



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-7166
www.cngc.com

March 26, 2020

Oregon Public Utility Commission
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3612

Re: **Application to Defer Costs Associated with the COVID-19 Public Health Emergency**

In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation, ("Cascade" or "Company"), files herewith an Application to use deferred accounting for costs associated with the COVID-19 public health emergency.

A notice concerning this Application will be sent to all parties participating in the Company's last general rate case, UG 347. A copy of the notice and the certificate of service are attached to the application.

If you have any questions, please contact me at (509) 734-4593.

Sincerely,

/s/ Michael Parvinen

Michael Parvinen
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336-7166
michael.parvinen@cngc.com

Attachments

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
31

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

DOCKET NO. UM _____

IN THE MATTER OF THE APPLICATION OF) APPLICATION
CASCADE NATURAL GAS CORPORATION) FOR AUTHORIZATION
FOR AN ORDER AUTHORIZING DEFERRAL) OF DEFERRAL OF
OF COSTS ACCOCIATED WITH THE COVID-19) CERTAIN COSTS
EMERGENCY)

Cascade Natural Gas Corporation, (“Cascade” or “Company”), pursuant to ORS 757.259 and OAR 860-027-0300(4), applies to the Public Utility Commission of Oregon ("Commission") for an order authorizing Cascade to defer for later ratemaking treatment of the recovery of costs from the COVID-19 impacts in Cascade’s service territory (the "Deferred Amount"). Cascade seeks authorization to defer the recovery of costs incurred from the date of this application until at least through year-end 2020 (the "Deferral Period"). Cascade will seek amortization of the Deferred Amount in a future Commission proceeding.

In support of this Application, the Company states:

Cascade provides natural gas service in central and northeastern Oregon and is a public utility subject to the Commission’s jurisdiction under ORS 757.005(1)(a)(A). Cascade requests that all notices, pleadings and correspondence regarding this Application be sent to the following:

Michael Parvinen	Christopher T. Mickelson
Director, Rates and Regulatory Affairs	Manager, Regulatory Affairs
Cascade Natural Gas Corporation	Cascade Natural Gas Corporation
8113 W Grandridge Blvd.	8113 W Grandridge Blvd.
Kennewick, WA 99336-7166	Kennewick, WA 99336-7166
(509) 734-4593	(509) 734-4549
michael.parvinen@cngc.com	christopher.mickelson@cngc.com

1 This Application is filed pursuant to ORS 757.259, which empowers the Commission to
2 authorize the deferral of expenses or revenues of a public utility for later incorporation into rates.
3 As required by ORS 757.259(4), any amortization of the Deferred Amount will be subject to an
4 earnings review and a finding by the Commission that the costs were prudently incurred. Cascade
5 does not expect that amortization of the Deferred Amount will cause Cascade to meet or exceed
6 its most recently authorized return on equity.

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

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

9 **A. Background Description**

10 With the rapidly expanding incidence of COVID-19¹ and its attendant impacts, Cascade
11 expects that it will incur significant costs to address those impacts. In particular, Cascade has
12 suspended all service disconnections and revised its tariff to allow for late payment fees to be
13 waived² in order to help limit the impact of the emergency on Cascade's customers, many of them
14 being especially vulnerable to unexpected economic pressures. These suspensions will result in
15 significant increases in Cascade's write-off expense and lost revenue from late payment fees. We
16 also expect to incur additional costs as the emergency unfolds but cannot currently predict the
17 nature or magnitude of these costs given the unprecedented nature of the emergency.

18 Consequently, Cascade proposes to establish a new deferral account to record the costs directly
19 associated with COVID-19. Cascade will track the costs accordingly and will defer them for future
20 ratemaking treatment.

21 **B. Reason for Deferral**

22 Cascade seeks this deferral pursuant to ORS 757.259(2)(e). This deferral will match
23 appropriately the costs borne and benefits received by customers. Cascade also seeks this deferral

¹ On March 8, 2020, Oregon Governor Brown declared a state of emergency over the COVID-19 outbreak.

² CNGC Advice No. O20-03-02, approved by the Commission March 20, 2020.

1 because of the potential magnitude and extraordinary nature of the COVID-19 impacts. Because
2 the COVID-19 emergency is so unprecedented, Cascade believes that the impacts are outside of
3 reasonable business risk.

4 Under ORS 757.259(2)(e), deferral of utility expenses or revenues is allowed when it will
5 appropriately match the costs borne and benefits received by customers. Deferral of these
6 restoration costs will align the costs of Cascade’s service with the benefits Cascade customers
7 receive from such service.

8 **C. Proposed Accounting**

9 Cascade proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other
10 Regulatory Assets), crediting various applicable FERC accounts. In the absence of a
11 deferred accounting order, Cascade would record the costs to a variety of accounts.

12 **D. Estimate of Amounts**

13 Given the unprecedented nature of the emergency, Cascade cannot estimate the costs
14 associated with COVID-19 or the length of time in which the costs will be incurred.

15 **E. Notice**

16 A copy of the Notice of Application for Deferral of Costs Associated with the COVID-19
17 Emergency and a list of persons served with the Notice are attached to the application as
18 Appendix A.

19 **II. Summary of Filing Conditions**

20 **A. Earnings Review**

21 Cost recovery for costs associated with the COVID-19 emergency will be subject to an
22 earnings review in accordance with ORS 757.259(5).

23 **B. Prudence Review**

1 A prudence review will be performed by the OPUC Staff no later than the proceeding to
2 authorize amortization of the costs associated with COVID-19.

3 **C. Sharing Percentages**

4 All prudently incurred costs are to be recoverable by Cascade with no sharing mechanism.

5 **D. Rate Spread / Rate Design**

6 The rate spread/rate design will be determined during the proceeding to authorize
7 amortization of the costs associated with COVID-19.

8 **E. Three or Six Percent Tests (ORS 757.259(6)(7)(8))**

9 Amortization of the deferred costs will be subject to a three percent test in accordance with
10 ORS 757.259(7) or possible six percent test in accordance with ORS 757.259(8) and with
11 Commission authorization. These tests limit aggregated deferral amortizations during a 12-month
12 period to no more than three or six percent of the utility's gross revenues for the preceding year.

13 **III. Conclusion**

14 WHEREFORE, Cascade Utilities respectfully requests that the Commission authorize
15 the Company to defer the costs associated with COVID-19 in Cascade's service territory beginning
16 March 26, 2020.

17 DATED this 26th day of March 2020.

18 Respectfully submitted,

19 Cascade Natural Gas Corporation

20 By: /s/ Michael Parvinen

21 Michael Parvinen, Director
22 Rates and Regulatory Affairs

Appendix A

Cascade Natural Gas Corporation

March 26, 2020

**NOTICE OF APPLICATION FOR AUTHORIZATION
OF DEFERRAL OF CERTAIN COSTS**

To All Parties Who Participated in UG-347:

Please be advised that today, Cascade Natural Gas Corporation (“Cascade” or the “Company”) applied for authorization of deferral of certain costs associated with the impacts of the COVID-19 emergency. 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: Marianne Gardner
201 High Street SE, Suite 100
Salem, OR 97301-3398

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 A

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 OF DEFERRED OF CERTAIN COSTS 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 Staff – Dept of Justice johanna.riemenschneider@doj.state.or.us	Edward Finklea Alliance of Western Energy Consumers efinklea@awec.solutions
John Jamieson Hermiston Generating Company LP jj.jamieson@perennialpower.net	Marianne Gardner Public Utility Commission of Oregon marianne.gardner@state.or.us
Jocelyn C Pease McDowell, Rackner & Gibson PC jocelyn@mrg-law.com	Lisa F Rackner McDowell, Rackner & Gibson PC dockets@mrg-law.com
Stephanie S Andrus PUC Staff – Dept of Justice Stephanie.andrus@state.or.us	William Gehrke Oregon Citizens' Utility Board will@oregoncub.com
Rates & Regulatory Affairs Northwest Natural efiling@nwnatural.com	Oregon Dockets Pacifcorp, dba Pacific Power oregondockets@pacifcorp.com
Matthew McVee Pacifcorp Matthew.mcvee@pacifcorp.com	

Dated this 26th day of March 2020.

/s/ Isaac Myhrum
Isaac Myhrum
Regulatory Analyst II
Cascade Natural Gas Corporation
8113 W Grandridge Blvd
Kennewick, WA 99336
Isaac.myhrum@cngc.com