**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:

$Allowance= \sum\_{t=1}^{7}\frac{Rt}{\left(1+i\right)t}$

Where:

Rt = estimated annual margin during year t.

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

t = years 1 through 7.

$Residential Allowance= \sum\_{t=1}^{7}\frac{\$291.47}{\left(1+0.0685\right)t}$ = $1,579

$Commercial Allowance= \sum\_{t=1}^{7}\frac{\$1,116.25}{\left(1+0.0685\right)t}$ = $6,047