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CNG/W20-09-04

September 15, 2020

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

Re: Schedules 581 and 582, Excess Deferred Income Tax (EDIT) Reversals Rate Adjustments

Dear Mr. Johnson:

Per the partial joint settlement agreement in Docket No. UG-170929, Cascade Natural Gas Corporation (“Cascade”) hereby encloses for filing the following proposed tariff sheets containing a requested effective date of November 1, 2020

Third Revision Sheet No. 581 Canceling Second Revision Sheet No. 581
Third Revision Sheet No. 582 Canceling Second Revision Sheet No. 582

The purpose of these revised tariff sheets is to adjust the Protected-Plus and Unprotected EDIT (Excess Deferred Income Tax) for the true-up provision adopted in Docket UG-170929.

Schedule 581, Protected-Plus EDIT, reflects an annual revenue increase of \$235,526 to customers, or an overall increase in annual revenue of 0.09 percent.

Below is a table summarizing the proposed changes reflected in rate schedule 581 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	\$0.00088	(\$0.00718)	0.09%
Commercial	504	\$0.00067	(\$0.00552)	0.08%
Industrial	505	\$0.00043	(\$0.00349)	0.06%
Industrial Lg Vol	511	\$0.00035	(\$0.00287)	0.05%
Interruptible	570	\$0.00013	(\$0.00106)	0.02%
Distribution	663	\$0.00008	(\$0.00063)	0.24%

Schedule 582, Unprotected EDIT, reflects an annual revenue decrease of \$200,198 to customers, or a decrease in annual revenue of 0.08 percent.

Below is a table summarizing the proposed changes reflected in rate schedule 582 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	(\$0.00075)	(\$0.00376)	(0.07%)
Commercial	504	(\$0.00057)	(\$0.00287)	(0.06%)
Industrial	505	(\$0.00036)	(\$0.00182)	(0.05%)
Industrial Lg Vol	511	(\$0.00030)	(\$0.00150)	(0.04%)
Interruptible	570	(\$0.00011)	(\$0.00055)	(0.02%)
Distribution	663	(\$0.00006)	(\$0.00032)	(0.20%)

The impact of both EDIT changes combined is a revenue increase of \$35,328 to customers, or an overall 0.01 percent increase. The impact to an average residential customer using 56 therms per month will be a \$0.01 increase.

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

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

Attachments

NEW, CNGC W20-09-04 Trf Sheets, 09-15-2020.pdf
NEW, CNGC W20-09-04 Redlined Trf Sheets, 09-15-2020.pdf
NEW, CNGC W20-09-04 Exh A, 09-15-2020.pdf
NEW, CNGC W20-09-04 Protected Sch 581 WP, 09-15-2020.xlsx
NEW, CNGC W20-09-04 Unprotected Sch 582 WP, 09-15-2020.xlsx

EXHIBIT A

BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION

CASCADE NATURAL GAS CORPORATION

Excess Deferred Income Tax

CNGC WUTC Advice No. W20-09-04 / UG-_____

September 15, 2020

CASCADE NATURAL GAS CORPORATION

EXHIBIT A

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CASCADE NATURAL GAS CORPORATION
2020 Protected Rate Allocation

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 Protected Exhibit A
 Page 1 of 8

	Current	Proposed
Protected	\$ (2,069,021)	\$ (1,929,304)

Rate Schedule	503	504	505	511	570	663	Total
Current Sch 581 Rates	(0.00806)	(0.00619)	(0.00392)	(0.00321)	(0.00119)	(0.00071)	
% change (same for each sch)	-10.87750%	-10.87750%	-10.87750%	-10.87750%	-10.87750%	-10.87750%	
Proposed Rate Increment	\$ (0.00718)	\$ (0.00552)	\$ (0.00349)	\$ (0.00286)	\$ (0.00106)	\$ (0.00063)	
Proposed Tax Costs Refunded	\$ (913,130)	\$ (487,123)	\$ (50,595)	\$ (77,496)	\$ (2,430)	\$ (398,530)	\$ (1,929,304)
Proposed Rate Adjustment	\$ 0.00088	\$ 0.00067	\$ 0.00043	\$ 0.00035	\$ 0.00013	\$ 0.00008	
Proposed Volumes	127,118,966	88,299,944	14,482,050	27,088,723	2,291,417	629,818,145	889,099,245

Cascade Natural Gas Corporation
Protected Amount of Change By Rate Schedule
Based Upon the Twelve Months Ended 7/31/20
State of Washington

Line No.	Description (a)	Rate Schedule (b)	Average # of Bills (c)	Forecasted Therms Sold (d)	Actual Revenue (e)	Per Therm Cost Change (f)	Amount of Change (g)	
CORE MARKET RATE SCHEDULES								
1	Residential	503	193,657	127,118,966	129,784,520	0.00088	111,448.54	0.09%
2	Commercial	504	26,658	88,299,944	79,262,367	0.00067	59,454.00	0.08%
3	Industrial Firm	505	480	14,482,050	9,601,453	0.00043	6,175.12	0.06%
4	Large Volume	511	98	27,088,723	18,277,286	0.00035	9,458.51	0.05%
5	Industrial Interruptible	570	8	2,291,417	1,421,635	0.00013	296.61	0.02%
6	Subtotal Core		220,901	259,281,100	238,347,261		186,833	
NONCORE MARKET RATE SCHEDULES								
7	Distribution	663	188	629,818,145	20,168,203	\$ 0.00008	48,641	0.24%
8	Special Contracts	9xx	7	216,766,399	4,441,400	\$ -		
9	Subtotal Non-core		195	846,584,544	24,609,603	\$ 0	48,641	
10	CORE & NON-CORE		221,096	1,105,865,644	262,956,864	\$ -	235,474	0.09%

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

Line No.	Description (a)	Typical Monthly Therm Use (b)	Avg Bill @ 11/1/19 Rates (c)	Present Filing Changes (d)	Proposed Typical Bill (e)	Percent Change (f)
1	Residential (503)	56	\$ 55.85	\$ 0.05	\$ 55.90	0.09%
2	Commercial (504)	290	\$ 247.78	\$ 0.19	\$ 247.97	0.08%
3	Industrial (505)*	N/A	\$ 0.66299	\$ 0.00043	\$ 0.66342	0.06%
4	Large Vol Service (511)*	N/A	\$ 0.67472	\$ 0.00035	\$ 0.67507	0.05%
5	Interruptible (570)*	N/A	\$ 0.62042	\$ 0.00013	\$ 0.62055	0.02%
6	Distribution (663)*	N/A	\$ 0.03202	\$ 0.00008	\$ 0.03210	0.24%

* The large variation among customers in the Industrial and Interruptible customer classes renders average consumption numbers meaningless, therefore only per therm figures have been listed.

Cascade Natural Gas Corporation
PROTECTED DERIVATION OF PROPOSED RATE ADJUSTMENT
State of Washington

Line No.	Revised Description	503 Residential Customers	504 Commercial Customers	505 Firm Indust Customers	511 Large Vol Customers	570 Interruptible Customers	663 Dist. Trans. Service Customers
1	Protected Rate Effective 11/1/2019	(\$0.00806)	(\$0.00619)	(\$0.00392)	(\$0.00321)	(\$0.00119)	(\$0.00071)
<u>Proposed Incremental Change</u>							
2	Residential (503)	\$0.00088					
3	Commercial (504)		\$0.00067				
4	Firm Industrial (505)			\$0.00043			
5	Large Vol Service (511)				\$0.00035		
6	Interruptible (570)					\$0.00013	
7	Transpotration Service (663)						\$0.00008
	Total Proposed Rate - Schedule 581	(\$0.00718)	(\$0.00552)	(\$0.00350)	(\$0.00287)	(\$0.00106)	(\$0.00063)

CASCADE NATURAL GAS CORPORATION
2020 Unprotected Tax Cost Allocation

	Current	Proposed
Unprotected	\$ (769,135)	\$ (1,004,478)

Rate Schedule	503	504	505	511	570	663	Total
Current Unpro. Tax Rates	(0.003005)	(0.002303)	(0.001458)	(0.001197)	(0.000441)	(0.000261)	
% change (same for each sch)	24.89153%	24.89153%	24.89153%	24.89153%	24.89153%	24.89153%	
Proposed Tax Increment	\$ (0.00375)	\$ (0.00288)	\$ (0.00182)	\$ (0.00149)	\$ (0.00055)	\$ (0.00033)	
Proposed Tax Costs Collected	\$ (477,076)	\$ (253,973)	\$ (26,371)	\$ (40,496)	\$ (1,262)	\$ (205,300)	\$ (1,004,478)
Proposed Rate Adjustment	(0.00075)	(0.00057)	(0.00036)	(0.00030)	(0.00011)	(0.00006)	
Proposed Volumes	127,118,966	88,299,944	14,482,050	27,088,723	2,291,417	629,818,145	889,099,245

Cascade Natural Gas Corporation
UNPROTECTED TAX AMOUNT OF CHANGE BY RATE SCHEDULE
Based Upon the Twelve Months Ended 7/31/20
State of Washington

Line No.	Description (a)	Rate Schedule (b)	Average # of Bills (c)	Forecasted Therms Sold (d)	Actual Revenue (e)	Per Therm Tax Change (g)	Amount of Change (h)	
CORE MARKET RATE SCHEDULES								
1	Residential	503	193,657	127,118,966	129,784,520	(0.00075)	(95,083.76)	-0.07%
2	Commercial	504	26,658	88,299,944	79,262,367	(0.00057)	(50,618.00)	-0.06%
3	Industrial Firm	505	480	14,482,050	9,601,453	(0.00036)	(5,255.80)	-0.05%
4	Large Volume	511	98	27,088,723	18,277,286	(0.00030)	(8,071.13)	-0.04%
5	Industrial Interruptible	570	8	2,291,417	1,421,635	(0.00011)	(251.53)	-0.02%
6	Subtotal Core		220,901	259,281,100	238,347,261		(159,280)	
NONCORE MARKET RATE SCHEDULES								
7	Distribution	663	188	629,818,145	20,168,203	(0.00006)	(40,917)	-0.20%
8	Special Contracts	9xx	7	216,766,399	4,441,400	-		
9	Subtotal Non-core		195	846,584,544	24,609,603		(40,917)	
10	CORE & NON-CORE		221,096	1,105,865,644	262,956,864		(200,198)	-0.08%

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

Line No.	Description (a)	Typical Monthly Therm Use (b)	Avg Bill @ 11/1/19 Rates (c)	Present Filing Changes (d)	Proposed Typical Bill (e)	Percent Change (f)
1	Residential (503)	56	\$55.85	(\$0.04)	\$55.81	-0.08%
2	Commercial (504)	290	\$247.78	(\$0.17)	\$247.61	-0.07%
3	Industrial (505)	N/A	\$0.66299	(\$0.00036)	\$0.66263	-0.05%
4	Industrial Lg Vol (511)	N/A	\$0.67472	(\$0.00030)	\$0.67442	-0.04%
5	Interruptible (570)	N/A	\$0.62042	(\$0.00011)	\$0.62031	-0.02%
6	Distribution (663)	N/A	\$0.03202	(\$0.00006)	\$0.03196	-0.20%

* The large variation among customers in the Industrial and Interruptible customer classes renders average consumption numbers meaningless, therefore only per therm figures have been listed.

Cascade Natural Gas Corporation
UNPROTECTED TAX DERIVATION OF PROPOSED RATE ADJUSTMENT
State of Washington

Line No.	Revised Description	503 Residential Customers	504 Commercial Customers	505 Firm Indust Customers	511 Lrg Volumes Customers	570 Interruptible Customers	663 Distribution Customers
1	Unprotected Rate Adjustment Effective 11/1/2019	(\$0.003005)	(\$0.002303)	(\$0.001458)	(\$0.001197)	(\$0.000441)	(\$0.000261)
	<u>Proposed Incremental Change</u>						
2	Residential	(0.00075)					
3	Commercial		(0.00057)				
4	Industrial Firm			(0.00036)			
5	Large Volume				(0.00030)		
6	Interruptible - CORE					(0.00011)	
7	Non-Core Customers						(0.00006)
8	Total Proposed Rate - Schedule 582	(\$0.00376)	(\$0.00287)	(\$0.00182)	(\$0.00150)	(\$0.00055)	(\$0.00032)

**SCHEDULE 581
PROTECTED-PLUS EXCESS DEFERRED INCOME TAX (EDIT) REVERSALS
RATE ADJUSTMENT SCHEDULE**

PURPOSE

The Tax Cut and Jobs Act (the Act), signed into law by President Trump on December 22, 2017, reduced the federal corporate income tax rate from 35% to 21% effective for tax years beginning after December 31, 2017. This rate adjustment schedule annually passes through to customers the protected-plus excess deferred income tax (EDIT) reversals in accordance with the terms and conditions established in the Partial Joint Settlement Agreement filed in UG-170929.

APPLICABLE

This rate adjustment schedule is applicable to Schedules 503, 504, 505, 511, 570, and 663.

RATES

This following adjustment rate will apply on a per therm basis for each rate schedule as listed in the table below:

Rate Schedule	Per Therm Charge
503	(\$0.0080600718)
504	(\$0.0061900552)
505	(\$0.0039200349)
511	(\$0.0032100287)
570	(\$0.0011906)
663	(\$0.0007100063)

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SPECIAL CONDITION

This adjustment schedule shall be updated annually effective November 1.

TAX ADDITIONS

Adjustment charges are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this adjustment schedule is governed by the terms of this schedule, the rules contained in this Tariff, any other schedules that by their terms or by the terms of this schedule apply to service under this schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

**SCHEDULE 582
UNPROTECTED EXCESS DEFERRED INCOME TAX (EDIT) REVERSALS
RATE ADJUSTMENT SCHEDULE**

PURPOSE

The Tax Cut and Jobs Act (the Act), signed into law by President Trump on December 22, 2017, reduced the federal corporate income tax rate from 35% to 21% effective for tax years beginning after December 31, 2017. This rate adjustment schedule annually returns to customers the unprotected excess deferred income tax (EDIT) amortizations in accordance with the terms and conditions established in the Partial Joint Settlement Agreement filed in UG-170929.

APPLICABLE

This rate adjustment schedule is applicable to Schedules 503, 504, 505, 511, 570, and 663.

RATES

This following adjustment rate will apply on a per therm basis for each rate schedule as listed in the table below:

Rate Schedule	Per Therm Charge
503	(\$0. 003005 <u>00376</u>)
504	(\$0. 002303 <u>00287</u>)
505	(\$0. 001458 <u>00182</u>)
511	(\$0. 001197 <u>00150</u>)
570	(\$0. 000441 <u>00055</u>)
663	(\$0. 000261 <u>00032</u>)

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SPECIAL CONDITION

This adjustment schedule shall be updated annually, effective November 1.

TERM

This rate schedule adjustment shall be effective for a term of ten years, ending October 31, 2028.

TAX ADDITIONS

Adjustment charges are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this adjustment schedule is governed by the terms of this schedule, the rules contained in this Tariff, any other schedules that by their terms or by the terms of this schedule apply to service under this schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

**SCHEDULE 581
PROTECTED-PLUS EXCESS DEFERRED INCOME TAX (EDIT) REVERSALS
RATE ADJUSTMENT SCHEDULE**

PURPOSE

The Tax Cut and Jobs Act (the Act), signed into law by President Trump on December 22, 2017, reduced the federal corporate income tax rate from 35% to 21% effective for tax years beginning after December 31, 2017. This rate adjustment schedule annually passes through to customers the protected-plus excess deferred income tax (EDIT) reversals in accordance with the terms and conditions established in the Partial Joint Settlement Agreement filed in UG-170929.

APPLICABLE

This rate adjustment schedule is applicable to Schedules 503, 504, 505, 511, 570, and 663.

RATES

This following adjustment rate will apply on a per therm basis for each rate schedule as listed in the table below:

Rate Schedule	Per Therm Charge
503	(\$0.00718)
504	(\$0.00552)
505	(\$0.00349)
511	(\$0.00287)
570	(\$0.00106)
663	(\$0.00063)

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SPECIAL CONDITION

This adjustment schedule shall be updated annually effective November 1.

TAX ADDITIONS

Adjustment charges are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

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CNG/W20-09-04

Issued September 15, 2020

Effective for Service on and after

November 1, 2020

Issued by CASCADE NATURAL GAS CORPORATION

By: 

Michael Parvinen

Director, Regulatory Affairs

**SCHEDULE 582
UNPROTECTED EXCESS DEFERRED INCOME TAX (EDIT) REVERSALS
RATE ADJUSTMENT SCHEDULE**

PURPOSE

The Tax Cut and Jobs Act (the Act), signed into law by President Trump on December 22, 2017, reduced the federal corporate income tax rate from 35% to 21% effective for tax years beginning after December 31, 2017. This rate adjustment schedule annually returns to customers the unprotected excess deferred income tax (EDIT) amortizations in accordance with the terms and conditions established in the Partial Joint Settlement Agreement filed in UG-170929.

APPLICABLE

This rate adjustment schedule is applicable to Schedules 503, 504, 505, 511, 570, and 663.

RATES

This following adjustment rate will apply on a per therm basis for each rate schedule as listed in the table below:

Rate Schedule	Per Therm Charge
503	(\$0.00376)
504	(\$0.00287)
505	(\$0.00182)
511	(\$0.00150)
570	(\$0.00055)
663	(\$0.00032)

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SPECIAL CONDITION

This adjustment schedule shall be updated annually, effective November 1.

TERM

This rate schedule adjustment shall be effective for a term of ten years, ending October 31, 2028.

TAX ADDITIONS

Adjustment charges are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this adjustment schedule is governed by the terms of this schedule, the rules contained in this Tariff, any other schedules that by their terms or by the terms of this schedule apply to service under this schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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By: 

Michael Parvinen

Director, Regulatory Affairs