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October 31, 2018

Oregon Public Utility Commission
P.O. Box 1088
Salem, OR 97308-1088

Attention: Filing Center

Re: UM 1557(10) - Reauthorization to Defer Changes in Distribution Margin

Cascade Natural Gas Corporation (Cascade or the Company) submits the attached Application for Reauthorization to Defer variances in its collection of distribution margin due to conservation and weather. Such deferral entries will be consistent with the parameters outlined in the Company's Rule 19, Conservation Alliance Plan (CAP).

Please direct any questions regarding this filing to me at (509) 734-4593.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", with a long horizontal flourish extending to the right.

Michael Parvinen
Director, Regulatory Affairs

Enclosures

1 with Order No. 15-412, issued in UG-287, the Company's 2015 General Rate Case, the CAP mechanism
2 has no set termination date but will be reviewed in the fourth quarter of 2019.

3 According to the provisions in the Company's Rule 19, the CAP margin differences accumulate as
4 regulatory assets or liabilities for distribution to, or collection from, customers annually at the time of
5 the Company's PGA filing.

6 **B. Reason for Deferral – OAR 860-027-0300(3)(b)**

7 It is appropriate that deferral accounting be reauthorized for the same reasons that originally
8 established the CAP mechanism in Order 06-191. Deferral minimizes both the frequency of rate changes
9 and the fluctuation of rate levels pursuant to subsection (2)(e) of ORS 757.259.

10 **C. Proposed Accounting - OAR 860-027-0300(3)(c)**

11 In the absence of the Commission's approval of this Application, the company would record
12 under- or over-collected margins as utility operating revenue in FERC Account 480.

13 **D. Estimate of Amounts - OAR 860-027-0300(3)(d)**

14 The Company cannot accurately estimate the variances in collections due to conservation and
15 weather.

16 **E. A Copy of the Notice of Application and Certificate of Service – OAR 860-027-0300(3)(e)**

17 Attached as Appendix B is the copy of the notice and the certificate of service verifying the
18 notice was served on parties to the Company's current general rate case, UG-347.

19 **F. A Description and Explanation of the Entries in the Deferred Accounts – OAR 860-027-
20 0300(4)(a)**

21 Please see the response under II(A) above as well as Appendix A.

22 **G. The Reason for Continuation of Deferred Accounting – OAR 860-027-0300(4)(b)**

23 The continuation of the deferred accounting of gas costs is justified as these costs are continuing
24 in nature and the Commission has previously approved the CAP mechanism.

1 **H. Requirements per Commission Order No. 09-263**

2 Below is the information required per Commission Order No. 09-263, issued in Docket UM-1286,
3 Staff's investigation into purchased gas adjustment mechanism.

4 **1. A complete Summary Sheet, the location in the PGA filing of the back up work papers,**
5 **and an account map that highlights the transfer of dollars from one account to**
6 **another.**

7 Appendix A includes the Summary Sheet, which shows the amounts deferred
8 and demonstrates the transfer of dollars from one account to another. The backup
9 workpapers are attached to the Company's electronic 2018-2019 PGA filing (UG-358) as
10 a file entitled, "CNGC Non Gas Cost Deferral Amortization.xlsx."

11 **2. The effective date of the deferral**

12 This application is for the 12-month period beginning January 1, 2019, and
13 ending December 31, 2019.

14 **3. Prior Year Order Number approving the deferral**

15 Authorization to defer costs was most recently granted per Commission Order
16 No. 18-355.

17 **4. The amount deferred last year**

	CAP Weather Variance	CAP Conservation Variance
	<u>Acct 20462</u>	<u>Acct 20463</u>
Deferred amounts November 2017 through September 2018	\$640,100.44	(\$1,380,726.10)

18

19 **5. The amount amortized last year**

	Consolidated
	<u>Acct 20476</u>
Amortized amounts November 2017 through September 2018 with interest	(\$321,790.37)

Appendix A

State:	Oregon
Description:	OR CAP Weather Variance Deferral
Account number:	47OR.1862.20462
Class of Customers:	Core: rate schedules 101 & 104
Deferral Period:	11/1/2014 - 10/31/2015
Deferral Account Order:	
Amortization Period:	
Narrative:	OR Conservation Alliance Plan (CAP) weather variance associated with the OR decoupling.

Month/Year	Rate	Therms	Deferral	<i>Debit (Credit)</i>	Amortization	Interest	Adjustments	Deferred Balance
					TRANSFER BALANCE TO 20474		(1,826,992.24)	242,972.85
Nov-15			(428,728.76)			1,739.22		(184,016.69)
Dec-15			329,174.74			(1,361.11)		143,796.94
Jan-16			164,175.02			1,063.62		309,035.58
Feb-16			414,824.45			1,833.66		725,693.69
Mar-16			100,529.37			4,602.85		830,825.91
Apr-16			414,051.72			5,099.68		1,249,977.31
May-16			162,597.48			7,928.21		1,420,503.00
Jun-16			36,513.78			8,719.16		1,465,735.94
Jul-16			64,580.38			9,296.70		1,539,613.02
Aug-16			109,510.34			9,765.28		1,658,888.64
Sep-16			(14,378.15)			10,182.39		1,654,692.88
Oct-16			89,363.67			10,495.20		1,754,551.75
					TRANSFER BALANCE TO 20476		(1,502,972.40)	251,579.35
Nov-16			622,430.46			1,544.21		875,554.02
Dec-16			(885,198.88)			5,553.36		(4,091.50)
Jan-17			(1,514,437.44)			(25.95)		(1,518,554.89)
Feb-17			(103,339.31)			(8,699.61)		(1,630,593.81)
Mar-17			212,821.44			(10,087.52)		(1,427,859.89)
Apr-17			(109,924.93)			(8,548.38)		(1,546,333.20)
May-17			45,629.62			(9,566.25)		(1,510,269.83)
Jun-17			474,834.03			(9,041.76)		(1,044,477.56)
Jul-17			83,801.44			(6,461.57)		(967,137.69)
Aug-17			70,266.41			(5,983.11)		(902,854.39)
Sep-17			(11,759.65)			(5,405.25)		(920,019.29)
Oct-17			(119,907.45)			(5,691.62)		(1,045,618.36)
					TRANSFER BALANCE TO 20476		1,070,352.33	24,733.97
Nov-17			191,472.47			148.08		216,354.52
Dec-17			(344,747.46)			1,338.46		(127,054.48)
Jan-18			240,440.38			(786.01)		112,599.89
Feb-18			(48,921.90)			629.18		64,307.17
Mar-18			(59,000.65)			397.83		5,704.35
Apr-18			99,782.98			34.15		105,521.48
May-18			297,548.68			652.80		403,722.96
Jun-18			105,051.87			2,417.03		511,191.86
Jul-18			65,260.97			3,162.44		579,615.27
Aug-18			44,583.14			3,585.74		627,784.15
Sep-18			8,557.84			3,758.45		640,100.44

Appendix A

State:	Oregon
Description:	OR CAP Conservation Variance Deferral
Account number:	47OR.1862.20463
Class of Customers:	Core: rate schedules 101 & 104
Deferral Period:	11/1/2014 - 10/31/2015
Deferral Account Order:	
Amortization Period:	
Narrative:	OR Conservation Alliance Plan (CAP) conservation variance associated with the OR decoupling.

Month/Year	Rate	Therms	Deferral	Amortization	Interest	Adjustments	Deferred Balance
				<i>Debit (Credit)</i>			
				TRANSFER BALANCE TO 20474		1,031,618.73	279,046.16
Nov-15			198,348.96		1,997.44		479,392.56
Dec-15			(565,855.40)		3,545.92		(82,916.92)
Jan-16			(128,179.69)		(613.31)		(211,709.92)
Feb-16			(298,447.32)		(1,256.18)		(511,413.42)
Mar-16			(15,056.98)		(3,243.73)		(529,714.13)
Apr-16			(30,084.81)		(3,251.43)		(563,050.37)
May-16			180,223.77		(3,571.25)		(386,397.85)
Jun-16			(77,736.30)		(2,371.74)		(466,505.89)
Jul-16			(88,365.44)		(2,958.90)		(557,830.23)
Aug-16			(80,416.88)		(3,538.14)		(641,785.25)
Sep-16			14,280.99		(3,939.33)		(631,443.59)
Oct-16			(237,032.73)		(4,005.05)		(872,481.37)
				TRANSFER BALANCE TO 20476		478,357.29	(394,124.08)
Nov-16			(324,435.79)		(2,419.17)		(720,979.04)
Dec-16			(446,566.58)		(4,572.94)		(1,172,118.56)
Jan-17			373,429.25		(7,434.38)		(806,123.69)
Feb-17			(631,401.19)		(4,618.18)		(1,442,143.06)
Mar-17			(656,660.48)		(8,921.69)		(2,107,725.23)
Apr-17			(294,988.07)		(12,618.63)		(2,415,331.93)
May-17			(587,436.62)		(14,942.24)		(3,017,710.79)
Jun-17			(139,964.82)		(18,066.58)		(3,175,742.19)
Jul-17			(4,935.72)		(19,646.45)		(3,200,324.36)
Aug-17			45,163.14		(19,798.52)		(3,174,959.74)
Sep-17			256,349.83		(19,008.01)		(2,937,617.92)
Oct-17			(363,031.67)		(18,173.31)		(3,318,822.90)
				TRANSFER BALANCE TO 20476		3,254,414.64	(64,408.26)
Nov-17			201,341.18		(385.60)		136,547.32
Dec-17			(271,773.83)		844.74		(134,381.77)
Jan-18			(249,266.63)		(831.34)		(384,479.74)
Feb-18			178,913.80		(2,148.37)		(207,714.31)
Mar-18			(655,763.96)		(1,285.01)		(864,763.28)
Apr-18			(490,138.76)		(5,177.21)		(1,360,079.25)
May-18			(136,496.01)		(8,414.01)		(1,504,989.27)
Jun-18			(192,939.73)		(9,010.14)		(1,706,939.14)
Jul-18			(67,593.37)		(10,559.83)		(1,785,092.34)
Aug-18			267,694.23		(11,043.31)		(1,528,441.42)
Sep-18			156,865.87		(9,150.55)		(1,380,726.10)

Appendix A

State:	Oregon
Description:	OR Residual Technical Adjustments - Conservation
Account number:	47OR.1862.20476
Class of Customers:	Core: rate schedules 101 and 104
Deferral Period:	n/a
Deferral Account Order:	n/a
Amortization Period:	11/1/2016 - 10/31/2017
Narrative:	Residual OR Conservation technical adjustments related to Conservation Alliance Program.

Month/Year	Rate	Therms	Deferral	<i>Debit (Credit)</i>		Adjustments	Deferred Balance
				Amortization	Interest		
						1,502,972.40	
						(478,357.29)	
						<u>41,346.81</u>	
							1,065,961.92
Nov-16	Prorated	4,607,936		(53,259.96)	1,927.49		1,014,629.45
Dec-16	(0.01577)	9,746,928		(153,709.06)	1,895.83		862,816.22
Jan-17	(0.01577)	16,176,436		(255,102.40)	1,612.17		609,325.99
Feb-17	(0.01577)	12,843,109		(202,535.83)	1,028.34		407,818.50
Mar-17	(0.01577)	11,107,798		(175,169.97)	762.01		233,410.54
Apr-17	(0.01577)	6,491,449		(102,370.15)	422.06		131,462.45
May-17	(0.01577)	5,539,452		(87,357.16)	245.64		44,350.93
Jun-17	(0.01577)	3,203,308		(50,516.17)	80.20		(6,085.04)
Jul-17	(0.01577)	1,887,769		(29,770.12)	(11.37)		(35,866.53)
Aug-17	(0.01577)	1,866,331		(29,432.04)	(67.02)		(65,365.59)
Sep-17	(0.01577)	1,686,529		(26,596.56)	(118.20)		(92,080.35)
Oct-17	(0.01577)	3,774,691		(59,526.88)	(172.05)		(151,779.28)
				Transfer Balance from 20462 & 20463		(4,324,766.97)	(4,476,546.25)
Nov-17	Prorated	6,164,613		57,292.04	(8,756.86)		(4,428,011.07)
Dec-17	0.06381	10,005,192		638,431.30	(8,950.65)		(3,798,530.42)
Jan-18	0.06381	13,567,937		865,770.06	(7,678.23)		(2,940,438.59)
Feb-18	0.06381	9,151,834		583,978.52	(5,368.52)		(2,361,828.59)
Mar-18	0.06381	11,257,683		718,352.75	(4,774.13)		(1,648,249.97)
Apr-18	0.06381	7,638,762		487,429.40	(3,224.25)		(1,164,044.82)
May-18	0.06381	4,758,276		303,625.60	(2,352.97)		(862,772.19)
Jun-18	0.06381	2,632,110		167,954.94	(1,687.72)		(696,504.97)
Jul-18	0.06381	2,087,071		133,176.00	(1,407.89)		(564,736.86)
Aug-18	0.06381	1,878,156		119,845.14	(1,141.54)		(446,033.26)
Sep-18	0.06381	1,960,749		125,115.40	(872.51)		(321,790.37)

APPENDIX B

Cascade Natural Gas Corporation

October 31, 2018

NOTICE OF APPLICATION TO DEFER COSTS RELATED TO DECOUPLING

To All Parities Who Are Participating in UG-347:

Please be advised that today, Cascade Natural Gas Corporation (“Cascade” or the “Company”) applied for reauthorization to defer differences in margin due to conservation and variances from normal weather, consistent with the procedures outlined in the Company's Conservation Alliance Plan (CAP), Rule 19. Copies of the Company’s application are available for inspection at the Company’s main office.

Parties who would like additional information or would like a copy of the filing, or notice of the time and place of any hearing, if scheduled, should contact the Company or the Public Utility Commission of Oregon as follows:

Cascade Natural Gas Corporation

Attn: Michael Parvinen
8113 W Grandridge Blvd
Kennewick, WA 99336
509-734-4593
CNGCregulatory@cngc.com

Public Utility Commission of Oregon

Attn: Marianne Gardner
201 High Street SE, Suite 100
Salem, OR 97308-1088
marianne.gardner@state.or.us

Any person may submit to the Commission written comment on the application no sooner than 25 days from the date of this notice.

The Company’s application will not authorize a change in rates, but will permit the Commission to consider allowing such deferred amount in rates in a subsequent proceeding.

APPENDIX B

Cascade Natural Gas Corporation

CERTIFICATE OF SERVICE

I hereby certify that I have this day served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER DIFFERENCES IN MARGIN DUE TO CONSERVATION AND VARIANCES FROM NORMAL WEATHER, CONSISTENT WITH THE PROCEDURES OUTLINED IN THE COMPANY'S CONSERVATION ALLIANCE PLAN (CAP) upon all parties of record in UG-347, which is the Company's current general rate case.

Oregon Citizens' Utility Board dockets@oregoncub.org	Michael Goetz Oregon Citizens' Utility Board mike@oregoncub.org
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Dated this 31st day of October 2018.

/s/ Isaac Myhrum

Isaac Myhrum
Department of Regulatory Affairs
Cascade Natural Gas Corporation
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Kennewick, WA 99336
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