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CNG/W21-09-03

September 15, 2021

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, 2021:

Fifth Revision Sheet No. 594 Canceling Fourth 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, 2020, through December 31, 2020, 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:

Service	Sch. No.	Rate Change	Proposed Rate Per Therm	Percent Change
Residential	503	\$0.01985	\$0.01075	1.95%
Commercial	504	\$0.02733	\$0.00319	3.00%

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Industrial	505	\$0.02144	\$0.00727	2.86%
Industrial Lg Vol	511	(\$0.03475)	(\$0.05383)	(5.01%)
Interruptible	570	(\$0.00917)	\$0.00282	(1.49%)

The changes made to Schedule 594 result in an overall rate increase of 1.77 percent or an increase in annual revenue change reflected in this filing of \$4,658,558. For the average residential customer using 56 therms, the changes made herein result in an average monthly increase of \$1.11 or 1.98 percent. For the average commercial customer using 290 therms per month, these changes result in an average increase of \$7.93 or 3.07 percent.

The proposed change will affect all of Cascade's Washington customers except transportation only customers. Cascade serves approximately 193,371 residential, 26,933 commercial and 484 industrial customers in the state of Washington.

The overall earnings test of 1.13 percent is below the 3.0 percent maximum annual rate adjustment, no adjustment for earnings sharing under UG-152286 is required.

On March 12, 2021, Cascade filed third-party (H. Gil Peach & Associates LLC and Forefront Economics Inc.) program audit of decoupling mechanism within Docket UG-152286. The third-party found an error within the three percent test for year 2019 and 2020. See attached spreadsheet, NEW, CNGC Advice W21-09-03 3 Percent WP 09-15-2021.xlsx, shows that it has self-corrected itself.

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
Lori.blattner@intgas.com

Attachment

NEW, CNGC Advice W21-09-03 Trf Sheet 594, 09-15-2021.pdf
NEW, CNGC Advice W21-09-03 Redlined Trf Sheet 594, 09-15-2021.pdf
NEW, CNGC Advice W21-09-03 Exh A, 09-15-2021.pdf
NEW, CNGC Advice W21-09-03 DMA WP, 09-15-2021.xlsx
NEW, CNGC Advice W21-09-03 Rule 21 Decoupling WP, 09-15-2021.xlsx
NEW, CNGC Advice W21-09-03 3 Percent WP 09-15-2021.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, 2021:

(C)

Rate Schedule	Rate per Therm
503	\$0.01075
504	\$0.00319
505	
<500 Therms	\$0.00727
>500 & <4,000 Therms	\$0.00727
>4,000 Therms	\$0.00727
511	
<20,000 Therms	(\$0.05383)
>20k & <100K Therms	(\$0.05383)
>100,000 Therms	(\$0.05383)
570	
<30,000 Therms	\$0.00282
>30,000 Therms	\$0.00282

(I)

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SPECIAL CONDITIONS:

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

CNG/W21-09-03

Issued September 15, 2021

Effective for Service on and after

November 1, 2021

Issued by CASCADE NATURAL GAS CORPORATION

By: 

Lori A. Blattner

Director, Regulatory Affairs

CASCADE NATURAL GAS CORPORATION~~Fourth-Fifth~~ Revision Sheet No. 594

Canceling

WN U-3

~~Third-Fourth~~ Revision Sheet No. 594**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~~1~~:

(C)

Rate Schedule	Rate per Therm
503	(\$0.00910) 01075
504	(\$0.02414) 00319
505	
<500 Therms	(\$0.01417) 00727
>500 & <4,000 Therms	(\$0.01417) 00727
>4,000 Therms	(\$0.01417) 00727
511	
<20,000 Therms	(\$0.01908) 5383
>20k & <100K Therms	(\$0.01908) 5383
>100,000 Therms	(\$0.01908) 5383
570	
<30,000 Therms	\$0.011990282
>30,000 Therms	\$0.011990282

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(RI)

SPECIAL CONDITIONS:

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

CNG/W20~~1~~-09-03Issued September 15, 2020~~1~~

Effective for Service on and after

November 1, 2020~~1~~

Issued by CASCADE NATURAL GAS CORPORATION

By: ~~Michael Parvinen~~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. W21-09-03

September 15, 2021

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 W21-09-03
DMA Exhibit A
Page 1 of 6

Line No.	Consolidated Account (a)	Account Balance 12/31/2020 (b)	Assignments & Amortization through 10/31/2021 (c)	Interest Accruals Through Am. (d)	Amount (e)	503 (g)	504 (h)	505 (i)	511 (j)	570 (l)	Proposed Period of Am. (n)	
						130,679,417	89,120,218	11,930,578	17,432,493	2,264,179		
1	503	\$ 456,198	\$ 930,387	\$ 17,671.34	\$ 1,404,256	0.01075					1 Year	Decoupling Mechanism
2	504	\$ 702,020	\$ 1,713,078	\$ 32,308.81	\$ 2,447,407		\$ 0.02746				1 Year	Decoupling Mechanism
3	505	\$ (59,720)	\$ 145,076	\$ 1,382.02	\$ 86,738			\$ 0.00727			1 Year	Decoupling Mechanism
4	511	\$ (1,159,684)	\$ 236,203	\$ (14,886.90)	\$ (938,367)				\$ (0.05383)		1 Year	Decoupling Mechanism
5	570	\$ 26,577	\$ (20,297)	\$ 97.66	\$ 6,377					\$ 0.002817	1 Year	Decoupling Mechanism
6	TOTAL	\$ (34,609)	\$ 3,004,447	\$ 36,573	\$ 3,006,411	\$ 0.01075	\$ 0.02746	\$ 0.00727	\$ (0.05383)	\$ 0.00282		
				3% Test Rate Adjustment (1)		\$0.00000	(\$0.02427)	\$0.00000	\$0.00000	\$0.00000		
				Final Proposed Decoupling Rate		\$0.01075	\$0.00319	\$0.00727	(\$0.05383)	\$0.00282		

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	\$ 0.00910	\$ 0.01075	\$ 0.01985	\$ 0.01075
Commercial	504	\$ 0.02414	\$ 0.00319	\$ 0.02733	\$ 0.00319
Com-Ind Dual Service	511	\$ 0.01908	\$ (0.05383)	\$ (0.03475)	\$ (0.05383)
Industrial Firm	505	\$ 0.01417	\$ 0.00727	\$ 0.02144	\$ 0.00727
Industrial Interr.	570	\$ (0.01199)	\$ 0.00282	\$ (0.00917)	\$ 0.00282

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	197,371	130,679,417	132,980,825	\$ 0.01985	\$ 2,593,464	1.95%
2	Commercial	504	26,933	89,120,218	81,203,573	\$ 0.02733	\$ 2,435,834	3.00%
3	Industrial Firm	505	484	11,930,578	8,959,376	\$ 0.02144	\$ 255,792	2.86%
4	Large Volume	511	95	17,432,493	12,092,638	\$ (0.03475)	\$ (605,762)	-5.01%
5	Industrial Interruptible	570	7	2,264,179	1,392,481	\$ (0.00917)	\$ (20,769)	-1.49%
6			224,890	251,426,886	236,628,892		\$ 4,658,558	1.97%
7		685/686		-	-	\$ -	\$ -	
8	Distribution	663	196	699,506,305	22,632,554	\$ -	\$ -	0.00%
9	Special Contracts	9xx	6	192,707,530	3,908,394	\$ -	\$ -	
10	Subtotal Non-core		202	892,213,835	26,540,948		\$ -	
11	CORE & NON-CORE		225,092	1,143,640,721	263,169,840		\$ 4,658,558	1.77%

Cascade Natural Gas Corporation
DMA TYPICAL MONTHLY THERM USAGE AND COST BY CLASS
FOR TWELVE MONTHS ENDED 12/31/2020
State of Washington

Line No.	Description (a)	Therm Sales (b)	Revenue at 11/01/2020 Rates (c)	Per Therm Rate Change (d)	Amount of Change (e)	Percent Change (f)
1	Residential (503)	130,679,417	132,980,825	\$ 0.01985	2,593,464	1.95%
2	Commercial (504)	89,120,218	81,203,573	\$ 0.02733	2,435,834	3.00%
3	Industrial (505)	11,930,578	8,959,376	\$ 0.02144	255,792	2.86%
4	Industrial Lg Vol (511)	17,432,493	12,092,638	\$ (0.03475)	(605,762)	-5.01%
5	Interruptible (570)	2,264,179	1,392,481	\$ (0.00917)	(20,769)	-1.49%

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

Line No.	Type of Service	UG-200568	Basic	Current	7/1/2021	Proposed	Proposed	Bill Difference	Proposed
		Typical Monthly Therm Used		7/1/2021 Billing Rates	Current Average Bill	11/1/2021 DMA Effects	11/1/2021 DMA Effect Average Bill		11/1/2021 DMA Effects % Bill Change
	(a)	(b)	(c)	(d)	e=c+(b*d)	(f)	g=c+(b*f)		
1	Residential, Schedule 503	56	\$5	\$0.91169	\$56.05	\$0.93154	\$57.17	\$1.11	1.98%
2	Commercial, Schedule 504	290	\$13	\$0.84413	\$257.80	\$0.87146	\$265.72	\$7.93	3.07%
3	Industrial Firm, Schedule 505		\$60						
4	First 500 therms			\$0.78232		\$0.80376			
5	Next 3,500 therms			\$0.74555		\$0.76699			
6	Over 4,000 therms			\$0.73999		\$0.76143			
7	Total 505	2,273			\$1,773.02		\$1,821.75	\$48.73	2.75%
8	Com-Ind Dual Service, Schedule 511		\$125						
9	First 500 therms			\$0.73584		\$0.70109			
11	Next 3,500 therms			\$0.69960		\$0.66485			
12	Over 4,000 therms			\$0.60995		\$0.57520			
13	Total 511	14,356			\$9,258.16		\$8,759.31	-\$498.86	-5.39%
14	Industrial Interruptible, Schedule 570		\$163						
15	First 30,000 therms			\$0.68492		\$0.67575			
16	Over 30,000 therms			\$0.62374		\$0.61457			
17	Total 570	24,313			\$16,815.46		\$16,592.44	-\$223.02	-1.33%

2020 Commission Basis Earnings Test for Decoupling

Line No.		Natural Gas
1	Rate Base	\$ 420,487,637
2	Net Income	\$ 24,683,914
3	Calculated ROR	5.87%
4	Base ROR	7.24%
5	Excess ROR	-1.37%
6	Excess Earnings	\$ -
7	Conversion Factor	0.75554
8	Excess Revenue (Excess Earnings/CF)	\$ -
9	Sharing %	50%
10	2020 Total Earnings Test Sharing	\$ -
11	Adjusted Revenues from CBR	\$ 265,512,253
12	2021 Decoupling Deferral Balance	\$ 3,006,411
13	Earnings Test	1.13%

3% Incremental Surcharge Test

	Residential 503	Commerical 504	Industrial 505	Com-Ind 511	Indust. Interr. 570	Total WA
Revenue From 2020 Normalized Loads and Customers at Present Billing Rates (1)	\$ 132,980,825	\$ 81,203,573	\$ 8,959,376	\$ 12,092,638	\$ 1,392,481	\$ 236,628,892
August 2021 - July 2022 Usage	130,679,417	89,120,218	11,930,578	17,432,493	2,264,179	251,426,886
Proposed Decoupling Recovery Rates	\$0.01075	\$0.02746	\$0.00727	(\$0.05383)	\$0.00282	
Present Decoupling Surcharge Recovery Rates	(0.00910)	(0.02414)	(0.01417)	(0.01908)	0.01199	
Incremental Decoupling Recovery Rates	\$0.01985	\$0.05160	\$0.02144	(\$0.03475)	(\$0.00917)	
Incremental Decoupling Recovery	\$ 2,593,464	\$ 4,598,782	\$ 255,792	\$ (605,762)	\$ (20,769)	\$ 6,821,506
Incremental Surcharge %	1.95%	5.66%	2.86%	-5.01%	-1.49%	
3% Test Adjustment (2)	\$0	(\$2,162,674)	\$0	\$0	\$0	
3% Test Rate Adjustment	\$0.00000	(\$0.02427)	\$0.00000	\$0.00000	\$0.00000	
Adjusted Proposed Decoupling Recovery Rates	\$0.01075	\$0.00319	\$0.00727	(\$0.05383)	\$0.00282	
Adjusted Incremental Decoupling Recovery	\$ 2,593,464	\$ 2,435,834	\$ 255,792	\$ (605,762)	\$ (20,769)	\$ 4,658,558
Adjusted Incremental Surcharge %	1.95%	3.00%	2.86%	-5.01%	-1.49%	

Notes:

- (1) Revenue from 2020 normalized loads and customers at present billing rates effective since November 1, 2020.
(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.