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**CNG/W19-05-01**

May 31, 2019

Mr. Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: Advice No. 19-05-01  
Schedule 12, Rule 8, Extension of Distribution Facilities**

Dear Mr. Johnson,

Cascade Natural Gas Corporation ("Cascade" or the "Company") files herewith the following revisions to its Tariff sheet stated to become effective with service on and after July 1, 2019:

- Fifth Revision of Sheet No. 12-A

The purpose of this filing is to revise the Company's rules regarding the extension of distribution facilities. Specifically, the revision would require customers on Rate Schedules 511, 570 or 663 who receive a line extension allowance to consume the minimum agreed upon metered annual therms as specified in the customer's service agreement or pay a deficiency balance.

The filing also provides text clarifications regarding the rate schedules to which the tariff rules apply. Cascade is also filing an updated service agreement sample per WAC 480-80-141.

### **Background**

The Company currently uses the Perpetual New Present Value (PNPV) methodology for calculating its line extension allowances. Commission staff has expressed support for this methodology because it produces the maximum line extension allowance that is economically-viable for the company.<sup>1</sup>

A PNPV allowance is the annual basic service charge and distribution revenue for the average residential or average commercial customers, as applicable, divided by 7.31%, which is the Company's approved pre-tax rate of return as approved in Commission Order No. 06 issued

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<sup>1</sup> See UG-160967, Washington Utilities and Transportation Commission, Open Meeting Memo dated 08/30/2016



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in UG-170929. This methodology results in an upfront allowance for residential customers not to exceed \$3,275 and an allowance of no more than \$12,500 for commercial customers.

Under its current rules, for large service customers, the Company requires a customer to complete a detailed load study that accurately defines the annual estimated fuel usage based upon a description of the customer's gas fired equipment and estimated days and hours of operation. Based upon the results of the load study, the Company can calculate an economically viable line extension allowance best suited for each customer's usage. The annual minimum metered therm requirements are also specified in the terms of the customer's service agreement.

The Company has observed instances in which customers received a line extension allowance but did not consume the agreed upon minimum annual metered therm requirements. The Company is therefore proposing a requirement that customers in such circumstances to pay a deficiency balance of the therms not used for that 12 month period. For large volume customers, the deficiency can be significant and otherwise would be subsidized by other rate schedules.

This filing is comprised of the following electronic files:

NEW, CNGC Advice No. W19-05-01, CLtr, 05.31.19.pdf  
NEW, CNGC Advice No. W19-05-01, Sch. 12-A Rule 8, Leg Tariffs, 05.31.19.pdf  
NEW, CNGC Advice No. W19-05-01, Sch. 12-A Rule 8, Tariffs, 05.31.19.pdf  
NEW, CNGC Advice No. W19-05-01, WA Service Agreement, 05.31.19.pdf

Questions regarding this filing should be directed to me at (509) 734-4593.

Sincerely,

*/s/ Michael Parvinen*

Michael Parvinen  
Director, Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W Grandridge Blvd  
Kennewick, WA 99336-7166  
[michael.parvinen@cngc.com](mailto:michael.parvinen@cngc.com)

Enclosures

**RULE 8  
EXTENSION OF DISTRIBUTION FACILITIES**

**LARGE VOLUME, INTERRUPTIBLE, AND TRANSPORTATION (Rate Schedules 511, 570, 663):**

(T)

Interruptible, industrial, large volume, and transportation customers taking service on Rate Schedules 511, 570, or 663 may receive an allowance not to exceed the sum of annual basic service charges plus estimated annual distribution margin (twelve consecutive months of billing revenue minus gas costs) the Company expects it will receive from the customer based on current rates, divided by 7.31%, the Company's approved rate of return per Commission Order No. 06 issued in UG-170929.

(T)

Prior to receiving an allowance, an interruptible, industrial, large volume, or transportation customer must complete a customer load summary that, to the best of the customer's ability, accurately defines the gas fired equipment to be installed, and the estimated days and hours of equipment operation. The Company, in its sole opinion, will determine the customer's estimated annual usage, which may not conform to the customer's expectations.

Customers must consume the minimum agreed metered therms annually (Annual Minimum Quantity) per the terms of the agreement for natural gas service. If a customer does not consume the Annual Minimum Quantity within the 12 months ending on the customer's agreement for natural gas service anniversary date, the customer will pay for the deficiency balance of the therms not used during that 12 month period. The deficiency billing will be equal to the difference between Annual Minimum Quantity and actual consumption times the margin rate at the tail block usage rate.

(N)

(N)

The Company may offer nonresidential customers served on Schedules 511, 570, and 663 the opportunity to pay line extension costs over time through a facility charge; in which case the Company may require the customer to provide an irrevocable letter of credit in the amount not to exceed the line extension costs and for the timeframe not to exceed the payback period.

**GENERAL CONDITIONS:**

The following applies to all applicants or customers requesting new gas service:

- 1) The applicant shall grant the Company the right to enter and exit the Customer's property, and to remove (and replace) or otherwise disturb lawns, shrub or other property on the applicant's premises as reasonably necessary for the purpose of installing an extension. The Company's agents and employees shall have access at all reasonable times for reading, inspecting, constructing, reconstructing, repairing, and removing the Company's meters, metering equipment and natural gas facilities.
- 2) All necessary right-of-way assignments, easements, and permits across other properties will be secured at no cost to the Company before the Company constructs the line extension.

(continued)

**RULE 8  
EXTENSION OF DISTRIBUTION FACILITIES**

~~INTERRUPTIBLE, INDUSTRIAL, LARGE VOLUME, INTERRUPTIBLE, AND TRANSPORTATION (Rate Schedules 505, 511, 570, 663):~~ (T)

Interruptible, industrial, large volume, and transportation customers taking service on Rate Schedules ~~505, 511, 570, or 663~~ may receive an allowance not to exceed the sum of annual basic service charges plus estimated annual distribution margin (twelve consecutive months of billing revenue minus gas costs) the Company expects it will receive from the customer based on current rates, divided by 7.31%, the Company's approved rate of return per Commission Order No. 06 issued in UG-170929. (T)

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- 2) All necessary right-of-way assignments, easements, and permits across other properties will be secured at no cost to the Company before the Company constructs the line extension.

(continued)

CNG/~~W19-02-01~~W19-05-01  
Issued ~~February 6~~May 31, 2019

Effective for Service on and after  
~~March 29~~July 1, 2019

Issued by **CASCADE NATURAL GAS CORPORATION**

By: 

Michael Parvinen

Director, Regulatory Affairs

CASCADE NATURAL GAS CORPORATION

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CNG/W16-07-01  
Issued August 12, 2016

Effective for Service on and after  
September 1, 2016

**Issued by CASCADE NATURAL GAS CORPORATION**

By: 

Mike Parvinen

Director, Regulatory Affairs

**AGREEMENT  
FOR NATURAL GAS SERVICE WITH  
CASCADE NATURAL GAS CORPORATION (Washington)**

This Agreement For Natural Gas Service ("Agreement") dated \_\_\_\_\_, between CASCADE NATURAL GAS CORPORATION (the "Company") and \_\_\_\_\_ (the "Customer"), establishes the following terms and conditions. Company and Customer may hereinafter be referred to separately as "Party" or jointly as "Parties".

**PARTIES' INFORMATION:** For purposes of contract renewal, cancellation, or revision, the contact for the Company and Customer, respectively, are as follows:

|  |  |
|--|--|
| <b>Company</b><br>Cascade Natural Gas Corporation<br>8113 W Grandridge Blvd<br>Kennewick, Washington 99336<br><br>Attn: _____<br>Phone: _____<br>Cell: _____<br>Email: _____ | <b>Customer</b><br>Name _____<br>Service Address _____<br>City, WA Zip _____<br>Mail Address _____<br>City, WA Zip _____<br>Account No.: _____<br>Attn: _____<br>Phone: _____<br>Metretek #: _____ |
|--|--|

**AGREEMENT TERM:** This Agreement will have a primary term beginning on \_\_\_\_\_ and an ending date of \_\_\_\_\_. This Agreement shall renew automatically each \_\_\_\_\_ for a 12-month term unless the Company or the Customer provides the other party written notice of that party's election to terminate the Agreement at least 90 days prior to the end of the initial or any subsequent term.

This Agreement supersedes and cancels the prior agreement executed by the parties on: \_\_\_\_\_

**NATURE OF TRANSPORTATION SERVICE:** Service under this Agreement shall be consistent with the terms and conditions as established in the following rates schedule on which the Customer receives service. The schedules are a part of the Company's Tariff.

Schedule 511, Large Volume General Service

Schedule 570, Interruptible Service

Schedule 663, Transportation Service

**CONTRACT VOLUMES:** The Customer agrees to pay the Company in accordance with the terms and conditions established in the schedule identified above, on which the Customer is receiving service, for the Annual Minimum Quantity, and established below:

| Therms per 12-month period (Annual Minimum Quantity) |  |
|--|--|
| Schedule 511   | _____ therms per year (50,000 minimum) |
| Schedule 570   | _____ therms per year (50,000 minimum) |
| Schedule 663   | _____ therms per day (Contract Demand) |
|  | _____ therms per year                  |

|  |
|--|
| <b>DELIVERY PRESSURE (PSI)</b>                 |
| Maximum Hourly Flow Rate (MCFH)                |
| Maximum Winter Daily Requirement (RS 511 only) |

**CONTRIBUTION IN AID OF CONSTRUCTION (CIAC).** If applicable, the Customer agrees to pay a flat monthly facility charge as established below for the line extension costs required for the installation of the Customer’s service.

| <b>CIAC Amount</b> | <b>Number of Months</b> | <b>Monthly Facilities Charge</b> |
|--------------------|-------------------------|----------------------------------|
|                    |                         |                                  |

**CUSTOMER RESPONSIBILITY:** Customers served under Schedule 663 must provide 110-120 v power at the meter location for the Company’s use to power the telemetry equipment.

**CONSTRAINT PERIODS:** All service classes are subject to curtailment. The terms and conditions, as well as penalties for unauthorized use of gas during a curtailment period, are established in the Company’s Washington Tariff.

Transportation Customers (Schedule 663) may be subject to entitlements; the terms of which, as well as penalties for unauthorized use during an entitlement period, are established in the Company’s Washington Tariff.

**DISCONNECTION FOR NON-COMPLIANCE TO CURTAILMENT ORDER:**

The Customer may have his/her service disconnected if the Customer fails to comply with a curtailment order of reducing usage in a stated time frame and such failure to comply jeopardizes the Company’s ability to provide service to other customers higher in the priority of service as identified in Rule 17 of the Company’s Tariff. The Company will attempt to contact the Customer prior to disconnection. If the attempted contact is unsuccessful, disconnection of service may still occur.

**NOTICES FOR CONSTRAINTS:** All notices for curtailments and entitlements shall be issued to the first available Customer representative as identified below. The Customer is required to notify the Company immediately if any of the information below changes:

Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Work Phone: \_\_\_\_\_  
 Cell Phone: \_\_\_\_\_  
 Home Phone: \_\_\_\_\_  
 Email: \_\_\_\_\_  
 Fax: \_\_\_\_\_

Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Work Phone: \_\_\_\_\_  
 Cell Phone: \_\_\_\_\_  
 Home Phone: \_\_\_\_\_  
 Email: \_\_\_\_\_  
 Fax: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Work Phone: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Fax: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Work Phone: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Email: \_\_\_\_\_  
Fax: \_\_\_\_\_

**APPLICABLE RULES AND TARIFFS:** This Agreement is subject to all rules and regulations as established in the Company's Washington Tariff, as filed with the Washington Utilities and Transportation Commission. The Tariff, which is subject to change from time to time, is by reference part of this Agreement and is available at [www.cngc.com](http://www.cngc.com).

**Parties herewith execute this Agreement:**

**Cascade Natural Gas Corporation**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Customer**

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_