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October 29, 2021

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

Attention: Filing Center

Re: UM 1636(10) - Request for Deferral Accounting for the Cost of Expenses for Manufactured  
Gas Plant in Eugene

Cascade Natural Gas Corporation (Cascade or the Company) submits the attached Application for an accounting order for reauthorization to record and defer environmental remediation work and offsetting insurance recovery at the Manufactured Gas Plant (MGP) in Eugene, Oregon.

As of September 30, 2021, the due date used in the current deferral application, the current deferral balance is \$1,225,635.54. This amount includes preliminary investigation costs, outside legal costs, interest, etc., and is net of insurance proceeds. The balance also includes all remediation efforts to date.

Total expected deferral balance at the end of 2021 is anticipated to be the beginning balance of \$1,225,635.54, plus interest on the balance, plus any residual legal costs associated with pursuing potential insurance proceeds, less potential insurance proceeds. Cascade anticipates that only ongoing outside legal costs to pursue insurance recovery will be included in the deferral balance reduced by any insurance proceeds.

If additional information is required to facilitate Staff's review, please contact Michael Parvinen at (509) 734-4593, or Lori Blattner at (208) 377-6015.

Sincerely,

*/s/ Christopher Mickelson*

Christopher Mickelson  
Manager, Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W. Grandridge Blvd.  
Kennewick, WA 99336-7166  
[Christopher.mickelson@cngc.com](mailto:Christopher.mickelson@cngc.com)

Attachments

Enclosures

*In the Community to Serve®*

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

3 **DOCKET NO. UM 1636(10)**

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

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

7  
8 **I. INTRODUCTION**

9 In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation  
10 (“Cascade” or the “Company”) applies to the Public Utility Commission of Oregon (“Commission”)  
11 for an accounting order re-authorizing the Company to record and defer, on an ongoing basis, the  
12 cost of expenses for environmental remediation work at the Manufactured Gas Plant (MGP) in  
13 Eugene, Oregon. The Company respectfully requests that the 12-month deferral period commence  
14 December 1, 2021, and end November 30, 2022.

15 In support of this Application, Casacade states:

16 **1. CASCADE NATURAL GAS CORPORATION**

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

20 **2. STATUTORY AUTHORITY**

21 This Application is filed pursuant to ORS 757.259, authorization to defer environmental  
22 costs and amounts from insurance recoveries because they are “identifiable utility expenses or  
23 revenues, the recovery or refund of which the commission finds should be deferred in order to  
24 minimize the frequency of rate changes... or to match appropriately the costs borne by and benefits  
25 received by ratepayers.” *ORS 757.259(2)(e)*

1 **3. COMMUNICATIONS**

2 Cascade waives paper service in this docket and requests that all communications regarding  
3 this Application should be addressed to the following:

|   |                                  |                                  |
|---|----------------------------------|----------------------------------|
| 4 | Lori A. Blattner                 | Department of Regulatory Affairs |
| 5 | Director, Regulatory Affairs     | Cascade Natural Gas Corporation  |
| 6 | Cascade Natural Gas Corporation  | 8113 West Grandridge Boulevard   |
| 7 | 8113 West Grandridge Boulevard   | Kennewick, WA 99336-7166         |
| 8 | Kennewick, WA 99336-7166         | E-mail: CNGCregulatory.cngc.com  |
|   | Telephone: (208) 377-6015        |                                  |
|   | E-mail: lori.blattner@intgas.com |                                  |

9 **4. REQUIREMENTS FOR APPLICATION**

10 In compliance with the requirements of OAR 860-027-030(3) and (4) and Commission Order  
11 No. 14-238, Cascade provides the following:

12 **A. A description of the utility expenses or revenues for which deferred accounting is**  
13 **requested – OAR 860-027-0300(3)(a)**

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

19 Cascade will pay its share of the remediation costs in the future and the other  
20 parties will pay the remainder of the costs. Through September 30, Cascade has deferred  
21 \$1,225,635.54 net of insurance proceeds.

22 **B. Justification for the deferred accounting requested with reference to the sections**  
23 **of ORS 757.259 under which the deferral can be authorized - OAR 860-027-0300(3)(b)**

24 This application is made pursuant to ORS 757.259(2)(e), which authorizes the  
25 deferral of “utility expenses or revenues, the recovery or refund of which the commission  
26

1 finds should be deferred in order to minimize the frequency of rate changes. . .or to match  
2 appropriately the costs borne by benefits received by ratepayers.”

3 **C. The accounts proposed for recording the amount to be deferred and the accounts**  
4 **that would be used for recording the amounts in the absence of approval of deferred**  
5 **accounting – OAR 860-027-0300(3)(c)**

6 Cascade’s proposed deferrals would be recorded in a sub-account of FERC Account  
7 186 (Miscellaneous Deferred Debits). In the absence of deferral approval, Cascade would  
8 record the Environmental Costs of labor to FERC Account 920, Administrative and General  
9 Expenses, and the costs of outside services (e.g., consulting) to FERC Account 923, Outside  
10 Services Employed.

11 **D. An estimate of the amount to be recorded in the deferred accounts for the 12-**  
12 **month period subsequent to the application – OAR 860-027-0300(3)(d)**

13 All remediation work on the site is complete. Cascade is continuing to seek  
14 insurance recovery of remediation costs which will be used to offset the recorded expenses.  
15 Cascade anticipates insurance recovery to be complete within the deferral period.

16 **E. A Copy of the Notice of Application and Certificate of Service – OAR 860-027-**  
17 **0300(3)(e)**

18 Attached as Appendix B is the copy of the notice and the certificate of service  
19 verifying the notice was served on parties to the Company’s most current general rate case,  
20 UG-390.  
21

22 **F. A description and explanation of the entries in the deferred account – OAR 860-**  
23 **027-0300(4)(a)**

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

25 **G. The reasons for continuation for deferred accounting – OAR 860-027-0300(4)(b)**  
26

1 The continuation of the deferred accounting of expenses and associated insurance  
2 recovery for environmental remediation work are justified as these costs are continuing in  
3 nature.

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

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

- 7 **1. A complete Summary Sheet, the location in the PGA filing, and an account**  
8 **map that highlights the transfer of dollars from one account to another.**

9 See Appendix A.

- 10 **2. The effective date of the deferral**

11 This application is for the 12-month period beginning December 1, 2021 and  
12 ending November 30, 2022.

- 13 **3. Prior Year Order Number approving the deferral**

14 Authorization to defer costs was most recently granted per Commission  
15 Order No. 21-065.

- 16 **4. The amount deferred last year**

17

|   | <b>MGP</b>             |
|---|------------------------|
|   | <u>Acct 1860.20472</u> |
| Deferred balance amount as of<br>September 2021 | \$1,225,635.54         |

- 18 **5. The amount amortized last year**

19

|  | <b>MGP</b>             |
|--|------------------------|
|  | <u>Acct 1860.20480</u> |
| Amortized balance amount as of<br>September 2021 | \$170,499.42           |



## Appendix A

|                      |   |
|----------------------|---|
| State:               | Oregon  |
| Description:         | Environmental Remediation of the Eugene Manufactured Gas Plant Site   |
| Account number:      | 47OR.1860.20472   |
| Class of customers:  | All   |
| Deferral period:     | 1/1/2012 - ???  |
| Amortization period: | N/A   |
| Narrative:           | To record expenses paid (both reserved and deferred) related to the Eugene Manufactured Gas Plant site per accounting order . [LTD Deferred - Current Reserve = Recoverable Balance]. |

| Month/ Year | Rate | Therms | <i>Debit (Credit)</i> |                    |          |              | Recoverable Balance |
|-------------|------|--------|-----------------------|--------------------|----------|--------------|---------------------|
|             |      |        | Expenses Paid         | Insurance Proceeds | Interest | Adjustments  |                     |
|             |      |        |                       |                    |          | (192,749.00) | 153,359.83          |
| Apr-19      |      |        | 2,717.50              | (26,211.35)        | 916.38   |              | 130,782.36          |
| May-19      |      |        | -                     |                    | 807.52   |              | 131,589.88          |
| Jun-19      |      |        | 57.97                 |                    | 786.29   |              | 132,434.14          |
| Jul-19      |      |        | 6,302.70              |                    | 817.72   |              | 139,554.56          |
| Aug-19      |      |        | 31,156.83             | (6,064.50)         | 861.68   |              | 165,508.57          |
| Sep-19      |      |        | 748.13                |                    | 988.97   |              | 167,245.67          |
| Oct-19      |      |        | -                     |                    | 1,032.66 |              | 168,278.33          |
| Nov-19      |      |        | 7,777.75              |                    | 1,005.52 |              | 177,061.60          |
| Dec-19      |      |        | 803,539.47            | (33,720.18)        | 1,093.27 |              | 947,974.16          |
| Jan-20      |      |        | 53,410.47             |                    | 5,853.29 |              | 1,007,237.92        |
| Feb-20      |      |        | 765.00                |                    | 5,817.97 |              | 1,013,820.89        |
| Mar-20      |      |        | 6,180.61              |                    | 6,259.86 |              | 1,026,261.36        |
| Apr-20      |      |        | (25,908.40)           |                    | 6,132.26 |              | 1,006,485.22        |
| May-20      |      |        | 465.00                | (22,211.05)        | 6,214.56 |              | 990,953.73          |
| Jun-20      |      |        | 1,895.87              | (6,060.38)         | 5,921.29 |              | 992,710.51          |
| Jul-20      |      |        | 12,596.25             |                    | 6,129.51 |              | 1,011,436.27        |
| Aug-20      |      |        | 5,649.50              |                    | 6,245.13 |              | 1,023,330.90        |
| Sep-20      |      |        | 3,814.00              |                    | 6,114.75 |              | 1,033,259.65        |
| Oct-20      |      |        | 3,186.96              |                    | 6,379.88 |              | 1,042,826.49        |
| Nov-20      |      |        | 3,542.36              | (6,366.00)         | 6,231.25 |              | 1,046,234.10        |
| Dec-20      |      |        | 34,682.81             |                    | 6,459.99 |              | 1,087,376.90        |
| Jan-21      |      |        | 378.00                |                    | 6,714.03 |              | 1,094,468.93        |
| Feb-21      |      |        | 3,382.38              | (1,354.00)         | 6,757.82 |              | 1,103,255.13        |
| Mar-21      |      |        | 1,071.72              |                    | 6,812.07 |              | 1,111,138.92        |
| Apr-21      |      |        | 1,725.89              |                    | 6,860.75 |              | 1,119,725.56        |
| May-21      |      |        | 8,938.50              | (4,346.31)         | 6,913.77 |              | 1,131,231.52        |
| Jun-21      |      |        | 3,074.22              |                    | 6,984.81 |              | 1,141,290.55        |
| Jul-21      |      |        | 44,105.00             |                    | 7,046.92 |              | 1,192,442.47        |
| Aug-21      |      |        | 17,851.86             |                    | 7,362.76 |              | 1,217,657.09        |
| Sep-21      |      |        | 460.00                |                    | 7,518.45 |              | 1,225,635.54        |

## Appendix A

|                             |  |
|-----------------------------|--|
| State:                      | Oregon   |
| Description:                | Eugene MGP   |
| Account number:             | 47OR.1860.20480  |
| Class of Customers:         | Rate schedules 101, 104, 105, 111, 163, & 170  |
| Deferral Period:            | n/a  |
| Amortization Account Order: | OR UG305 Order #16 477   |
| Amortization Period:        | 4/1/19 to ????   |
| Narrative:                  | To record amortization of allowed costs associated with OR UG305 Order 16-481 and OR UG305 Order 16-477 for Eugene MGP |

*Debit (Credit)*

| Month/Year | Rate        | Therms     | Deferral | Amortization                          | Interest | Adjustments | Deferred Balance |
|------------|-------------|------------|----------|---------------------------------------|----------|-------------|------------------|
| Jan-19     | (0.0004990) | 16,411,036 |          | (8,189.11)                            | 175.39   |             | 62,709.42        |
| Feb-19     | (0.0004990) | 15,317,602 |          | (7,643.49)                            | 140.47   |             | 55,206.40        |
| Mar-19     | (0.0004990) | 17,279,544 |          | (8,622.49)                            | 136.91   |             | 46,720.82        |
|            |             |            |          | Transfer balance from 47OR.1860.20472 |          | 192,749.00  | 239,469.82       |
| Apr-19     | Prorated    | 12,311,875 |          | (5,050.57)                            | 574.73   |             | 234,993.98       |
| May-19     | (0.0002900) | 8,285,350  |          | (2,402.75)                            | 582.79   |             | 233,174.02       |
| Jun-19     | (0.0002900) | 6,712,847  |          | (1,946.72)                            | 559.62   |             | 231,786.92       |
| Jul-19     | (0.0002900) | 5,784,652  |          | (1,677.55)                            | 574.83   |             | 230,684.20       |
| Aug-19     | (0.0002900) | 5,324,857  |          | (1,544.20)                            | 572.10   |             | 229,712.10       |
| Sep-19     | (0.0002900) | 5,310,555  |          | (1,540.06)                            | 551.31   |             | 228,723.35       |
| Oct-19     | (0.0002900) | 8,985,687  |          | (2,605.86)                            | 567.23   |             | 226,684.72       |
| Nov-19     | (0.0002900) | 11,328,552 |          | (3,285.28)                            | 696.82   |             | 224,096.26       |
| Dec-19     | (0.0002900) | 14,903,182 |          | (4,321.92)                            | 711.83   |             | 220,486.17       |
| Jan-20     | (0.0002900) | 17,560,635 |          | (5,092.59)                            | 700.36   |             | 216,093.94       |
| Feb-20     | (0.0002900) | 14,506,544 |          | (4,206.90)                            | 642.12   |             | 212,529.16       |
| Mar-20     | (0.0002900) | 14,258,141 |          | (4,134.86)                            | 675.09   |             | 209,069.39       |
| Apr-20     | (0.0002900) | 10,949,583 |          | (3,175.37)                            | 642.67   |             | 206,536.69       |
| May-20     | (0.0002900) | 7,212,308  |          | (2,091.56)                            | 656.05   |             | 205,101.18       |
| Jun-20     | (0.0002900) | 6,151,918  |          | (1,784.05)                            | 630.48   |             | 203,947.61       |
| Jul-20     | (0.0002900) | 5,531,485  |          | (1,604.13)                            | 647.83   |             | 202,991.31       |
| Aug-20     | (0.0002900) | 5,118,358  |          | (1,484.31)                            | 644.79   |             | 202,151.79       |
| Sep-20     | (0.0002900) | 5,493,109  |          | (1,593.00)                            | 621.41   |             | 201,180.20       |
| Oct-20     | (0.0002900) | 6,833,490  |          | (1,981.72)                            | 639.04   |             | 199,837.52       |
| Nov-20     | (0.0002900) | 10,018,075 |          | (2,905.23)                            | 431.98   |             | 197,364.27       |
| Dec-20     | (0.0002900) | 16,345,140 |          | (4,740.09)                            | 440.85   |             | 193,065.03       |
| Jan-21     | (0.0002900) | 16,903,964 |          | (4,902.16)                            | 431.25   |             | 188,594.12       |
| Feb-21     | (0.0002900) | 15,490,249 |          | (4,492.16)                            | 380.50   |             | 184,482.46       |
| Mar-21     | (0.0002900) | 15,737,581 |          | (4,563.90)                            | 412.08   |             | 180,330.64       |
| Apr-21     | (0.0002900) | 11,971,857 |          | (3,471.84)                            | 389.81   |             | 177,248.61       |
| May-21     | (0.0002900) | 7,815,818  |          | (2,266.56)                            | 395.92   |             | 175,377.97       |
| Jun-21     | (0.0002900) | 6,687,184  |          | (1,939.28)                            | 379.10   |             | 173,817.79       |
| Jul-21     | (0.0002900) | 5,192,139  |          | (1,505.71)                            | 388.26   |             | 172,700.34       |
| Aug-21     | (0.0002900) | 4,835,178  |          | (1,402.21)                            | 385.76   |             | 171,683.89       |
| Sep-21     | (0.0002900) | 5,364,096  |          | (1,555.59)                            | 371.12   |             | 170,499.42       |



Appendix B

**Cascade Natural Gas Corporation**

October 29, 2021

**NOTICE OF APPLICATION TO DEFER COSTS ASSOCIATED WITH  
ENVIRONMENTAL REMEDIATION**

To All Parties Who Participated in UG-390

Please be advised that today, Cascade Natural Gas Corporation (“Cascade” or the “Company”) applied for reauthorization to defer costs associated with environmental remediation. 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: Lori Blattner  
8113 W Grandridge Blvd  
Kennewick, WA 99336  
208-377-6015  
[CNGCregulatory@cngc.com](mailto:CNGCregulatory@cngc.com)

Public Utility Commission of Oregon  
Attn: Brian Fjeldheim  
201 High Street SE, Suite 100  
Salem, OR 97301-3398  
971-375-5084  
[brian.m.fjeldheim@puc.oregon.gov](mailto:brian.m.fjeldheim@puc.oregon.gov)

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.

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 REAUTHORIZAION TO DEFER COSTS FOR ENVIRONMENTAL REMEDIATION upon all parties of record in UG-390, which is the Company's most recent general rate case.

|   |   |
|---|---|
| Oregon Citizens' Utility Board<br>dockets@oregoncub.org                           | Michael Goetz<br>Oregon Citizens' Utility Board<br>mike@oregoncub.org             |
| William Gehrke<br>Oregon Citizens' Utility Board<br>will@oregoncub.com            | Chad M Stokes<br>Cable Huston LLP<br>cstokes@cablehuston.com                      |
| Tommy A Brooks<br>Cable Huston LLP<br>tbrooks@cablehuston.com                     | Edward Finklea<br>Alliance of Western Energy Consumers<br>efinklea@awec.solutions |
| Stephanie S Andrus<br>PUC Staff – Dept of Justice<br>Stephanie.andrus@state.or.us | Lisa F Rackner<br>McDowell, Rackner & Gibson PC<br>dockets@mrg-law.com            |
| Jocelyn C Pease<br>McDowell, Rackner & Gibson PC<br>jocelyn@mrg-law.com           |   |

Dated this 29<sup>th</sup> day of October 2021.

*/s/ Maryalice Gresham*

\_\_\_\_\_  
Maryalice Gresham  
Department of Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W Grandridge Blvd  
Kennewick, WA 99336  
[maryalice.gresham@cngc.com](mailto:maryalice.gresham@cngc.com)