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CNG/W22-09-03

September 15, 2022

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

Re: Schedule 594, Decoupling Mechanism Adjustment

Dear Ms. Maxwell:

Cascade Natural Gas Corporation ("Cascade") encloses for filing the following proposed tariff sheet containing a requested effective date of November 1, 2022:

Sixth Revision Sheet No. 594 Canceling Fifth Revision Sheet No. 594

The purpose of this filing is to amortize the difference between authorized revenues and actual revenues for the timeframe of January 1, 2021, through December 31, 2021, which is consistent with the Company's Rule 21, Decoupling Mechanism, and the terms adopted by Order No. 04 in UG-152286.

Rule 21, Decoupling Mechanism, was approved in the Company's rate case in Docket UG-152286 and allows Cascade to defer the difference between billed revenue and the authorized margin per customer, which is a different amount per customer class, per month. Billed and authorized revenue differ for a number of reasons including the installation of conservation measures, weather variations, and different gas usage patterns. The deferred balance is then amortized through the Schedule 594 adjustment rate that becomes effective concurrently with the Purchased Gas Adjustment (PGA).

The changes made to Schedule 594 result in an overall revenue increase of 1.61 percent or an increase in annual revenue of \$4,686,454. Below is a table summarizing the proposed changes in revenue reflected in this filing:

<u>Service</u>	<u>Sch. No.</u>	<u>Rate Change</u>	<u>Proposed Rate Per Therm</u>	<u>Percent Change</u>
Residential	503	\$0.00830	\$0.01905	0.68%
Commercial	504	\$0.03331	\$0.03650	3.00%
Industrial	505	\$0.00829	\$0.01556	0.92%
Industrial Lg Vol	511	\$0.02496	(\$0.02887)	3.00%
Interruptible	570	(\$0.00882)	(\$0.00600)	(1.22%)

For the average residential customer using 54 therms, the changes proposed in this filing result in an average monthly bill increase of \$0.45 or 0.73 percent. For the average commercial customer using 271 therms per month, these changes result in an average monthly bill increase of \$9.03 or 3.27 percent.

The proposed change will affect all of Cascade's Washington customers except transportation only customers. Cascade serves approximately 200,356 residential, 27,285 commercial and 511 industrial customers in the state of Washington.

The overall earnings test of 2.28 percent is below the 3.0 percent maximum annual rate adjustment, no adjustment for earnings sharing under UG-152286 is required.

If you have any questions, please call 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
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Attachments:

NEW-CNGC-Advice-W22-09-03-Trf-Sheet-594-09.15.2022.pdf
NEW-CNGC-Advice-W22-09-03-Redlined-Trf-Sheet-594-09.15.2022.pdf
NEW-CNGC-Advice-W22-09-03-Exh-A-09.15.2022.pdf
NEW-CNGC-Advice-W22-09-03-DMA-WP-09.15.2022.xlsx
NEW-CNGC-Advice-W22-09-03-Rule-21-Decoupling-WP-09.15.2022.xlsx

EXHIBIT A

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

CASCADE NATURAL GAS CORPORATION

Decoupling Mechanism Adjustments

CNGC WUTC Advice No. W22-09-03

September 15, 2022

CASCADE NATURAL GAS CORPORATION

EXHIBIT A

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Cascade Natural Gas Corporation
DMA CALCULATION OF PER THERM RATES TO AMORTIZE DEFERRED ACCOUNTS
State of Washington
Decoupling Mechanism

CNGC Advice W22-09-03
DMA Exhibit A
Page 1 of 5

Line No.	Consolidated Account	Account Balance 12/31/2021	Interest Assignments & Amortization through 10/31/2022	Interest Accruals Through Am.	Amount						Proposed Period of Am.	
						503	504	505	511	570		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
						131,993,811	93,567,597	12,906,568	15,549,500	2,331,721		
1	503	\$ 3,602,555	\$ (1,123,880)	\$ 35,081.90	\$ 2,513,757	0.01905					1 Year	Decoupling Mechanism
2	504	\$ 3,956,096	\$ (151,848)	\$ 56,670.16	\$ 3,860,918		\$ 0.04126				1 Year	Decoupling Mechanism
3	505	\$ 277,160	\$ (79,824)	\$ 3,499.14	\$ 200,835			\$ 0.01556			1 Year	Decoupling Mechanism
4	511	\$ (716,794)	\$ 703,780	\$ (209.24)	\$ (13,223)				\$ (0.00085)		1 Year	Decoupling Mechanism
5	570	\$ (8,172)	\$ (5,591)	\$ (236.30)	\$ (14,000)					\$ (0.006004)	1 Year	Decoupling Mechanism
6	TOTAL	\$ 7,110,844	\$ (657,363)	\$ 94,806	\$ 6,548,287	\$ 0.01905	\$ 0.04126	\$ 0.01556	\$ (0.00085)	\$ (0.00600)		
7				3% Test Rate Adjustment (1)		\$0.00000	(\$0.00476)	\$0.00000	(\$0.02802)	\$0.00000		
8				Final Proposed Decoupling Rate		\$0.01905	\$0.03650	\$0.01556	(\$0.02887)	(\$0.00600)		
9	Notes	(1) See page 6 Exhibit A for earnings test and 3% test adjustment calculations.										

Cascade Natural Gas Corporation
DERIVATION OF PROPOSED RATE LEVEL WITHIN
RATE ADDITION SCHEDULE NO. 594
State of Washington

Description (a)	Rate Schedule (b)	Reverse Prior Decoupling Rate Adj. (c)	Decoupling Related Temporary Rate Adj. (d)	Incremental R/S 594 Rate Change (e)	Posted R/S 594 Tariff Rate (f)
CORE MARKET RATE SCHEDULES					
Residential	503	\$ (0.01075)	\$ 0.01905	\$ 0.00830	\$ 0.01905
Commercial	504	\$ (0.00319)	\$ 0.03650	\$ 0.03331	\$ 0.03650
Industrial Firm	505	\$ (0.00727)	\$ 0.01556	\$ 0.00829	\$ 0.01556
Com-Ind Dual Service	511	\$ 0.05383	\$ (0.02887)	\$ 0.02496	\$ (0.02887)
Industrial Interr.	570	\$ (0.00282)	\$ (0.00600)	\$ (0.00882)	\$ (0.00600)

Cascade Natural Gas Corporation
Decoupling AMOUNT OF CHANGE BY RATE SCHEDULE
Bills and Revenues Based Upon the Twelve Months Ended 7/31/22
State of Washington

CNGC Advice W22-09-03
DMA Exhibit A
Page 3 of 5

Line No.	Description (a)	Rate Schedule (b)	Average # of Bills (c)	Forecasted Therms Sold (d)	Actual Revenue (e)	Per Therm Decoupling Change (f)	Amount of Change (g)	Percentage Change (h)
CORE MARKET RATE SCHEDULES								
1	Residential	503	200,356	131,993,811	160,697,460	\$ 0.00830	\$ 1,094,889	0.68%
2	Commercial	504	27,210	93,567,597	103,915,277	\$ 0.03331	\$ 3,117,017	3.00%
3	Industrial Firm	505	487	12,906,568	11,638,460	\$ 0.00829	\$ 107,008	0.92%
4	Large Volume	511	99	15,549,500	12,937,587	\$ 0.02496	\$ 388,116	3.00%
5	Industrial Interruptible	570	7	2,331,721	1,682,022	\$ (0.00882)	\$ (20,575)	-1.22%
6			228,159	256,349,197	290,870,806		\$ 4,686,454	1.61%

Cascade Natural Gas Corporation
DMA PROPOSED TYPICAL MONTHLY BILL BY CLASS
State of Washington

Line No.	Type of Service	UG-210755		Current	Current	Proposed	Proposed	Bill Difference	Proposed
		Typical Monthly Therm Used	Basic Service Charge	10/1/2022 Billing Rate	10/1/2022 Average Bill	11/1/2022 DMA Effects	11/1/2022 DMA Effect Average Bill		11/1/2022 DMA Effects % Bill Change
	(a)	(b)	(c)	(d)	e=c+(b*d)	(f)	g=c+(b*f)		
1	Residential, Schedule 503	54	\$5	\$1.03712	\$61.00	\$1.04542	\$61.45	\$0.45	0.73%
2	Commercial, Schedule 504	271	\$13	\$0.97066	\$276.05	\$1.00397	\$285.08	\$9.03	3.27%
3	Industrial Firm, Schedule 505		\$60						
4	First 500 therms			\$0.89552	\$507.76	\$0.90381	\$511.91		
5	Next 3,500 therms			\$0.85544	\$1,276.32	\$0.86373	\$1,288.69		
6	Over 4,000 therms			\$0.84938		\$0.85767			
7	Total 505	1,992			\$1,784.08		\$1,800.59	\$16.52	0.93%
8	Com-Ind Dual Service, Schedule 511		\$125						
9	First 500 therms			\$0.78754	\$518.77	\$0.81250	\$531.25		
11	Next 3,500 therms			\$0.74804	\$2,618.14	\$0.77300	\$2,705.50		
12	Over 4,000 therms			\$0.65034	\$8,219.65	\$0.67530	\$8,535.12		
13	Total 511	16,639			\$11,356.56		\$11,771.87	\$415.31	3.66%
14	Industrial Interruptible, Schedule 570		\$163						
15	First 30,000 therms			\$0.75482	\$17,699.73	\$0.74600	\$17,494.73		
16	Over 30,000 therms			\$0.68815		\$0.67933			
17	Total 570	23,233			\$17,699.73		\$17,494.73	-\$205.01	-1.16%

2021 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas
1	Rate Base	\$ 488,393,608
2	Net Income	\$ 24,683,914
3	Calculated ROR	5.05%
4	Base ROR	6.95%
5	Excess ROR	-1.90%
6	Excess Earnings	\$ -
7	Conversion Factor	0.75506
8	Excess Revenue (Excess Earnings/CF)	\$ -
9	Sharing %	50%
10	2021 Total Earnings Test Sharing	\$ -
11	Adjusted Revenues from CBR	\$ 286,905,704
12	2022 Decoupling Deferral Balance	\$ 6,548,287
13	Earnings Test	2.28%

3% Incremental Surcharge Test

Line No.		Residential 503	Commerical 504	Industrial 505	Com-Ind 511	Indust. Interr. 570	Total WA
1	Revenue From 2021 Normalized Loads and Customers at Present Billing Rates (1)	\$ 160,697,460	\$ 103,915,277	\$ 11,638,460	\$ 12,937,587	\$ 1,682,022	\$ 290,870,806
2	August 2022 - July 2023 Usage	131,993,811	93,567,597	12,906,568	15,549,500	2,331,721	256,349,197
3	Proposed Decoupling Recovery Rates	\$0.01905	\$0.04126	\$0.01556	(\$0.00085)	(\$0.00600)	
4	Present Decoupling Surcharge Recovery Rates	0.01075	0.00319	0.00727	(0.05383)	0.00282	
5	Incremental Decoupling Recovery Rates	\$0.00830	\$0.03807	\$0.00829	\$0.05298	(\$0.00882)	
6	Incremental Decoupling Recovery	\$ 1,094,889	\$ 3,562,399	\$ 107,008	\$ 823,813	\$ (20,575)	\$ 5,567,534
7	Incremental Surcharge %	0.68%	3.43%	0.92%	6.37%	-1.22%	
8	3% Test Adjustment (2)	\$0	(\$444,941)	\$0	(\$435,685)	\$0	
9	3% Test Rate Adjustment	\$0.00000	(\$0.00476)	\$0.00000	(\$0.02802)	\$0.00000	
10	Adjusted Proposed Decoupling Recovery Rates	\$0.01905	\$0.03650	\$0.01556	(\$0.02887)	(\$0.00600)	
11	Adjusted Incremental Decoupling Recovery	\$ 1,094,889	\$ 3,117,017	\$ 107,008	\$ 388,116	\$ (20,575)	\$ 4,686,455
12	Adjusted Incremental Surcharge %	0.68%	3.00%	0.92%	3.00%	-1.22%	

Notes:

- (1) Revenue from 2021 normalized loads and customers at present billing rates effective since November 1, 2021.
(2) The carryover balances will differ from the 3% adjustment amounts due to the revenue related expense gross up partially offset by additional interest on the outstanding balance during the amortization period.

**SCHEDULE 594
 DECOUPLING MECHANISM ADJUSTMENT**

PURPOSE:

The purpose of this Decoupling Mechanism Adjustment is to collect or refund the decoupling deferral balance in accordance with the parameters established in Rule 21, Decoupling Mechanism.

APPLICABILITY:

This Rule is applicable to all Customers served on Schedules, 503, 504, 505, 511, and 570.

RATES:

The following rates are effective with service as of November 1, 202~~1~~2:

(C)

Rate Schedule	Rate per Therm
503	\$0.0 10751905
504	\$0.0 03193650
505	
<500 Therms	\$0.0 07271556
>500 & <4,000 Therms	\$0.0 07271556
>4,000 Therms	\$0.0 07271556
511	
<20,000 Therms	(\$0.0 53832887)
>20k & <100K Therms	(\$0.0 53832887)
>100,000 Therms	(\$0.0 53832887)
570	
<30,000 Therms	(\$0.00 282600)
>30,000 Therms	(\$0.00 282600)

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SPECIAL CONDITIONS:

The rates named herein are subject to increases as set forth in Schedule No. 500, Municipal Taxes.

**SCHEDULE 594
 DECOUPLING MECHANISM ADJUSTMENT**

PURPOSE:

The purpose of this Decoupling Mechanism Adjustment is to collect or refund the decoupling deferral balance in accordance with the parameters established in Rule 21, Decoupling Mechanism.

APPLICABILITY:

This Rule is applicable to all Customers served on Schedules, 503, 504, 505, 511, and 570.

RATES:

The following rates are effective with service as of November 1, 2022:

(C)

Rate Schedule	Rate per Therm
503	\$0.01905
504	\$0.03650
505	
<500 Therms	\$0.01556
>500 & <4,000 Therms	\$0.01556
>4,000 Therms	\$0.01556
511	
<20,000 Therms	(\$0.02887)
>20k & <100K Therms	(\$0.02887)
>100,000 Therms	(\$0.02887)
570	
<30,000 Therms	(\$0.00600)
>30,000 Therms	(\$0.00600)

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SPECIAL CONDITIONS:

The rates named herein are subject to increases as set forth in Schedule No. 500, Municipal Taxes.

CNG/W22-09-03
 Issued September 15, 2022

Effective for Service on and after
 November 1, 2022

Issued by CASCADE NATURAL GAS CORPORATION

By:  Lori A. Blattner

Director, Regulatory Affairs