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www.cngc.com

December 31, 2019

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

**Re: UM \_\_\_ - Cascade Natural Gas Corporation's Application for Deferred Accounting of Costs Associated with the Oregon Corporate Activities Tax**

Cascade Natural Gas Corporation herewith files the attached Application for deferred accounting of costs associated with the Oregon Corporate Activities Tax.

The Notice of Application has been served on the parties of Cascade Natural Gas Corporation's last general rate case, UG 347, as indicated on the attached service list.

If you have any questions regarding this filing, please contact 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

Attachments

1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**  
3 **UM \_\_\_\_\_**  
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6  
7 In the Matter of the Application of  
8 Cascade Natural Gas Corporation  
9 For an Order Approving the Deferral of Costs from  
10 The Oregon Corporate Activities Tax  
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APPLICATION FOR THE DEFERRAL OF COSTS  
FROM THE OREGON CORPORATE ACTIVITIES TAX

15 In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation  
16 ("Cascade" or the "Company") hereby request an accounting order authorizing Cascade to defer for  
17 later rate-making treatment costs associated with the Oregon Corporate Activities Tax (CAT) pursuant to  
18 House Bill 3427 (HB 3427). Cascade requests this deferral to be effective beginning the date of this  
19 filing and subject to annual renewals.

20 In support of this Application, Cascade states:

- 21 I. Cascade is a public utility in the state of Oregon and its rates, service and accounting  
22 practices are subject to the regulation of the Commission.  
23 II. This application is filed pursuant to ORS 757.259, which allows the Commission, upon  
24 application, to authorize deferral of certain items.  
25 III. Written communication regarding this Application should be addressed to:

26 Michael Parvinen  
27 Cascade Natural Gas Corporation  
28 8113 W. Grandridge Blvd  
29 Kennewick, WA 99336  
30 Email: [michael.parvinen@cngc.com](mailto:michael.parvinen@cngc.com)  
31

Department of Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W. Grandridge Blvd  
Kennewick, WA 99336  
Email: [CNGCregulatory@cngc.com](mailto:CNGCregulatory@cngc.com)

32 **I. OAR 860-027-0300(3) Requirements**

33 The following is provided pursuant to OAR 860-027-0300(3):

1           A. Description of Utility Expense – OAR 860-1027-0300(3)(a)

2           On May 16, 2019, Oregon Governor Kate Brown approved House Bill 3427 (HB 3427). Among  
3 other provisions, HB 3427 authorizes the collection of the Oregon CAT, which is scheduled to go into  
4 effect for tax years beginning on or after January 1, 2020. The law will imposed on “taxable commercial  
5 activity” in excess of \$1 million a the rate of 0.57 percent, plus a flat tax of \$250 on the taxpayer’s first  
6 \$1 million of taxable commercial activity.<sup>1</sup> The bill defines “taxable commercial activity” as the  
7 “total amounts realized” by the taxpayer arising from transactions and activity in the regular course of  
8 the taxpayer’s trade or business that are sourced to Oregon.<sup>2</sup> However, HB 3427 does exclude a  
9 number of items from the amounts included in the tax calculation, including: franchise fees, public  
10 purpose charges, Regional Power Act Exchange credit, and other “pass-through” items.<sup>3</sup> Cascade is  
11 subject to paying this tax beginning in 2020, with the current estimate expected to total approximately  
12 \$200,000 for tax year 2020. Cascade has not otherwise included any forecast or estimate of the CAT in  
13 customer prices through a general rate case or any other proceeding, as this is a new tax, to which  
14 Cascade had not previously been subjected.

15           B. Reasons for Deferral – OAR 860-027-0300(3)(b)

16           Pursuant to ORS 757.259(2)(e), for the reasons discussed above, Cascade seeks deferred accounting  
17 treatment for costs associated with the imposed Oregon CAT. As mentioned above, the imposition of this  
18 tax was unforeseen and unpredictable, thus Cascade was unable to include this in a prior forecast or  
19 include within a prior rate proceeding. Granting this Application will minimize the frequency of rate  
20 changes and match appropriately the costs borne by and benefits received by customers.

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

22           Cascade proposes to record the deferred amount as a regulatory asset in FERC Account 182.3

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<sup>1</sup> HB 3427, at Section 65 (1)

<sup>2</sup> HB 3427, Section 58 (1)(a), (17)

<sup>3</sup> The full list of exclusion is found in HB 3427, 58(1)(b)

1 (Regulatory Asset) and crediting FERC Account 407.4. Interest is accrued on the balance at the approved  
2 blended treasury rate.

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

4 Cascade estimates the amount to be deferred during the 12-month period subsequent to the filing  
5 to be approximately \$200,000 dollars.

6 E. Notice – OAR 860-27-0300(e)

7 A copy of the Notice of Application for Deferral of Costs from the Oregon Corporate Activities Tax  
8 and a list of persons served with the Notice are attached to this Application as Attachment A. In  
9 Compliance with OAR 860-027-0300(6), Cascade is serving Notice of Application on the UG 347 Service  
10 List, Cascade’s last general rate case.

11 **II. Conclusion**

12 For the reasons stated above, Cascade requests permission to defer the costs related to the  
13 Oregon Corporate Activities Tax from the date of this application.

14 DATED: December 31, 2019

15 Sincerely,

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17  
18 

19 Michael Parvinen  
20 Director, Cascade Natural Gas Corporation  
21 8113 W. Grandridge Blvd  
22 Kennewick, WA 99336  
23 [michael.parvinen@cngc.com](mailto:michael.parvinen@cngc.com)

# Cascade Natural Gas Corporation

December 31, 2019

## NOTICE OF APPLICATION FOR REAUTHORIZATION FOR DEFERRED ACCOUNTING FOR CASCADE'S PUBLIC PURPOSE CHARGE

To All Parties Who Are Participating in UG-347:

Please be advised that today, Cascade Natural Gas Corporation ("Cascade" or the "Company") filed an application for authorization to defer debits and credits associated with its Public Purpose Charge. 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

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Salem, OR 97308-1088  
503-378-6678

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 NOTICE OF APPLICATION FOR THE DEFERRAL OF COSTS FROM THE CORPORATE ACTIVITIES TAX upon all parties of record in UG 347, which is the Company's last 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 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
Oregon Dockets PACIFICORP, DBA Pacific Power oregondockets@pacificorp.com	Jocelyn C 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
Rates & Regulatory Affairs Northwest Natural efiling@nwnatural.com	

Dated this 31<sup>st</sup> day of December 2019.

*/s/ Maryalice Peters*

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Maryalice Peters  
Rates and Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W Grandridge Blvd  
Kennewick, WA 99336  
Maryalice.peters@cngc.com