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January 6, 2017

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

Re: Application for Deferred Accounting Order

Filing Center:

In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation ("Company") applies herewith for an accounting order authorizing the Company to record and defer Cascade's expenses for a review of Company High Pressure Distribution and Transmission Pipeline Records.

The purpose of this application is to seek authorization for deferral treatment of one-time O&M expenses Cascade will incur to hire a contractor (TRC Pipeline Services, LLC.) to perform a records review of the high pressure distribution and transmission pipelines. The intent and purpose of the records review is to verify that all of Cascade's records fully support and meet U.S. Department of Pipeline and Hazardous Materials Safety Administration ("PHMSA") and state regulations regarding maximum allowable operating pressures ("MAOP"). Accurate records are a necessary component of a successful Distribution Integrity Management Program ("DIMP") and Transmission Integrity Management Program ("TIMP"). Cascade manages and operates DIMP and TIMP programs in compliance with PHMSA regulations. DIMP and TIMP help maintain safe operation of Cascade's distribution system. The use of an independent, third party contractor for the review will result in Cascade having an assurance that records and processes are available, maintained, consistent, reliable, and most of all complete.

Cascade is obligated and committed to providing a safe and reliable operating system. To that end, the use of a third-party provider will go to the next level of assurance in identifying anything currently unknown. Quite simply: The Company doesn't know what it doesn't know, but through this process Cascade will find out.

This one-time expense is necessary to verify that all Oregon high-pressure distribution and transmission mains are completely documented to support the current MAOP. It is anticipated that the review will be complete within the first quarter of 2017 and the anticipated cost will be between \$950,000 and \$1,000,000.

The Company respectfully requests that the deferral commence as of the date of this filing for later amortization in rates.

Please contact me directly at (509) 734-4593 with any questions concerning this filing.

Sincerely,



Michael Parvinen
Director, Regulatory Affairs

Enclosures

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**
3 **UM XXXX**
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7 In the Matter of
8 Cascade Natural Gas Corporation
9 For Deferred Accounting of Expenses
10 For a Review of Company High Pressure Distribution
11 And Transmission Pipeline Records
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APPLICATION FOR
AUTHORIZATION FOR
DEFERRED ACCOUNTING

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16 In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation
17 (“Cascade” or the “Company”) files this application with the Public Utility Commission of Oregon
18 (“Commission”) for an order authorizing the Company to record and defer with interest for the twelve
19 month period beginning January 7, 2017, and ending December 31, 2017, all accounting treatment
20 detailed in this Petition related to incremental operation and maintenance (“O & M”) expenses the
21 Company will incur to have a records review performed to ensure the Company has accurate knowledge
22 of high pressure distribution and transmission pipelines and their maximum allowable operating
23 pressures.

24 **I. INTRODUCTION**

25 Cascade Natural Gas Corporation is a public utility serving more than 272,000 customers in 96
26 communities – 68 of which are in Washington and 28 in Oregon. Cascade's service territory is
27 concentrated in western and central Washington, and central and eastern Oregon. Cascade is subject to
28 the jurisdictions of the Public Utility Commission of Oregon and the Washington Utility and
29 Transportation Commission regarding rates, service, and accounting practices.

1 II. NOTICE

2 Cascade hereby waives service by means of other than service by electronic mail. Consistent
3 with that waiver, communication regarding this Application should be addressed to the following:

4	Michael Parvinen	Regulatory
5	Cascade Natural Gas Corporation	Cascade Natural Gas Corporation
6	8113 W. Grandridge Blvd	8113 W. Grandridge Blvd
7	Kennewick, WA 99336	Kennewick, WA 99336
8	Email: michael.parvinen@cngc.com	Email: cngcregulatory@cngc.com
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10 III. DEFERRED ACCOUNTING RULE REQUIREMENTS

11 The following information is provided pursuant to the requirements set forth in OAR 860-027-
12 0300(3).

13 A. Description of Utility Expense – OAR 860-027-0300(3)(a)

14 In this application, Cascade is requesting authorization to defer the O&M expenses it will incur
15 to hire a contractor (TRC Pipeline Services, LLC.) to perform a records review of the high pressure
16 distribution and transmission pipelines – underground and in-service in Oregon-- and their maximum
17 allowable operating pressures (“MAOP”). Accurate records are a necessary component of a successful
18 Distribution Integrity Management Program (“DIMP”) and Transmission Integrity Management Program
19 (TIMP”). Cascade manages and operates DIMP and TIMP programs in compliance with the U.S.
20 Department of Pipeline and Hazardous Materials Safety Administration (“PHMSA”) regulations. DIMP
21 and TIMP help maintain safe operation of our distribution system.

22 This one-time expense is necessary to verify that all Oregon high-pressure distribution and
23 transmission mains are completely documented to support the current MAOP. It is anticipated that the
24 review will be complete within the first quarter of 2017 and the anticipated cost will be between
25 \$950,000 and \$1,000,000.

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

2 The Company is requesting to defer expenses per ORS 757.259(2)(e). The costs Cascade seeks to
3 defer are an identifiable expense and the deferral of these costs should minimize the frequency of
4 necessary rate changes.

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

6 Subject to Commission authorization, the charges incurred for the pipeline records review will
7 be recorded in FERC Account 182.3, Other Regulatory Assets, which is a deferral account. Absent
8 authorization to defer the costs, the Company would record the charges in Account 874, Mains and
9 Services, which is an Expense account.

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

11 Cascade estimates the amount to be recorded in the deferral account for the twelve-month
12 period beginning January 7, 2017, through December 31, 2017, the anticipated cost will be between
13 \$950,000 and \$1,000,000.

14 **Notice – OAR 860-27-0300(6)**

15 The Notice of Application and a Certificate of Service are provided as an attachment to this
16 application.

17 **IV. CONCLUSION**

18 Cascade requests that in accordance with ORS 757.259, the Commission authorize the Company
19 to defer the expenses described in this Application.

20 DATED: January 6, 2017

21 Sincerely,

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23 _____

24 Michael Parvinen
25 Director, Cascade Natural Gas Corporation
26 8113 W. Grandridge Blvd
27 Kennewick, WA 99336
28 michael.parvinen@cngc.com

Cascade Natural Gas Corporation

January 6, 2017

NOTICE OF APPLICATION FOR AUTHORIZATION FOR DEFERRED ACCOUNTING

To All Parties Who Participated in UG-305

Please be advised that today, Cascade Natural Gas Corporation (“Cascade” or the “Company”) applied for authorization to defer accounting of expenses for a review of Company high pressure distribution and transmission pipeline records. 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
Attn: Michael Parvinen
8113 W Grandridge Blvd
Kennewick, WA 99336
509-734-4593
CNGCregulatory@cngc.com

Public Utility Commission of Oregon
Attn: Judy Johnson
201 High Street SE, Suite 100
Salem, OR 97308-1088

Any person may submit to the Commission written comments 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.

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 **AUTHORIZATION FOR DEFERRED ACCOUNTING** upon all parties of record in UG-305, which is the Company's current general rate case.

Citizens' Utility Board dockets@oregoncub.org	Michael Goetz Citizens' Utility Board mike@oregoncub.org
Tommy A. Brooks Cable Huston Benedict Haagensen & Lloyd tbrooks@cablehuston.com	Chad M. Stokes Cable Huston Benedict Haagensen & Lloyd cstokes@cablehuston.com
Stephanie S. Andrus PUC Staff – Dept. of Justice stephanie.andrus@state.or.us	Edward Finklea NWIGU efinklea@nwigu.org
Robert Jenks Citizens' Utility Board of Oregon bob@oregoncub.org	Marianne Gardner Public Utility Commission of Oregon marianne.gardner@state.or.us
Kaylie Klein Public Utility Commission of Oregon kaylie.klein@state.or.us	Lisa F. Rackner McDowell, Rackner & Gibson PC dockets@mrg-law.com

Dated this 6th day of January 2017.

/s/ Maryalice Rosales
Maryalice Rosales
Regulatory Analyst III
Cascade Natural Gas Corporation
8113 W Grandridge Blvd
Kennewick, WA 99336
maryalice.rosales@cngc.com