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October 31, 2018

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

Attention: Filing Center

Re: UM 1636(7) - 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 at the Manufactured Gas Plant (MGP) in Eugene, Oregon.

As of September 30, 2018, the due date used in the current deferral application, the current deferral balance is \$316,813.47. This amount includes preliminary investigation costs, outside legal costs, interest, etc., and is net of insurance proceeds. Cascade expects to begin and complete actual remediation costs in 2019 at an anticipated cost of \$1.7 million.

Total expected deferral balance at the end of 2019 is anticipated to be the beginning balance of \$316,813.47, plus estimated remediation costs of \$1,700,000, plus interest on the balance, plus any residual preliminary investigation costs, less any potential insurance proceeds. At this point the total estimated deferral balance at the end of 2019 will be approximately \$2,100,000. Cascade anticipates, beyond the completion of the remediation efforts, that only ongoing testing and monitoring costs plus outside legal costs to pursue insurance recovery will be included in the deferral balance.

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

3 **DOCKET NO. UM 1636(7)**

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”) for an  
11 accounting order re-authorizing the Company to record and defer, on an ongoing basis, the cost of  
12 expenses for environmental remediation work at the Manufactured Gas Plant (MGP) in Eugene, Oregon.  
13 The Company respectfully requests that the 12- month deferral period commence December 1, 2018,  
14 and end November 30, 2019.

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 in  
18 the states of Oregon and Washington and is subject to the jurisdiction of the Commission with regard to  
19 its rates, service, and accounting practices.

20 **2. STATUTORY AUTHORITY**

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

25 *ORS 757.259(2)(e)*

1 **3. COMMUNICATIONS**

2 Cascade waives paper service in this docket and requests that all communications regarding this

3 Application should be addressed to the following:

4	Michael Parvinen	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: (509) 734-4593	
	E-mail: michael.parvinen@cngc.com	

9 **4. REQUIREMENTS FOR APPLICATION**

10 In compliance with the requirements of OAR 860-027-030(3) and (4) and Commission Order No.  
11 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 not  
16 necessarily limited to, all costs related to investigation, monitoring, legal, study, oversight, and  
17 remediation costs, and all costs associated with pursuing insurance recoveries (hereafter  
18 “Environmental Costs”) that are associated with MGP projects.

19 Cascade will pay its share of the remediation costs in the future and the other parties  
20 will pay the remainder of the costs. Through September 30, Cascade has deferred \$316,813.47,  
21 net of insurance proceeds.

22 **B. Justification for the deferred accounting requested with reference to the sections of**  
23 **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 deferral of  
25 “utility expenses or revenues, the recovery or refund of which the commission finds should be  
26

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

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

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

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

12 In January of 2015, the Department of Environmental Quality (DEQ) issued a Record of  
13 Decision (ROD) which identified and authorized specific remediation measures. Cascade  
14 anticipates that its portion of the effort will amount to approximately \$1.7 million. Cascade will  
15 continue to seek insurance recovery of remediation costs which will be used to offset the  
16 recorded expenses.

17 **E. A Copy of the Notice of Application and Certificate of Service – OAR 860-027-**  
18 **0300(3)(e)**

19 Attached as Appendix B is the copy of the notice and the certificate of service verifying  
20 the notice was served on parties to the Company’s most recently completed general rate case,  
21 UG-305.

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

24 Please see the response under II(A) above as well as Appendix A.  
25  
26

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

2 The continuation of the deferred accounting of gas costs are justified as these costs are  
3 continuing in nature.

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

5 Below is the information required per Commission Order No. 09-263, issued in Docket  
6 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, 2018, and  
12 ending November 30, 2019.

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

14 Authorization to defer costs was most recently granted per Commission Order  
15 No. 17-491.

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

17

18

	<b>MGP</b>
	<u>Acct 20472</u>
Deferred amounts November 2017 through September 2018	\$316,813.47

19

20

21

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

23 None

24 **6. The interest rate that will be applied to accounts**

1                   The interest rate for deferral accounts is 7.284%. Monies transferred for  
2 amortization accrue interest at the rate of 2.38%.

3                   **7. An estimate of the upcoming PGA-period deferral and/or amortization**

4                   It is estimated that Cascade will spend \$1.7 million in 2019 for the  
5 remediation of the Eugene MGP. This amount has already been reserved and added  
6 to the deferral.  
7

8  
9  
10 DATED: October 31, 2018.

11  
12  
13                   Respectfully submitted,

14                   CASCADE NATURAL GAS CORPORATION

15  
16                   

17                   Michael Parvinen  
18                   Director, Regulatory Affairs  
19                   Cascade Natural Gas Corporation  
20                   8113 West Grandridge Boulevard  
21                   Kennewick, WA 99336-7166  
22                   Telephone: (509) 734-4593  
23                   E-mail: michael.parvinen@cngc.com

## 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	Expenses Paid	<i>Debit (Credit)</i>		Adjustments	Recoverable Balance
				Insurance Proceeds	Interest		
Jul-16			9,493.00	(4,007.50)	1,789.96		249,269.91
Aug-16			32,416.38	-	1,843.77		283,530.06
Sep-16			2,998.78	-	2,097.18		288,626.02
Oct-16			24,233.06	-	2,134.88		314,993.96
Nov-16			14,440.67	(5,369.50)	2,329.91		326,395.04
Dec-16			14,458.74	-	2,414.24		343,268.02
Jan-17			1,151.00	-	2,539.05		346,958.07
Feb-17			-	-	2,566.34		349,524.41
					-	(162,000.00)	187,524.41
Mar-17			17,881.01	(19,185.70)	1,387.06		187,606.78
Apr-17			3,889.34	(19,134.33)	1,387.67		173,749.46
May-17			2,682.34	-	1,285.17		177,716.97
Jun-17			55,421.03	-	1,314.52		234,452.52
Jul-17			6,703.03	-	1,734.17		242,889.72
Aug-17			4,687.50	(6,548.40)	1,796.58		242,825.40
Sep-17			1,666.66	(289.45)	1,796.10		245,998.71
Oct-17			12,854.40	-	1,819.57		260,672.68
Nov-17			14,061.59	-	1,928.11		276,662.38
Dec-17			4,791.69	-	2,046.38		283,500.45
Jan-18			4,683.91	-	2,096.96		290,281.32
Feb-18			-	(2,206.05)	2,147.12		290,222.39
Mar-18			8,772.22	(5,147.45)	2,146.68		295,993.84
Apr-18			8,763.41	-	2,189.37		306,946.62
May-18			5,088.85	(2,958.42)	2,270.39		311,347.44
Jun-18			-	-	2,302.94		313,650.38
Jul-18			1,998.67	-	2,319.97		317,969.02
Aug-18			900.00	(6,733.63)	2,351.92		314,487.31
Sep-18					2,326.16		316,813.47

APPENDIX B

**Cascade Natural Gas Corporation**

October 31, 2018

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

To All Parties Who Participated in UG-347:

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 Corporation  
Attn: Michael Parvinen  
8113 W Grandridge Blvd  
Kennewick, WA 99336  
509-734-4593  
[CNGCregulatory@cngc.com](mailto:CNGCregulatory@cngc.com)

Public Utility Commission of Oregon  
Attn: Marianne Gardner  
201 High Street SE, Suite 100  
Salem, OR 97308-1088  
503-378-6117  
[Marianne.Gardner@state.or.us](mailto: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 REAUTHORIZAION TO DEFER COSTS FOR ENVIRONMENTAL REMEDIATION upon all parties of record in UG-347, which is the Company's most recent general rate case.

Oregon Citizens' Utility Board dockets@oregoncub.org	Michael Goetz Oregon 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
Johanna Riemenschneider PUC Staff – Dept of Justice johanna.riemenschneider@doj.state.or.us	Edward Finklea Alliance of Western Energy Consumers efinklea@awec.solutions
Stephanie S Andrus PUC Staff-Department of Justice Stephanie.andrus@state.or.us	Marianne Gardner Public Utility Commission of Oregon marianne.gardner@state.or.us
John Jamieson Hermiston Generating Company LP jj.jamieson@perennialpower.net	William Gehrke Oregon Citizens' Utility Board will@oregoncub.org
PACIFICORP, DBA PACIFIC POWER oregondockets@pacificorp.com	Jocelyn Pease McDowell Rackner Gibson PC jocelyn@mrg-law.com
Matthew McVee PACIFICORP matthew.mcvee@pacificorp.com	Lisa F Rackner McDowell Rackner Gibson PC dockets@mrg-law.com

Dated this 31<sup>st</sup> day of October 2018.

*/s/ Maryalice Peters*

\_\_\_\_\_  
Maryalice Peters  
Department of Regulatory Affairs  
Cascade Natural Gas Corporation  
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