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**CNG/W23-09-03**

September 15, 2023

Kathy Hunter  
Acting Executive Director and Secretary  
Washington Utilities & Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Re: Schedule 594, Decoupling Mechanism Adjustment

Dear Director Hunter:

Cascade Natural Gas Corporation ("Cascade") encloses for filing the following proposed tariff sheet containing a requested effective date of November 1, 2023:

**Seventh Revision Sheet No. 594 Canceling Sixth 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, 2022, through December 31, 2022, 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 decrease of 2.67 percent or a decrease in annual revenue of \$9,306,037. 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	(\$0.03044)	(\$0.01139)	(2.10%)
Commercial	504	(\$0.05847)	(\$0.02197)	(4.51%)
Industrial	505	(\$0.01616)	(\$0.00060)	(1.46%)
Industrial Lg Vol	511	\$0.03226	\$0.00339	3.00%
Interruptible	570	\$0.00200	(\$0.00400)	0.22%

For the average residential customer using 54 therms, the changes proposed in this filing result in an average monthly bill decrease of \$1.64 or 2.18 percent. For the average commercial customer using 271 therms per month, these changes result in an average monthly bill decrease of \$15.85 or 4.48 percent.

The proposed change will affect all of Cascade's Washington customers except transportation only customers. Cascade serves approximately 202,519 residential, 27,445 commercial and 492 industrial customers in the state of Washington.

In compliance with WAC 480-90-194(3), the Company will mail customers a bill insert notifying them of the proposed rate increase. The issuance of bill inserts to customers will begin on September 15. In addition, Cascade will publish on its webpage the anticipated rate increase, provide copies of the notice to Community Action agencies and organizations within its service territory, and provide notice to the news media. The Company has provided a copy of the bill insert in Advice No. W23-09-01.

The overall earnings test of 2.33 percent is below the 3.0 percent maximum annual rate adjustment, no adjustment for earnings sharing under UG-152286 is required.

Please direct any questions regarding this filing to me at (208) 377-6015 or Christopher Mickelson at (509) 734-4549.

Sincerely,

*/s/ Lori A. Blattner*

Lori A. Blattner  
Director, Regulatory Affairs  
Cascade Natural Gas Corporation  
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Kennewick, WA 99336-7166  
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Attachments:

NEW-CNGC-Advice-W23-09-03-Trf-Sheet-594-09.15.2023.pdf

NEW-CNGC-Advice-W23-09-03-Exh-A-09.15.2023.pdf

NEW-CNGC-Advice-W23-09-03-DMA-WP-09.15.2023.xlsx

NEW-CNGC-Advice-W23-09-03-Rule-21-Decoupling-WP-09.15.2023.xlsx

**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, 2023:

(C)

Rate Schedule	Rate per Therm
503	(\$0.01139)
504	(\$0.02197)
505	
<500 Therms	(\$0.00060)
>500 & <4,000 Therms	(\$0.00060)
>4,000 Therms	(\$0.00060)
511	
<20,000 Therms	\$0.00339
>20k & <100K Therms	\$0.00339
>100,000 Therms	\$0.00339
570	
<30,000 Therms	(\$0.00400)
>30,000 Therms	(\$0.00400)

(R)

(R)

(I)

(I)

**SPECIAL CONDITIONS:**

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

CNG/W23-09-03  
Issued September 15, 2023

Effective for Service on and after  
November 1, 2023

Issued by **CASCADE NATURAL GAS CORPORATION**

By:   
Lori A. Blattner

Director, Regulatory Affairs

EXHIBIT A

BEFORE THE  
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

CASCADE NATURAL GAS CORPORATION

Decoupling Mechanism Adjustments

CNGC WUTC Advice No. W23-09-03

September 15, 2023

# 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 W23-09-03  
DMA Exhibit A  
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Line No.	Consolidated Account	Account Balance 12/31/2022	Interest Assignments & Amortization through 10/31/2023	Interest Accruals Through Am.	Amount	503	504	505	511	570	Proposed Period of Am.	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
						130,555,024	97,016,893	12,744,910	16,795,288	2,183,028		
1	503	\$ 339,922	\$ (1,780,524)	\$ (45,994.46)	\$ (1,486,596)	(0.01139)					1 Year	<b>Decoupling Mechanism</b>
2	504	\$ 550,349	\$ (2,610,119)	\$ (71,550.84)	\$ (2,131,321)		\$ (0.02197)				1 Year	<b>Decoupling Mechanism</b>
3	505	\$ 164,322	\$ (171,679)	\$ (295.33)	\$ (7,653)			\$ (0.00060)			1 Year	<b>Decoupling Mechanism</b>
4	511	\$ 65,580	\$ 404,036	\$ 18,028.10	\$ 487,643				\$ 0.02904		1 Year	<b>Decoupling Mechanism</b>
5	570	\$ (17,806)	\$ 9,423	\$ (342.52)	\$ (8,726)					\$ (0.003997)	1 Year	<b>Decoupling Mechanism</b>
6	<b>TOTAL</b>	<b>\$ 1,102,366</b>	<b>\$ (4,148,863)</b>	<b>\$ (100,155)</b>	<b>\$ (3,146,652)</b>	<b>\$ (0.01139)</b>	<b>\$ (0.02197)</b>	<b>\$ (0.00060)</b>	<b>\$ 0.02904</b>	<b>\$ (0.00400)</b>		
7				3% Test Rate Adjustment (1)		\$0.00000	\$0.00000	\$0.00000	(\$0.02565)	\$0.00000		
8				Final Proposed Decoupling Rate		<b>(\$0.01139)</b>	<b>(\$0.02197)</b>	<b>(\$0.00060)</b>	<b>\$0.00339</b>	<b>(\$0.00400)</b>		
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)
<b>CORE MARKET RATE SCHEDULES</b>					
Residential	503	\$ (0.01905)	\$ (0.01139)	\$ (0.03044)	\$ (0.01139)
Commercial	504	\$ (0.03650)	\$ (0.02197)	\$ (0.05847)	\$ (0.02197)
Industrial Firm	505	\$ (0.01556)	\$ (0.00060)	\$ (0.01616)	\$ (0.00060)
Com-Ind Dual Service	511	\$ 0.02887	\$ 0.00339	\$ 0.03226	\$ 0.00339
Industrial Interr.	570	\$ 0.00600	\$ (0.00400)	\$ 0.00200	\$ (0.00400)



**Cascade Natural Gas Corporation**  
**Decoupling AMOUNT OF CHANGE BY RATE SCHEDULE**  
**Bills and Revenues Based Upon the Twelve Months Ended 7/31/23**  
**State of Washington**

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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)
<b>CORE MARKET RATE SCHEDULES</b>								
1	Residential	503	202,519	130,555,024	189,128,913	\$ (0.03044)	\$ (3,973,703)	-2.10%
2	Commercial	504	27,445	97,016,893	125,824,674	\$ (0.05847)	\$ (5,672,481)	-4.51%
3	Industrial Firm	505	492	12,744,910	14,063,320	\$ (0.01616)	\$ (205,958)	-1.46%
4	Large Volume	511	100	16,795,288	18,059,049	\$ 0.03226	\$ 541,732	3.00%
5	Industrial Interruptible	570	7	2,183,028	2,023,502	\$ 0.00200	\$ 4,373	0.22%
6			<b>230,563</b>	<b>259,295,142</b>	<b>349,099,459</b>		<b>\$ (9,306,037)</b>	<b>-2.67%</b>

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

Line No.	Type of Service	UG-210755		Current 3/1/2023 Billing Rates	Current 3/1/2023 Average Bill	Proposed 11/1/2023 DMA Effects	Proposed 11/1/2023 DMA Effect Average Bill	Bill Difference	Proposed 11/1/2023 DMA Effects % Bill Change
		Typical Monthly Therm Used	Basic Service Charge						
	(a)	(b)	(c)	(d)	e=c+(b*d)	(f)	g=c+(b*f)		
1	Residential, Schedule 503	54	\$5	\$1.30059	\$75.23	\$1.27015	\$73.59	-\$1.64	-2.18%
2	Commercial, Schedule 504	271	\$13	\$1.25728	\$353.72	\$1.19881	\$337.88	-\$15.85	-4.48%
3	Industrial Firm, Schedule 505		\$60						
4	First 500 therms			\$1.15619	\$638.09	\$1.14003	\$630.01		
5	Next 3,500 therms			\$1.11688	\$1,666.38	\$1.10072	\$1,642.27		
6	Over 4,000 therms			\$1.11094		\$1.09478			
7	Total 505	1,992			\$2,304.47		\$2,272.28	-\$32.19	-1.40%
8	Com-Ind Dual Service, Schedule 511		\$125						
9	First 500 therms			\$1.06448	\$657.24	\$1.09673	\$673.37		
11	Next 3,500 therms			\$1.02575	\$3,590.11	\$1.05800	\$3,703.01		
12	Over 4,000 therms			\$0.92994	\$11,753.47	\$0.96219	\$12,161.14		
13	Total 511	16,639			\$16,000.82		\$16,537.51	\$536.69	3.35%
14	Industrial Interruptible, Schedule 570		\$163						
15	First 30,000 therms			\$0.99783	\$23,345.67	\$0.99984	\$23,392.21		
16	Over 30,000 therms			\$0.93246		\$0.93447			
17	Total 570	23,233			\$23,345.67		\$23,392.21	\$46.54	0.20%

Cascade Natural Gas  
Decoupling Mechanism Earnings Test and 3% Test  
2022 Deferrals

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**2022 Commission Basis Earnings Test for Decoupling**

Line No.		Natural Gas
1	Rate Base	\$ 530,175,012
2	Net Income	\$ 27,946,563
3	Calculated ROR	5.27%
4	Base ROR	6.85%
5	Excess ROR	-1.58%
6	Excess Earnings	\$ -
7	Conversion Factor	0.75506
8	Excess Revenue (Excess Earnings/CF)	\$ -
9	Sharing %	50%
10	2022 Total Earnings Test Sharing	\$ -
11	Adjusted Revenues from CBR	\$ 134,935,407
12	2023 Decoupling Deferral Balance	\$ (3,146,652)
13	Earnings Test	-2.33%

**3% Incremental Surcharge Test**

Line No.		Residential 503	Commerical 504	Industrial 505	Com-Ind 511	Indust. Interr. 570	Total WA
1	Revenue From 2022 Normalized Loads and Customers at Present Billing Rates (1)	\$ 189,128,913	\$ 125,824,674	\$ 14,063,320	\$ 18,059,049	\$ 2,023,502	\$ 349,099,459
2	August 2023 - July 2024 Usage	130,555,024	97,016,893	12,744,910	16,795,288	2,183,028	259,295,142
3	Proposed Decoupling Recovery Rates	(\$0.01139)	(\$0.02197)	(\$0.00060)	\$0.02904	(\$0.00400)	
4	Present Decoupling Surcharge Recovery Rates	0.01905	0.03650	0.01556	(0.02887)	(0.00600)	
5	Incremental Decoupling Recovery Rates	(\$0.03044)	(\$0.05847)	(\$0.01616)	\$0.05791	\$0.00200	
6	Incremental Decoupling Recovery	\$ (3,973,703)	\$ (5,672,481)	\$ (205,958)	\$ 972,531	\$ 4,373	\$ (8,875,238)
7	Incremental Surcharge %	-2.10%	-4.51%	-1.46%	5.39%	0.22%	
8	3% Test Adjustment (2)	\$0	\$0	\$0	(\$430,760)	\$0	
9	3% Test Rate Adjustment	\$0.00000	\$0.00000	\$0.00000	(\$0.02565)	\$0.00000	
10	Adjusted Proposed Decoupling Recovery Rates	(\$0.01139)	(\$0.02197)	(\$0.00060)	\$0.00339	(\$0.00400)	
11	Adjusted Incremental Decoupling Recovery	\$ (3,973,703)	\$ (5,672,481)	\$ (205,958)	\$ 541,732	\$ 4,373	\$ (9,306,037)
12	Adjusted Incremental Surcharge %	-2.10%	-4.51%	-1.46%	3.00%	0.22%	

Notes:

- (1) Revenue from 2022 normalized loads and customers at present billing rates effective since November 1, 2022.  
(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.