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CNG/W22-09-01

September 15, 2022

Ms. Amanda Maxwell  
 Executive Director and Secretary  
 Washington Utilities & Transportation Commission  
 P.O. Box 47250  
 Olympia, WA 98504-7250

**Re:** Cascade Natural Gas PGA and TTA Annual Filing

Dear Ms. Maxwell:

Cascade Natural Gas Corporation (“Cascade or “Company”) encloses for filing the following proposed tariff sheets containing a requested effective date of November 1, 2022:

**Fifth Revision Sheet No. 590, Canceling Fourth Revision Sheet No. 590**  
**Forty-Fifth Revision Sheet No. 595, Canceling Forty-Fourth Revision Sheet No. 595**

The Purchased Gas Adjustment (“PGA”) portion of this application details the commodity and demand units and costs of Cascade’s core market gas supply portfolio including company purchased supplies, pipeline transportation and peaking resources. The cost of gas, which includes pipeline, reservation and storage costs, has increased significantly since last year. The purpose of this filing is to pass on rate adjustments designed to reflect the cost of gas in the Company’s current gas supply portfolio.

NYMEX natural gas futures have traded even higher than last summer, which had been the highest summer levels in seven years. Last year, summer prices peaked around \$4.00, whereas 2022 summer pricing has gone as high as \$9.00. Natural gas production has been steadily increasing and is expected to moderate some of the winter pricing upward pressure. However, elevated forward prices for the upcoming winter are likely to persist unless weather moderates, production increases, and/or storage across the region returns to normal levels.

Cascade’s storage is typically filled throughout the summer, with fill targets of 100% by September/October. Due to the spike in summer prices, Cascade’s storage accounts at Mist, Jackson Prairie, and Plymouth are seeing a much higher average cost of gas than prior years, ranging from \$0.05-\$0.30 more per therm than last year.

The proposed tariff (schedule 595) will result in an estimated annual revenue increase of approximately \$55,378,891 or an increase in annual revenue of 19.04 percent. The average

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residential customer using 54 therms per month will see an increase of \$11.66 or 19.12 percent. The proposed change in revenue for each customer class is shown in the following table:

Service	Sch. No.	Commodity Change per therm	Demand Change per therm	Total Rate Change	WACOG Proposed Rate Per Therm	Percent Change
Residential	503	\$0.21905	(\$0.00307)	\$0.21598	\$0.73214	17.74%
Commercial	504	\$0.21905	(\$0.00303)	\$0.21602	\$0.72936	19.45%
Industrial	505	\$0.21905	(\$0.00280)	\$0.21625	\$0.71567	23.98%
Industrial Lg Vol	511	\$0.21905	(\$0.00280)	\$0.21625	\$0.71567	25.99%
Interruptible	570	\$0.21905	(\$0.00257)	\$0.21648	\$0.70202	30.01%

The second part of this filing is the Temporary Technical Adjustments (“TTA”) portion. These adjustments pass on changes in the amortization rates to refund or collect the balance of deferred natural gas commodity and demand costs (including accrued interest), which are captured on Temporary Gas Cost Amortization Schedule No. 595.

The rates contained in the attached Schedule 595 will debit the remaining deferral balance of \$45,190,006. The change in rates will result in an estimated annual revenue increase of \$8,897,880, or 3.06 percent. The average residential customer using 54 therms per month will see an increase of \$1.87 or 3.07 percent. Below is a table summarizing the proposed changes reflected in the deferral amortization portion of the filing:

Service	Sch. No.	Rate Change	Proposed Rate Per Therm	Percent Change
Residential	503	\$0.03471	\$0.17021	2.85%
Commercial	504	\$0.03471	\$0.17021	3.13%
Industrial	505	\$0.03471	\$0.17021	3.85%
Industrial Lg Vol	511	\$0.03471	\$0.17021	4.17%
Interruptible	570	\$0.03471	\$0.17021	4.81%

The impact of the PGA and TTA changes combined is a revenue increase of \$64,276,772 or an overall 22.10 percent increase. The impact to an average residential customer using 54 therms per month will be \$13.45 or a 22.19 percent increase.

In addition to the supporting materials submitted as part of this combined filing, the Company will separately submit all workpapers in electronic format.

The Company therefore requests that the documents contained in the spreadsheet marked confidential that are identified with the cover page as “Confidential per WAC 480-07-160”

be treated as confidential under the provisions of WAC 480-07-160(8), as they each contain sensitive commercial information. It would be unduly burdensome to mark the file as required in 480-07-160(4-7).

In accordance with WAC 480-90-198, the Company declares that notice to customers was made in accordance with WAC 480-90-195. Cascade issued bill inserts to customers during August 2022 explaining the PGA process and Cascade will publish on its webpage the anticipated rate increase. Also, at the beginning of October 2022, Cascade will issue another bill insert to customers stating what the increased rates will be. Both copies of the 2022 bill insert have been included with this filing. The proposed change will affect all of Cascade's Washington customers. Cascade serves approximately 200,356 residential, 27,285 commercial and 511 industrial customers in the state of Washington.

As directed by the WUTC in the March 13, 2017 Policy and Interpretive Statement in Docket UG-132019, included as an attachment to this filing is the Company's 2021-22 Hedging Plan. The information contained in the plan is confidential pursuant to WAC 480-07-160(2)(c) as the plan contains valuable commercial information.

Cascade's Hedging Program uses a three-year forward-looking ladder while establishing maximum and minimum percentage boundaries that allow hedge volumes to adjust to market conditions. In addition, the 2022 Hedge Plan implements a change to the years two and three maximum percentages from 40% to 50% and 20% to 30%, respectively, reflecting the Company's increased capability for technical analysis and internal expertise.

Hedge volume comparison: hedged volumes for the 2021 plan (November 2020 thru October 2021) totaled 17,132,500. Hedge volumes for the 2022 plan as of September 1<sup>st</sup> (November 2021 thru October 2022) totaled 19,468,000. Over the period since the approval of the 2021 HEP (April 2021-March 2022), the Cascade Hedging Plan saved customers about \$41.6 million of gas costs compared to the market. Administrative and consulting costs associated with the hedging program were \$55,000 for the 2021 plan."

If you have any questions, please direct them to me at (208) 377-6015.

Sincerely,

*/s/ Lori A. Blattner*

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Attachments

**PGA**

NEW-CNGC-Advice-W22-09-02-PGA-Trf Sheets-09.15.22.pdf  
NEW-CNGC-Advice-W22-09-02-PGA-Redlined-Trf-Sheet-09.15.22.pdf  
NEW-CNGC-Advice-W22-09-02-PGA-Bill-Insert-09.15.22.pdf  
NEW-CNGC-Advice-W22-09-02-PGA-Exhibit-A-09.15.22.pdf  
NEW-CNGC-Advice-W22-09-02-PGA-WP-09.15.22.xlsx  
NEW-CNGC-Advice-W22-09-02-PGA-Gas-Cost-WP-09.15.22(R).pdf  
NEW-CNGC-Advice-W22-09-02-PGA-Gas-Cost-WP-09.15.22(C).xlsx  
NEW-CNGC-Advice-W22-09-01-Impact-WP-09.15.22  
NEW-CNGC-Advice-W22-09-02-PGA-Slides-.09.15.22.pdf

**Hedge Plan**

NEW-CNGC-RETROSPECTIVE-REPORT-WORKBOOK-09.15.22(C).xlsx  
NEW-CNGC-RETROSPECTIVE-REPORT-WORKBOOK-09.15.22(R).pdf  
NEW-CNGC-VAR-to-Life-9.15.22(C).xlsx  
NEW-CNGC-VAR-to-Life-9.15.22(R).pdf  
NEW-CNGC-2022-AHP-PRESENTATION-9.15.2022.pptx  
NEW-CNGC-2022-ANNUAL-HEDGE-PLAN-9.15.22(C).pdf  
NEW-CNGC-2022-ANNUAL-HEDGE-PLAN-9.15.22(R).pdf  
NEW-CNGC-2022-HEDGE-PLAN-PROCESS-FLOW-CHARTS-9.15.22.pdf  
NEW-CNGC-Annual-Plan-Check-In-Meeting-9.15.22.pdf  
NEW-CNGC-COMPLIANCE-MATRIX-9.22.22.xlsx  
NEW-CNGC-CORPORATE-DERIVATIVES-POLICY-9.15.22(C).pdf  
NEW-CNGC-CORPORATE-DERIVATIVES-POLICY-9.15.22(R).pdf  
NEW-CNGC-GELBER-ASSOCIATES-2022-FORECAST-9.15.22(C).pdf  
NEW-CNGC-GELBER-ASSOCIATES-2022-FORECAST-9.15.22(R).pdf  
NEW-CNGC-Hedge-Book-Model-2022-9.15.22(C).xlsx  
NEW-CNGC-Hedge-Book-Model-2022-9.15.22(R).pdf  
NEW-CNGC-HEDGE-SCHDL-CHART-9.15.22.xlsx  
NEW-CNGC-Mark-to-Market-CAL07202022-9.15.22(C).xlsx  
NEW-CNGC-Mark-to-Market-CAL07202022-9.15.22(R).pdf  
NEW-CNGC-MONTHLY-GUIDANCE-JULY-9.15.22(C).pdf  
NEW-CNGC-MONTHLY-GUIDANCE-JULY-9.15.22(R).pdf