

**Exh. MCC-10
Docket UG-170929
Witness: Melissa Cheesman**

**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**

Melissa Cheesman

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Cascade's Response to UTC Staff Data Request No. 133

March 23, 2018

Cascade Natural Gas Corporation
Washington Utilities and Transportation Commission
WUTC v. Cascade Natural Gas Corporation (2017 General Rate Case)
Docket UG-170929

Request No. 133

Date prepared: March 5, 2018

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UTC STAFF DATA REQUEST NO. 133:

RE: New Tax Laws Regarding Normalizing Protected Excess Income Taxes

- a. Does the Company track assets by vintage?
- b. If yes, does the Company have sufficient vintage account data to comply with the normalization rules of the new tax law?

Response:

- a. Yes, Cascade maintains all asset balances by vintage year. Additionally:
 - Certain assets consisting of mains, services, pre-capitalized meters and regulators, and installation of residential meter sets are recorded as “mass” assets (i.e. all 2” PE main in Kennewick in 2016 is a single asset). They are similarly retired under mass asset cost per unit treatment.
 - Other assets, such as regulator stations, large volume meter sets, and vehicles are recorded individually as “specific assets”.
- b. Cascade uses PowerPlan PowerTax to calculate tax depreciation and deferred taxes on plant. This program has our tax plant listed by vintage year and by plant account. The Deferred Tax software is designed to “Function as the sub-ledger for all property-related deferred taxes. All calculations related to full normalization, partial normalization and flow through of method, life, cost of removal and basis differences are handled. The solution meets complex regulatory calculation and reporting requirements including ARAM methodology and calculates FAS109 Regulatory Asset, Liability and Gross-Up computation. The reversal of timing differences and deferred taxes are carefully maintained and end effects closely monitored.” (PowerPlan.com)