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CNG/W20-09-03

September 15, 2020

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

Re: Schedule 594, Decoupling Mechanism Adjustment

Dear Mr. Johnson:

Cascade Natural Gas Corporation (“Cascade”) hereby encloses for filing the following proposed tariff sheet containing a requested effective date of November 1, 2020:

Fourth Revision Sheet No. 594 Canceling Third 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, 2019, through December 31, 2019, 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).

Below is a table summarizing the proposed changes 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	(\$0.02300)	(\$0.00910)	(2.25%)
Commercial	504	(\$0.02495)	(\$0.02414)	(2.78%)

Industrial	505	(\$0.00832)	(\$0.01417)	(1.26%)
Industrial Lg Vol	511	\$0.00046	(\$0.01908)	0.07%
Interruptible	570	(\$0.00707)	\$0.01199	(1.14%)

The changes made to Schedule 594 result in an overall rate decrease of 2 percent or a decrease in annual revenue change reflected in this filing of \$5,251,254. For the average residential customer using 56 therms, the changes made herein result in an average monthly decrease of \$1.29. For the average commercial customer using 290 therms per year, these changes result in an average decrease of \$7.23.

The proposed change will affect all of Cascade's Washington customers except transportation only customers. Cascade serves approximately 193,657 residential, 26,658 commercial and 480 industrial customers in the state of Washington.

As this proposed rate is a decrease, no adjustment for earnings sharing under UG-152286 is required.

If you have any questions, please call 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

Attachment

NEW, CNGC Advice W20-09-03 Trf Sheet 594, 09-15-2020.pdf
NEW, CNGC Advice W20-09-03 Redlined Trf Sheet 594, 09-15-2020.pdf
NEW, CNGC Advice W20-09-03 Exh A, 09-15-2020.pdf
NEW, CNGC Advice W20-09-03 DMA WP, 09-15-2020.xlsx
NEW, CNGC Advice W20-09-03 Rule 21 Decoupling WP, 09-15-2020.xlsx

EXHIBIT A

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

CASCADE NATURAL GAS CORPORATION

Decoupling Mechanism Adjustments

CNGC WUTC Advice No. W20-09-03

September 15, 2020

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 W20-09-03
DMA Exhibit A
Page 1 of 6

Line No.	Consolidated Account (a)	Account Balance 12/31/2019 (b)	Interest Assignments & Amortization through 10/31/2020 (c)	Interest Accruals Through Am. (d)	Amount (e)	503 (g)	504 (h)	505 (i)	511 (j)	570 (l)	Proposed Period of Am. (n)	
						127,118,966	88,299,944	14,482,050	27,088,723	2,291,417		
1	503	\$ 292,818	\$ (1,434,431)	\$(15,710.68)	\$ (1,157,323)	(0.00910)					1 Year	Decoupling Mechanism
2	504	\$ (1,971,221)	\$ (129,745)	\$(30,128.30)	\$ (2,131,094)		\$ (0.02414)				1 Year	Decoupling Mechanism
3	505	\$ (268,071)	\$ 66,646	\$ (3,846.99)	\$ (205,272)			\$ (0.01417)			1 Year	Decoupling Mechanism
4	511	\$ (905,324)	\$ 395,679	\$ (7,292.53)	\$ (516,937)				\$ (0.01908)		1 Year	Decoupling Mechanism
5	570	\$ 60,470	\$ (33,452)	\$ 458.96	\$ 27,477					\$ 0.011991	1 Year	Decoupling Mechanism
6	TOTAL	\$ (2,791,327)	\$ (1,135,303)	\$ (56,520)	\$ (3,983,150)	\$ (0.00910)	\$ (0.02414)	\$ (0.01417)	\$ (0.01908)	\$ 0.01199		

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	\$ (0.01390)	\$ (0.00910)	\$ (0.02300)	\$ (0.00910)
Commercial	504	\$ (0.00081)	\$ (0.02414)	\$ (0.02495)	\$ (0.02414)
Com-Ind Dual Service	511	\$ 0.01954	\$ (0.01908)	\$ 0.00046	\$ (0.01908)
Industrial Firm	505	\$ 0.00585	\$ (0.01417)	\$ (0.00832)	\$ (0.01417)
Industrial Interr.	570	\$ (0.01906)	\$ 0.01199	\$ (0.00707)	\$ 0.01199

Cascade Natural Gas Corporation
DMA AMOUNT OF CHANGE BY RATE SCHEDULE
BASED UPON THE TWELVE MONTHS ENDED 12/31/2019
State of Washington

CNGC Advice W20-09-03
DMA Exhibit A
Page 3 of 6

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	193,657	127,118,966	129,784,520	\$ (0.02300)	\$ (2,924,245)	-2.25%
2	Commercial	504	26,658	88,299,944	79,262,367	\$ (0.02495)	\$ (2,202,642)	-2.78%
3	Industrial Firm	505	480	14,482,050	9,601,453	\$ (0.00832)	\$ (120,549)	-1.26%
4	Large Volume	511	98	27,088,723	18,277,286	\$ 0.00046	\$ 12,380	0.07%
5	Industrial Interruptible	570	8	2,291,417	1,421,635	\$ (0.00707)	\$ (16,198)	-1.14%
6			220,901	259,281,100	238,347,261		\$ (5,251,254)	-2.20%
7		685/686		-	-	\$ -	\$ -	
8	Distribution	663	188	629,818,145	20,168,203	\$ -	\$ -	0.00%
9	Special Contracts	9xx	7	216,766,399	4,441,400	\$ -	\$ -	
10	Subtotal Non-core		195	846,584,544	24,609,603		\$ -	
11	CORE & NON-CORE		221,096	1,105,865,644	262,956,864		\$ (5,251,254)	-2.00%

Cascade Natural Gas Corporation
DMA TYPICAL MONTHLY THERM USAGE AND COST BY CLASS
FOR TWELVE MONTHS ENDED 12/31/2019
State of Washington

Line No.	Description (a)	Therm Sales (b)	Revenue at 11/01/2019 Rates (c)	Per Therm Rate Change (d)	Amount of Change (e)	Percent Change (f)
1	Residential (503)	127,118,966	129,784,520	\$ (0.02300)	(2,924,245)	-2.25%
2	Commercial (504)	88,299,944	79,262,367	\$ (0.02495)	(2,202,642)	-2.78%
3	Industrial (505)	14,482,050	9,601,453	\$ (0.00832)	(120,549)	-1.26%
4	Industrial Lg Vol (511)	27,088,723	18,277,286	\$ 0.00046	12,380	0.07%
5	Interruptible (570)	2,291,417	1,421,635	\$ (0.00707)	(16,198)	-1.14%

Cascade Natural Gas Corporation
DMA PROPOSED TYPICAL MONTHLY BILL BY CLASS
FOR TWELVE MONTHS ENDED 12/31/2019
State of Washington

Line No.	Description (a)	Typical Monthly Therm Use (b)	Avg Bill @ 11/01/2019 Rates (c)	Present Filing Changes (d)	Proposed Typical Bill (e)	Percent Change (f)
1	Residential (503)	56	\$ 55.85	\$ (1.29)	\$ 54.56	-2.31%
2	Commercial (504)	290	\$ 247.78	\$ (7.23)	\$ 240.54	-2.92%
3	Industrial (505)	N/A*	\$ 0.66299	\$ (0.00832)	\$0.65467	-1.26%
4	Industrial Lg Vol (511)	N/A*	\$ 0.67472	\$ 0.00046	\$0.67518	0.07%
5	Interruptible (570)	N/A*	\$ 0.62042	\$ (0.00707)	\$0.61335	-1.14%

2019 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas
1	Rate Base	\$ 398,870,079
2	Net Income	\$ 20,822,385
3	Calculated ROR	5.22%
4	Base ROR	7.24%
5	Excess ROR	-2.02%
6	Excess Earnings	\$ -
7	Conversion Factor	0.75554
8	Excess Revenue (Excess Earnings/CF)	\$ -
9	Sharing %	50%
10	2017 Total Earnings Test Sharing	\$ -
11	Adjusted Revenues from CBR	\$ 247,324,990
12	2018 Decoupling Deferral Balance	\$ (3,983,150)
13	Earnings Test	-1.61%

Line No.	3% Incremental Surcharge Test	
1	Revenue From 2019 Normalized Loads and Customers at Present Billing Rates	\$ 247,324,990
2	Forecasted Therms	259,281,100
3	Total Proposed Amortization	\$ (3,983,150)
4	Total Proposed Decoupling Recovery Rates	\$ (0.01536)
5	Incremental Surcharge %	-1.61%
6	3% Test Adjustment	\$ -
7	3% Test Rate Adjustment	\$0.00000
8	Adjusted Proposed Decoupling Recovery Rates	\$ (0.01536)
9	Adjusted Incremental Decoupling Recovery	(3,983,149.69)
10	Adjusted Incremental Surcharge %	-1.61%

**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, 2020:

(C)

Rate Schedule	Rate per Therm
503	(\$0.00910)
504	(\$0.02414)
505	
<500 Therms	(\$0.01417)
>500 & <4,000 Therms	(\$0.01417)
>4,000 Therms	(\$0.01417)
511	
<20,000 Therms	(\$0.01908)
>20k & <100K Therms	(\$0.01908)
>100,000 Therms	(\$0.01908)
570	
<30,000 Therms	\$0.01199
>30,000 Therms	\$0.01199

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SPECIAL CONDITIONS:

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

CNG/W20-09-03

Effective for Service on and after

Issued September 15, 2020

November 1, 2020

Issued by CASCADE NATURAL GAS CORPORATION

By: 

Michael Parvinen

Director, Regulatory Affairs

**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, 20~~19~~20:

(C)

Rate Schedule	Rate per Therm
503	(\$0.0139000910)
504	(\$0.0008102414)
505	
<500 Therms	(\$0.0058501417)
>500 & <4,000 Therms	(\$0.0058501417)
>4,000 Therms	(\$0.0058501417)
511	
<20,000 Therms	(\$0.019541908)
>20k & <100K Therms	(\$0.019541908)
>100,000 Therms	(\$0.019541908)
570	
<30,000 Therms	\$0.0190601199
>30,000 Therms	\$0.0190601199

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SPECIAL CONDITIONS:

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