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September 30, 2021

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

Re: Pipeline Replacement Cost Recovery Mechanism **update** in Accordance with Commission Policy Statement in Docket UG-120715. Original filing under Advice No. CNG/ W21-06-01, Docket No. UG-210408

Dear Ms. Maxwell:

In accordance with the Commission's policy statement in Docket UG-120715 Cascade hereby submits its update to the Cost Recovery Mechanism with actual costs as of August 31, 2021, and estimated costs through October 31, 2021.

Cascade will be providing its final update once September actual costs are known per the policy statement. Cascade will also replace the originally filed tariff based on the data in the final update.

In accordance with WAC 480-90-195, Cascade issued bill inserts at the beginning of October 2021 to customers stating what the increased rates will be. A copy of the 2021 bill insert has been included with this filing.

Cascade considers a number of the worksheets to contain valuable commercial information and respectfully requests protection and confidential treatment of the attached information under Chapters 42.17 RCW, RCW 80.04.095 and WAC 480-07-160. Public disclosure of this information would result in private loss, including an unfair competitive disadvantage, which would negatively affect our shareholders.

The following files are submitted as part of this filing:

UG-210408-CNGC-Replacement-Projects-WP-Update-9-30-21.xlsx
UG-210408-CNGC-CRM-Actual-Forecast-through-8-31-21-9-30-21(C).xlsx
UG-210408-CNGC-CRM-Actual-Forecast-through-8-31-21-9-30-21(R).pdf
UG-210408-CNGC-Invoices-WP-9-30-21(C).pdf

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UG-210408-CNGC-Invoices-WP-9-30-21(R).pdf

UG-210408-CNGC-Bill-Insert-9-30-21.pdf

UG-210408-CNGC-Advice-No.-W21-06-01-Trf-9-30-21.pdf

UG-210408-CNGC-Advice-No.-W21-06-01-Leg-Trf-9-30-21.pdf

If there are any questions regarding this update, please contact me at (208) 377-6015.

Sincerely,

/s/ Lori A. Blattner

Lori A. Blattner

Director, Regulatory Affairs

Cascade Natural Gas Corporation

8113 W. Grandridge Blvd.

Kennewick, WA 99336-7166

lori.blattner@intgas.com

Attachments

**COST RECOVERY MCHANISM (CRM)
ELEVATED RISK PIPELINE FACILITY REPLACEMENTS
SCHEDULE NO. 597**

APPLICABLE:

This adjustment applies to gas service rendered by the Company under the tariff of which this schedule is a part for service on and after the effective date hereof and shall be in addition to all rates and charges specified in this tariff.

MONTHLY RATES AND MINIMUM BILLS:

Each of the charges, except Demand and Customer Service Charges, are to be increased as shown:

- Schedule 503 - \$0.01214 per therm
- Schedule 504 - \$0.00818 per therm
- Schedule 505 - \$0.00704 per therm
- Schedule 511 - \$0.00241 per therm
- Schedule 570 - \$0.00444 per therm
- Schedule 663 - \$0.00117 per therm

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SPECIAL TERMS AND CONDITIONS:

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

CNG/W21-06-01
Issued September 30, 2021

Effective for Service on and after
November 1, 2021

Issued by CASCADE NATURAL GAS CORPORATION

By:  Lori A. Blattner

Director, Regulatory Affairs

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MONTHLY RATES AND MINIMUM BILLS:

Each of the charges, except Demand and Customer Service Charges, are to be increased as shown:

Schedule 503 - \$~~0.00541~~01214 per therm
Schedule 504 - \$~~0.00351~~00818 per therm
Schedule 505 - \$~~0.00271~~00704 per therm
Schedule 511 - \$~~0.00154~~00241 per therm
Schedule 570 - \$~~0.00180~~00444 per therm
Schedule 663 - \$~~0.00052~~00117 per therm

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(~~R1~~)

SPECIAL TERMS AND CONDITIONS:

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

NOTICE OF PROPOSED RATE CHANGES

Cascade Natural Gas Corporation proposes an overall average 16.87 percent increase in natural gas rates.

In September 2021, Cascade Natural Gas Corporation (Cascade) will file the following requests with the Washington Utilities and Transportation Commission (WUTC) proposing an overall average 16.87 percent increase for all customer groups with natural gas service. The changes are proposed to become effective November 1, 2021:

- **Purchased Gas Adjustment (PGA):** Cascade requested an increase to rates to recover the cost of natural gas. Gas costs are a straight pass through of costs, where Cascade does not earn a profit on these costs. For gas costs alone, the average residential customer using 56 therms per month will see a bill increase of \$8.06 per month or 14.37 percent more. The proposed rate increase is primarily due to an increase in wholesale natural gas costs above the level presently included in rates.
- **Cost Recovery Mechanism for Pipeline Replacement (CRM):** Cascade asked for an overall average increase to rates of 0.78 percent to recover costs incurred for the replacement of aging natural gas pipes from November 1, 2020, through October 31, 2021. The CRM helps Cascade continue to provide customers with safe and reliable gas service. The typical residential customer using 56 therms per month will see a bill increase of \$0.42 cents per month or 0.76 percent more for the CRM costs alone.
- **Washington Energy Assistance Fund (WEAF):** Cascade is to true-up the rates thereby collecting the budget amount for the 2021-2022 program year. For WEAF alone, the average residential customer using 56 therms per month will see a bill increase of \$0.08 or 0.14 percent more.
- **Decoupling Mechanism Adjustment:** Cascade requested to charge customers the difference between authorized revenue and actual billed revenue consistent with natural gas tariff Rule 21, Decoupling Mechanism. For the decoupling mechanism adjustment, the average residential customer using 56 therms per month will see a bill increase of \$1.11 per month or 1.98 percent more.
- **Conservation:** Cascade's collection of actual conservation costs from the previous twelve-month period will reflect an average residential customer using 56 therms per month will see a bill increase of \$0.21 per month or 0.37 percent more.

The following two items are related to the Tax Cut and Jobs Acts (TCJA) that reduced the federal income tax rate effective January 1, 2018.

- **Unprotected Excess Deferred Income Tax:** the average residential customer using 56 therms per month will see a bill increase of \$0.06 cents per month or 0.10 percent more.
- **Protected-Plus Excess Deferred Income Tax:** the average residential customer using 56 therms per month will see a bill decrease of \$0.01 cents per month or 0.01 percent less.

The WUTC will review each of these filings and has the authority to set final rates that may vary from Cascade's requests, either higher or lower, depending on the results of its investigation.

If the WUTC approves all proposals, the total increase for a typical residential customer using 56 therms per month will be 17.71 percent or \$9.93 more per month, bringing the total average monthly Cascade bill to \$56.05 from \$65.98.

The combined proposed rate changes for residential, commercial, and industrial customers are:

Type of Service	Current Rate**	Current Average Bill*	Proposed Rate**	Proposed Average Bill*	Dollar Change in Bill	Percent Change in Bill
Residential, Schedule 503	\$0.91169	\$56.05	\$1.08899	\$65.98	\$9.93	17.71%
Commercial, Schedule 504	\$0.84413	\$257.80	\$1.02590	\$310.51	\$52.71	20.45%
Industrial Firm, Schedule 505	\$0.78232	\$1,773.02	\$0.95610	\$2,168.02	\$395.00	22.28%
Com-Ind Dual Service, Schedule 511	\$0.73584	\$9,258.16	\$0.84946	\$10,889.30	\$1,631.14	17.62%
Industrial Interruptible, Schedule 570	\$0.68492	\$16,815.46	\$0.82443	\$20,207.29	\$3,391.83	20.17%
Transport, Schedule 663	\$0.05987	\$10,905.00	\$0.06081	\$11,172.86	\$267.86	2.46%

* The average bill includes the monthly basic charge which has not changed with this filing.

** Due to tiered rate structures based on individual customer consumption, Rate Schedules 505, 511, 570, and 663 reflect average rates.

For additional information on the proposed rate changes, conservation tips, energy efficiency programs, energy assistance programs, and bill payment plans, visit Cascade Natural Gas's website at www.cngc.com; call 1-888-522-1130; or write to c/o Cascade Regulatory Department, 8113 W Grandridge Blvd, Kennewick WA 99336-7166.

You can contact the WUTC to submit comment or to be notified of the scheduled open meeting, at which time the proposal will be considered by the commission:

- On the WUTC website at www.utc.wa.gov, and click on Submit a Comment
- By email to: comments@utc.wa.gov
- By phone at: 1-888-333-9882
- In writing: WUTC, P.O. BOX 47250 Olympia, WA 98504-7250

Please include your name and mailing address, reference the name of company

(Cascade Natural Gas Corporation) and Advice Nos. CNG/W21-06-01, CNG/W21-09-01, CNG/W21-09-02, CNG/ W21-09-03, CNG/W21-09-04, and CNG/W21-09-05.

The WUTC is committed to providing reasonable accommodations to participants with disabilities:

Contact WUTC at 360-664-1132, 306-664-1243 or email humanresources@utc.wa.gov.



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