

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-210755

CASCADE NATURAL GAS
CORPORATION'S MOTION TO
EXTEND COMPLIANCE FILING
DEADLINE

I. INTRODUCTION AND RELIEF REQUESTED

I Pursuant to WAC 480-07-110, WAC 480-07-385, and WAC 480-07-880, Cascade Natural Gas Corporation (“Cascade”) respectfully moves the Washington Utilities and Transportation Commission (“Commission”) to extend the time for a compliance filing resulting from the January 23, 2023 Order 12 Accepting Compliance Filing, In Part; Rejecting Compliance Filing, In Part; Authorizing Replacement Filing, in the above-referenced docket (“Order 12”). Good cause exists for the Commission to extend the time for a replacement compliance filing because the accounting required to comply with the Order’s mandate to move the Protected-Plus Excess Deferred Income Tax (“PP EDIT”) back into base rates effective February 1, 2023 is complex and requires the level of analysis and validation akin to filing a brand new rate case. Cascade has already commenced this accounting work and estimates it will take approximately three additional weeks to complete, if done with reasonable due diligence

and to allow for the necessary validation, as explained more fully below. For this reason, Cascade requests an extension for submitting its compliance filing to eliminate Rate Schedule 581 and move PP EDIT back into base rates effective date March 1, 2023.

I. BACKGROUND

Cascade filed revisions to its currently effective Tariff WN U-3, Natural Gas, in this docket on September 30, 2021. One issue addressed in this docket is Cascade’s going-forward treatment of PP EDIT. As is relevant here, on August 23, 2022, the Commission issued Final Order 09, which directed Cascade to make a compliance filing reflecting the collaborative resolution of the proper going-forward treatment of PP EDIT within 60 days of the effective date of Final Order 09.¹

Pursuant to Final Order 09, on October 21, 2022, Staff, Cascade, The Energy Project (“TEP”), and Alliance of Western Energy Consumers (“AWEC”, together “the Parties”),² filed a signed PP EDIT Resolution Compliance Filing (“Compliance Filing”). Among other things, the Compliance Filing proposed to eliminate Rate Schedule 581 and move PP EDIT back into base rates, effective November 1, 2022. This proposal is intended to eliminate a potential normalization violation going forward by placing in base rates the accrued PP EDIT that would have been in the test year in Docket UG-210755 (calendar year 2020).

On January 23, 2023, the Commission issued Order 12 accepting the Compliance Filing in part and authorizing a replacement filing “consistent with the requirements set out in

¹ Final Order 09, ¶ 255

² Public Counsel participated in the collaborative resolution of the PP EDIT Compliance Filing and filed a letter in support of the PP EDIT Resolution, but ultimately took no position on the Compliance Filing. *See* Public Counsel Letter Expressing Public Counsel Support for the PP EDIT Resolution, Docket UG-210755 (Oct. 28, 2022).

paragraph 12 of this Order, eliminating Rate Schedule 581 and moving PP EDIT back into base rates effective February 1, 2023.”³ Although Order 12 does not explicitly state a date for the replacement compliance filing, it does require that this change become effective February 1, 2023.

5 From a regulatory perspective, Cascade requires extra time to comply with Order 12, which requests a revenue requirement model with all formulas and links intact. Cascade’s model is extensively linked and when adding additional columns for compliance, it takes time to verify that the numbers are accurately reflected and flow as intended through the complete model. Since the compliance has an impact on customer margins, the decoupling baseline will also be adjusted. The revenue requirement model also identifies the change to the decoupling baseline, which again takes additional time to verify the accuracy and completeness of the model. Lastly, every base tariff will be adjusted, and the extra time allows for verification of the data and rates being applied.

6 Cascade also plans to seek clarification of Order 12 to understand or resolve a potential inconsistency related to a PP EDIT credit in the amount of \$1,190,099, which is currently being deferred and has not been passed through to customers. The disposition of Cascade’s motion seeking clarification could affect the compliance filing in this proceeding, yet Cascade does not anticipate receiving such disposition until after February 1, 2023, the current deadline for the compliance filing.

³ Order 12 at ¶ 14.

II. AUTHORITY

7 WAC 480-07-385 allows the Commission to extend the time to comply with an order upon the showing of good cause for the extension.⁴ Good cause exists to extend the date for a compliance filing because the accounting required to comply with Order 12’s mandate to eliminate Schedule 581 and move the PP EDIT back into base rates effective February 1, 2023 is complex, and Cascade requires more time to complete and verify the accounting, billing, and regulatory modeling. Order 12 requires Cascade to submit its compliance filing in approximately one week, so that the Commission may review the compliance filing in time for a February 1, 2023 effective date. While Cascade has already commenced this work, it nonetheless requires more time. Cascade estimates it will take approximately three additional weeks to complete if done with reasonable due diligence and to allow for the necessary validation. Accordingly, Cascade requests that the effective date for moving PP EDIT back into base rates be March 1, 2023.

8 No parties will be prejudiced by the Commission granting an extension for the replacement compliance filing. Order 12 authorized a rate increase. Customers will not be harmed by a delay in implementing a rate increase, and the other parties will not be prejudiced because Cascade’s compliance filing is made solely to effectuate the Commission’s mandate in Order 12. Further, as Cascade witness Mark Chiles testified at the evidentiary hearing in support of multi-party settlement, Cascade consulted with internal tax and accounting personnel and

⁴ WAC 480-07-110 also provides that “The commission, in response to a request or on its own initiative, may grant an exemption from, or modify the application of, any of its rules in individual circumstances if the exemption or modification is consistent with the public interest, the purposes underlying regulation, and applicable statutes.”

outside auditors, who determined that Cascade will not be at risk for a normalization violation as long as Cascade has a plan to address the potential violation, which it does.⁵ Finally, an extension is in the public interest because Cascade needs the additional time to accurately perform the accounting needed to effectuate the intent of Order 12, and expediting the process unnecessarily could potentially harm Cascade or its customers and could cause the need for further corrections or replacement filings.⁶

9 Cascade requests the Commission grant an extension to move PP EDIT back into base rates effective March 1, 2023. Cascade reserves its right to seek further post-order process as set forth in Chapter 480-07 WAC.

III. CONCLUSION

10 For the reasons set forth above, Cascade respectfully requests that the Commission enter an order extending the time for a replacement compliance filing as set forth above.

DATED: January 27, 2023

Respectfully Submitted,

PERKINS COIE LLP

By 

Donna Barnett, WSBA No. 36794
Megan D. Lin, WSBA No. 53716
Attorneys for Cascade Natural Gas
Corporation

⁵ Chiles, TR. at 36:25-37:13 (June 1, 2022).

⁶ See WAC 480-07-880.