

**Exh. AIW-3
Docket UG-170929
Witness: Amy I. White**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**CASCADE NATURAL GAS
CORPORATION,**

Respondent.

DOCKET UG-170929

**EXHIBIT TO
TESTIMONY OF**

Amy I. White

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Cascade's Response to UTC Staff Data Request No. 98

February 15, 2018

Cascade Natural Gas Corporation
Washington Utilities and Transportation Commission
WUTC v. Cascade Natural Gas Corporation (2017 General Rate Case)
Docket UG-170929

Request No. 98

Date prepared: 12/18/2017

Preparer: Chris Ryan

Contact: Michael Parvinen

Telephone: 509-734-4593

UTC STAFF DATA REQUEST NO. 98:

RE: Test Year Income Statement and Company Account Detail in DR 71

In its response to UTC Staff Data Request No. 71, the company provided account detail for the following above income statement accounts:

- 813 Other Gas Supply Exp
- 880 Distribution Other Exp
- 887 Maintenance Mains
- 903 Customer Accounts and Collections
- 921 Office Supplies and Exp
- 925 Injuries and Damages

Staff has extracted a selection of account detail and attached these items in an Excel spreadsheet titled WUTC-71 Additional Data Requests. Please refer to this spreadsheet to see the transactions mentioned in the following questions:

- a. In **Account 925, Injuries and Damages**, please provide a narrative description of what the “Litigation Claim 2014” amount of \$280,000 (Washington share, \$210,756) is for.
- b. Also referring to the above item, please show to whom the payment was made.
- c. Also referring to the above item, please explain why an item for 2014 is being expensed in the test year 2016.
- d. In **Account 880, Distribution Other Expense**, Staff has selected three items ranging in amounts from \$52,854.16 to \$151,100.00. The payees appear to be largely construction related. Please provide a narrative explaining why these items are being expensed in the test year rather than capitalized and depreciated.
- e. Also in **Account 880, Distribution Other Expense**, a line item in the account detail appears to expense a “2012 Ford E-250 Cargo Van” for \$53,250.77. Please provide a narrative explaining this.
- f. In **Account 903 Customer Accounts and Collections**, Staff has included in the spreadsheet 925 line items containing \$66,823.85 of costs pertaining to various vehicles such as Ford Cargo Vans, Ford Explorers, Ford F-150s and F-250, GM

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- Quad Cabs, Ford Transits, etc. Staff does not understand how all these vehicles are used in Customer Accounts and Collections. Please provide a narrative explaining these expenses.
- g. In **Account 921 Office Supplies and Exp**, Staff has included in the spreadsheet two lines of expense data labelled “12-1-16 Airplane.” While the amount of expense is nominal (\$151.35), Staff does not understand how this is an office supply or expense. Please provide a narrative explanation.
 - h. Also in **Account 921 Office Supplies and Exp**, Staff has included in the spreadsheet 391 line items totaling \$52,764.40 in expenses for costs pertaining to many assorted vehicles. Please provide a narrative of how vehicle expense is an Office Supply and Expense.
 - i. Also in **Account 921 Office Supplies and Exp**, Staff has included in the spreadsheet 36 line items totaling \$4,925.03 in expenses for costs ranging from “Gift Baskets-AGA Review” to Halloween candy to gift cards and birthday cake. Please provide a narrative explaining how these items benefit ratepayers.

Response:

- A. The “Litigation Claim 2014” in the amount of \$280,000 is in regards to an ongoing Cascade Natural Gas employee arbitration.
- B. This is an accrual only, not a payment. The arbitration is currently still ongoing.
- C. There was originally an accrual in December 2014 for \$110,000, another in June 2015 for \$10,000, and this one in July 2016 for \$280,000 totally \$400,000 related to this employee arbitration.
- D. Refer to UTC Staff Data Request No. 71, Tab 880 Line 22119 & 22125. There was a JE (Journal entry) moving these charges to a deferral account as they are related to MAOP validation expenses. The \$151,000 is related to a Hydrotest of 5 miles of 12” steel main.
- E. Refer to UTC Staff Data Request No. 71, Tab 880 Line 11405. There was a JE (Journal entry) reversing this charge.
- F. Refer to UTC Staff Data Request No. 71, Tab 903 Line 1744 for \$53,411.59. There was a JE (Journal entry) reversing this charge (inadvertently coded to 880 instead of 903), refer to UTC Staff Data Request No. 71, Tab 880 Line 11406 for the JE (Journal entry) reversing this charge. The remaining charges or related to vehicle mileage charges.
- G. These are travel costs related to flying on the corporate airplane.
- H. All of these charges are for vehicle mileage, as there is no FERC account specifically provided for in other accounts, Cascade Natural Gas has coded them to 921 for General Office costs.
- I. Refer to Excel spreadsheet titled WUTC-71 Additional Data Requests, lines 1370-1372 totaling \$2,626.92, these items are for Membership fees and dues paid by

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Cascade Natural Gas for the employee. As for the remaining \$2,298.11 and how they benefit ratepayers, I would say that it creates morale within the company. FERC 921:

921 Office supplies and expenses.

A. This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. This includes the expenses of the various administrative and general departments, the salaries and wages of which are includible in account 920.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

NOTE: Office expenses which are clearly applicable to any group of operating expenses other than the administrative and general group shall be included in the appropriate account in such group. Further, general expenses which apply to the utility as a whole rather than to a particular administrative function shall be included in account 930.2, Miscellaneous General Expenses.

ITEMS

1. Automobile service, including charges through clearing account.
2. Bank messenger and service charges.
3. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax services, etc.
4. Building service expenses for customer accounts, sales, and administrative and general purposes.
5. Communication service expenses.
6. Cost of individual items of office equipment used by general departments which are of small value or short life.
7. Membership fees and dues in trade, technical, and professional associations paid by a utility for employees. (Company memberships are includible in account 930.2.)
8. Office supplies and expenses.
9. Payment of court costs, witness fees, and other expenses of legal department.
10. Postage, printing and stationery.
11. Meals, traveling and incidental expenses.