement Agreement. Among other provisions, that Order authorized Cascade to implement a revenue-per-customer decoupling mechanism like those the Commission previously approved for Puget Sound Energy and Avista Corporation.
- 3 On July 9, 2021, Cascade filed a petition to amend Order 04 (Petition)¹ to extend the decoupling mechanism the Commission authorized until the Company's next full general rate case, which Cascade expects to file in late 2022 or early 2023. Such an extension, according to the Company, would better enable the Commission and interested parties to determine in a fully litigated proceeding whether the mechanism should be continued or abolished.

¹ The Company captioned its pleading as a motion, but WAC 480-07-875 authorizes a party to seek to amend a Commission order only by filing a petition. We exercise our discretion to consider Cascade's request as a petition pursuant to WAC 480-07-395(4).

- 4 On August 27, 2021, Commission Staff (Staff) submitted its response to the Petition. Staff supports extending the Company's decoupling mechanism, which Staff believes continues to promote energy conservation and reduce revenue volatility. Staff asserts that while the Commission has the authority to consider decoupling issues outside the context of a general rate case, reviewing Cascade's decoupling mechanism in a comprehensive rate proceeding would better allow the Commission and the parties to fully examine that mechanism in the context of broader and interrelated issues. Staff, however, recommends that rather than leave the extension open-ended, the Commission should grant the extension until the earlier of the rate effective date resulting from the Company's next general rate case or August 31, 2025. Staff also observes that Order 04 does not specify an end date for the decoupling mechanism, although five years was its expected duration, and thus the Commission need not amend that Order to provide the requested relief. Staff nevertheless proposes that the Commission order Cascade to file a revised tariff changing the date through which the current decoupling mechanism is effective.
- 5 On August 27, 2021, the Public Counsel Unit of the Washington Attorney General's Office (Public Counsel) submitted its response to the Petition. Public Counsel states that it does not object to the limited extension of the decoupling mechanism Cascade has requested with the understanding that any such extension does not predetermine whether the Commission will maintain or abolish that mechanism as a result of its review in the Company's next general rate case. Public Counsel, however, recommends that the Commission require Cascade to update the third-party evaluation of that mechanism to potentially reduce the amount of discovery needed and to streamline consideration of the issues during the rate case.

DISCUSSION AND DECISION

- 6 We agree with Cascade and Staff that an extension of the Company's decoupling mechanism is appropriate. A company's decoupling mechanism can present complex issues that are best considered in the context of a general rate proceeding, if possible. Here, Staff observes that the third-party evaluation of Cascade's decoupling mechanism indicates that it has been operating well and fulfilling its objectives. Under these circumstances we find it in the public interest for Cascade to continue that mechanism until it can be fully evaluated in the Company's next general rate case.
- 7 We are unwilling, however, to grant an open-ended extension. The timing of Cascade's next general rate case filing is within the Company's control, and we will not authorize

an indefinite extension of Cascade's decoupling mechanism. Accordingly, we accept Staff's recommendation and will extend that mechanism only until the rate effective date in the Company's next general rate case or August 31, 2025, whichever date is earlier.

8 We also agree with Staff that we need not amend Order 04 to grant the relief the Company has requested. That Order does not specify the effective date of the decoupling mechanism we authorized and thus establishing such a date now supplements, rather than amends, the provisions of that Order. Granting that extension in this Order is sufficient. Because Cascade included an effective date for its decoupling mechanism in its tariff, however, we will require the Company to file revised tariff pages with the effective date we establish in this Order.

9 We are not convinced that Public Counsel's recommendation for an updated third-party evaluation is necessary. Cascade filed the evaluation on March 12, 2021, and the current anticipated end of the mechanism is at the end of this year. If the Company files its next general rate case in late 2022 or early 2023 as anticipated, we see no indication that submitting another third-party evaluation one year after the first would be a useful expenditure of Company resources. On the other hand, if Cascade delays its next general rate case filing, the March 12, 2021, third-party evaluation might well be out of date. Accordingly, we will require the Company to update the third-party evaluation of its decoupling mechanism within six months prior to its next general rate case filing only if Cascade makes that filing after March 31, 2023.

ORDER

THE COMMISSION ORDERS:

- 10 (1) The Commission extends the effectiveness of the decoupling mechanism authorized in Order 04 until the earlier of the rate effective date resulting from the Cascade Natural Gas Company's next general rate case or August 31, 2025.
- 11 (2) Cascade Natural Gas Company must file a revision to its tariff within 30 days of the date of this Order 06 that reflects the extension the Commission grants in this Order.
- 12 (3) If Cascade Natural Gas Company does not file its next general rate case before March 31, 2023, the Company must update the third-party evaluation of its

decoupling mechanism within six months prior to the date that the Company files its next general rate case.

- 13 (4) The Commission retains jurisdiction to enforce the terms of this Order and delegates to the Secretary the authority to confirm compliance with this Order.

Dated at Lacey, Washington, and effective September 15, 2021

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner