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October 31, 2014

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

Re: UM 1636(3) Request for Deferral Accounting for the Cost of Expenses for Manufactured Gas Plant in Eugene

Attention: Filing Center

In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation applies herewith for an accounting order reauthorizing the Company to record and defer Cascade's expenses for environmental remediation work at the Manufactured Gas Plant (MGP) in Eugene, Oregon.

The Company respectfully requests that the deferral commence as of the date of December 1, 2014 filing for later amortization in rates.

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

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 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **DOCKET NO. UM 1636(3)**

4 In the Matter of the Application by
5 **CASCADE NATURAL GAS CORPORATION**
6 for an Order Reauthorizing Deferral of Certain
7 Costs

APPLICATION FOR REAUTORIZATION
 OF DEFERRAL ACCOUNTING
 (OAR 860-027-0300)

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9 In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas
10 Corporation (“Cascade” or the “Company”) applies to the Public Utility Commission of Oregon
11 (“Commission”) for an accounting order re-authorizing the Company to record and defer, on an
12 ongoing basis, the cost of expenses for environmental remediation work at the Manufactured Gas
13 Plant (MGP) in Eugene, Oregon. The Company respectfully requests that the deferral
14 commence December 1, 2014, for a 12-month period. The Company’s last authorization was
15 approved in the Commission’s Order No. 13-484.

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17 In support of this Application, Cascade states:

18 **1. CASCADE NATURAL GAS CORPORATION**

19 Cascade Natural Gas Corporation is a public utility engaged in the distribution of
20 natural gas in the states of Oregon and Washington and is subject to the jurisdiction of the
21 Commission with regard to its rates, service, and accounting practices.

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23 **2. STATUTORY AUTHORITY**

24 This Application is filed pursuant to ORS 757.259, authorization to defer
25 environmental costs and amounts from insurance recoveries because they are
26 “identifiable utility expenses or revenues, the recovery or refund of which the

1 commission finds should be deferred in order to minimize the frequency of rate
2 changes... or to match appropriately the costs borne by and benefits received by
3 ratepayers.” *ORS 757.259(2)(e)*
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5 **3. COMMUNICATIONS**

6 Communications regarding this Application should be addressed to:

7 Michael Parvinen
8 Director, Regulatory Affairs
9 Cascade Natural Gas Corporation
10 8113 West Grandridge Boulevard
11 Kennewick, WA 99336-7166
12 Telephone: (509) 734-4593
13 E-mail: michael.parvinen@cngc.com

14 **4. BASIS FOR APPLICATION**

15 Due to the variable and unpredictable nature of environmental remediation costs,
16 Cascade seeks authorization to record all environmental costs, which shall include, but
17 are not necessarily limited to, all costs related to investigation, monitoring, legal, study,
18 oversight, and remediation costs, and all costs associated with pursuing insurance
19 recoveries (hereafter “Environmental Costs”) that are associated with MGP projects.

20 Cascade will pay its share (to be determined at a later date) of the remediation
21 costs in the future and the other parties will pay the remainder of the costs. Through
22 September 30, Cascade has deferred \$1,826,922.14.
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1 **5. AMOUNTS SUBJECT TO DEFERRAL**

2 Sufficient information is currently not available to determine the total cost of
3 remediation of the MGP site or the liability involved. Management cannot predict the
4 ultimate outcome of this matter.

5 For the 12-month period, Cascade proposes to transfer expenses incurred from
6 operation and maintenance/administrative and general accounts to a deferred asset
7 account. The proposed deferred asset account to be used is FERC Account 186.

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9 **6. ACCOUNTING**

10 Cascade’s proposed deferrals would be recorded in a sub-account of FERC
11 Account 186 (Miscellaneous Deferred Debits). In the absence of deferral approval,
12 Cascade would record the Environmental Costs of labor to FERC Account 920,
13 Administrative and General Salaries, and the costs of outside services (e.g. consulting) to
14 FERC Account 923, Outside Services Employed.

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16 WHEREFORE, Cascade respectfully requests that in accordance with ORS 757.259 and
17 OAR 860-027-0300, the Commission issue an order authorizing the Company to record and
18 defer, commencing as of December 1,2014 date of this filing, expenses for environmental
19 remediation work at the Manufactured Gas Plant (MGP) in Eugene, as described in this
20 Application.

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DATED: October 31, 2014.

Respectfully submitted,

CASCADE NATURAL GAS CORPORATION



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