

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS COMPANY.

Respondent.

DOCKET UG-240008

**STEFAN DE VILLIERS
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT SDV-4

Cascade's Response to Public Counsel Data Request No. 97

September 25, 2024

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UG-240008
Cascade Natural Gas Corporation
2024 General Rate Case**

PUBLIC COUNSEL DATA REQUEST NO. 97:

Re: Line Extension Allowances

Using the line extension allowance terms outlined in Rule 8 (Attachment A of the Company’s response to Public Counsel Data Request No. 4), please calculate the current line extension allowance cap in dollars for the average residential customer with average residential monthly therm usage and the current line extension allowance cap in dollars for the average general commercial customer with average general commercial monthly therm usage.

Response:

As explained in Rule 8 – Extension of Distribution Facilities, annual margin is based on the sum of the annual basic service charges plus annual distribution margin revenue based on current rates. The calculations below are based on the current Residential Service Rate Schedule 503, Commercial Service Rate Schedule 504, Cost Recovery Mechanism (“CRM”) Rate Schedule 597, and Rule 8:

	Basic Service Charge	Delivery Charge	CRM Charge (RS597)	Avg. Monthly Therm Use
Residential (RS503)	\$5.00	\$0.33951	\$0.01769	54
Commercial (RS504)	\$13.00	\$0.28432	\$0.01096	271

Monthly Margin = Basic Service Charge + (Delivery Charge + CRM Charge) * Avg. Monthly Therms

Annual Margin = 12 * Monthly Margin

Residential Monthly Margin = \$5 + (\$0.33951 + \$0.01769)*54 = \$24.29

Residential Annual Margin = 12 * \$24.29 = \$291.47

Commercial Monthly Margin = \$13 + (\$0.28432 + \$0.01096)*271 = \$93.02

Commercial Annual Margin = 12 * \$93.02 = \$1,116.25

The allowance is based on the net present value of the margin to be received from the customer over a seven-year period based on the following:

$$\textit{Allowance} = \sum_{t=1}^7 \frac{R_t}{(1+i)^t}$$

Where:

R_t = estimated annual margin during year t .

i = Company's approved rate of return, 6.85%.

t = years 1 through 7.

$$\textit{Residential Allowance} = \sum_{t=1}^7 \frac{\$291.47}{(1+0.0685)^t} = \$1,579$$

$$\textit{Commercial Allowance} = \sum_{t=1}^7 \frac{\$1,116.25}{(1+0.0685)^t} = \$6,047$$