

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET UG-061378
)	
CASCADE NATURAL GAS)	ORDER 01
CORPORATION,)	
)	
Petitioner,)	
)	
For An Accounting Order Regarding)	
Treatment of Certain Asset Retirement)	ORDER APPROVING ACCOUNTING
Obligations (SFAS 143))	PETITION
.....)	

BACKGROUND

- 1 In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards Number 143 (SFAS 143), *Accounting for Asset Retirement Obligations*. SFAS 143 was developed because entities were applying different accounting practices to record retirement obligations associated with tangible long-lived assets. Under SFAS 143, Cascade Natural Gas Corporation, (Cascade) is required to recognize and account for certain asset retirement obligations that differ from the amount of negative salvage reflected in depreciation expense that is used for ratemaking purposes.
- 2 On August 25, 2006, Cascade filed a petition seeking an Accounting Order under WAC 480-07-370(b)(i) to comply with SFAS 143), *Accounting for Asset Retirement Obligations*. Cascade seeks: (1) to record, as a regulatory asset or a regulatory liability, the cumulative financial statement impact resulting from Cascade’s implementation of SFAS 143; (2) to record on an ongoing basis, as a regulatory asset or regulatory liability, an amount equal to the difference between the annual SFAS 143 accretion and depreciation expense and the annual depreciation expense based on Commission-approved depreciation rates; (3) to confirm that asset removal costs, in the form of negative net salvage, are currently accrued through annual depreciation expense, which is recoverable in rates; that these costs are based on estimates of the final removal cost; and that such costs are trued-up for ratemaking purposes at the time the related assets are retired and the actual removal costs are determined and: (4) to report the accounting entries that result from the implementation of SFAS 143 on Cascade’s books as of September 30, 2006.

3 The proposed accounting treatment allows Cascade to comply with SFAS 143 for
financial reporting purposes and recognize no ratemaking effects consistent with SFAS
71 *Accounting for the Effects of Certain Types of Regulation*.

FINDINGS AND CONCLUSIONS

- 4 (1) The Washington Utilities and Transportation Commission is an agency of the
State of Washington vested by statute with the authority to regulate rates, rules,
regulations, practices, accounts, securities, and transfers of public service
companies, including electric companies. *RCW 80.01.040, Chapter 80.04 RCW,
Chapter 80.28 RCW, Chapter 80.08 RCW and Chapter 80.12 RCW.*
- 5 (2) Cascade is an electric company and is a public service company subject to the
jurisdiction of the Commission.
- 6 (3) WAC 480-07-370(b)(i), allows companies to file a petition including that for
which Cascade seeks approval.
- 7 (4) Staff has reviewed the petition in Docket UG-061378 including related
workpapers. Staff believes the proposed accounting petition requested by
Cascade is reasonable and should be approved.
- 8 (5) This matter was brought before the Commission at its regularly scheduled
meeting on October 11, 2006.
- 9 (6) After examination of the petition filed in Docket UG-061378 by Cascade on
August 25, 2006, and giving due consideration to all relevant matters and for
good cause shown, the Commission finds that the Petition filed should be
approved.

ORDER

THE COMMISSION ORDERS:

- 10 (1) Cascade Natural Gas Corporation's request for an accounting order regarding
treatment of certain asset retirement obligations (SFAS 143) and the accounting

entries that result from the implementation of SFAS 143 will be recorded on Cascade's books as of September 30, 2006, is approved.

- 11 (3) This Order shall not affect the Commission's authority over rates, services, accounts, evaluations, estimates, or determination of costs in any matters that may come before it, nor be construed as an acquiescence in any estimate or determination of costs claimed or asserted.
- 12 (4) The Commission retains jurisdiction over the subject matter and Cascade Natural Gas Corporation to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective October 11, 2006.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Executive Secretary