Exh. JL-6
Docket UG-170929
Witness: Jing Liu

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

Jing Liu

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Cascade's Response to NWIGU Data Request No. 6

February 15, 2018

CASCADE NATURAL GAS CORPORATION
Response to NWIGU Data Request No. 6
UG-170929

Request No. 6

Date prepared: January 8, 2018

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<u>NWIGU DR 006 to Cascade</u>

Reference Ms. Rosales workpaper titled “UG-170929 CNG Exh MCR-4 8-31-17”, Tab “MCR-4 Restate Revenues”:

a. Please provide additional explanation as to the reason for the approximate $8.7 million reduction to revenues identified in Excel Cells “M28:M29”

b. Please explain why the weather normalized gas cost revenues of $112.3 million calculated in Excel Cell “H23” of the referenced workpaper is different than the weather normalized gas cost revenues calculated in workpaper “UG-170929 CNG Exh MCR-2 and WP-1 8-31-17” in the amount of approximately $120.2 million ($110.1 million of gas cost revenues plus a $10.1 million weather normalization adjustment). In responding to this request please itemize each difference identified between the two calculations of weather normalized gas cost revenues.

c. Please provide workpapers supporting the calculation of the hard coded values in Cells “F36:F44”

d. Please provide workpapers supporting the calculation of the hard coded values in Cells “H36:H44”

e. Please explain the purpose of including the Demand Rate amounts identified in Cells “H36:H44” in the calculation of gas cost adjustment.

f. Please provide workpapers supporting the calculation of the value in Cell “L48” in the amount of $113.6 million (note that “Exhibit MPP-2, Column (1), row 5” appears to be an incorrect reference).

Response:

a. The basic premise of this adjustment is to adjust gas costs and gas cost revenues to the total weather normalized volumes at the current WACOG rates. The WACOG rate changed on September 1, 2016, and was a substantial reduction in the rates. The adjustment starts by taking weather normalized volumes times the most current revenue WACOG. This is the amount we adjust to. So, we then need to remove what is already accounted for which is the booked revenue, the weather normalization adjustment, and the net of booked unbilled revenue and deferral amortization totals. This adjusts revenue to weather normalized volumes at the most current rates. The remaining portion of the adjustment does the same calculation for gas costs, thus creating an apple to apples comparison of revenue and expenses at current rates.

b. $110.1 million of gas cost revenue is 2016 booked revenue reflecting the test period WAGOG rates (the WAGOG changed effective September 1, 2016). $10.1 million weather normalization adjustment is derived by taking forcasted weather normalized volumes subtracting out actual test period volumes times WACOG current rates, whereas, $112.3 million is calculated using total forecasted, weather normalized therms times the current WACOG rates.

c. See response NWIGU-5(a).

d. See attached NWIGU-6(d).xlsx.

e. Demand rate is part of the component of total WACOG.

f. See attached NWIGU-6(f).xlsx.