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October 30, 2020

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

Attention: Filing Center

Re: UM 1557(12) - Reauthorization to Defer Changes in Distribution Margin

Cascade Natural Gas Corporation (Cascade or the Company) submits the attached Application for Reauthorization to Defer variances in its collection of distribution margin due to conservation and weather. Such deferral entries will be consistent with the parameters outlined in the Company's Rule 19, Conservation Alliance Plan (CAP).

Please direct any questions regarding this filing to me at (509) 734-4593.

Sincerely,

/s/ Michael Parvinen

Michael Parvinen
Director, Regulatory Affairs

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1557**

In the Matter of
Cascade Natural Gas Corporation
For Reauthorization to Defer Costs Related to
The Company’s Conservation Alliance
Plan (CAP)

APPLICATION FOR
REAUTHORIZATION FOR
DEFERRED ACCOUNTING

I. INTRODUCTION

In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation (“Cascade” or the “Company”) applies to the Public Utility Commission of Oregon (“Commission”) for an accounting order reauthorizing the Company to record and defer, on an ongoing basis, costs related to the Company’s Conservation Alliance Plan (CAP), as established in Rule 19. The Company’s request is for the 12-month period beginning January 1, 2021 and ending December 31, 2021.

II. APPLICATION FOR REAUTHORIZATION TO DEFER

In compliance with the requirements established in OAR 860-027-0300(3) and (4) and Commission Order No 09-263, Cascade submits the following:

A. Description of Utility Expense – OAR 860-027-0300(3)(a)

Cascade requests reauthorization to continue deferring margin differences associated with changes in margin due to conservation and variances from normal weather, consistent with the procedures outlined in the Company's Conservation Alliance Plan (CAP) Rule 19, which was most recently approved by the Commission in Docket ADV 1071. According to the provisions in the Company’s Rule 19, the CAP margin differences accumulate as regulatory assets or liabilities for distribution to, or collection from, customers annually at the time of the Company’s PGA filing.

1 **B. Reason for Deferral – OAR 860-027-0300(3)(b)**

2 It is appropriate that deferral accounting be reauthorized for the same reasons that originally
3 established the CAP mechanism in Order 06-191. Deferral minimizes both the frequency of rate changes
4 and the fluctuation of rate levels pursuant to subsection (2)(e) of ORS 757.259.

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

6 In the absence of the Commission’s approval of this Application, the company would record
7 under- or over-collected margins as utility operating revenue in FERC Account 480. Cascade’s proposed
8 deferrals would be recorded in a sub-account of FERC Account 186 (Miscellaneous Deferred Debits).

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

10 The Company cannot accurately estimate the variances in collections due to conservation and
11 weather.

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

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

15 **F. A Description and Explanation of the Entries in the Deferred Accounts – OAR 860-027-
16 0300(4)(a)**

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

18 **G. The Reason for Continuation of Deferred Accounting – OAR 860-027-0300(4)(b)**

19 The continuation of the deferred accounting of gas costs is justified as these costs are continuing
20 in nature and the Commission has previously approved the CAP mechanism.

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

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

1 **1. A complete Summary Sheet, the location in the PGA filing of the backup work papers,**
 2 **and an account map that highlights the transfer of dollars from one account to**
 3 **another.**

4 Appendix A includes the Summary Sheet, which shows the amounts deferred
 5 and demonstrates the transfer of dollars from one account to another. The backup
 6 workpapers are attached to the Company’s electronic 2020-2021 PGA filing (UG-399) as
 7 a file entitled, “CNGC Non Gas Cost Deferral Amortization.xlsx.”

8 **2. The effective date of the deferral**

9 This application is for the 12-month period beginning January 1, 2021 and
 10 ending December 31, 2021.

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

12 Authorization to defer costs was most recently granted per Commission Order
 13 No. 19-426.

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

	CAP Weather Variance	CAP Conservation Variance
	<u>Acct 1862.20462</u>	<u>Acct 1862.20463</u>
Deferred amounts November 2019 through September 2020	\$999,352.27	(\$1,589,539.59)

15

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

	Consolidated
	<u>Acct 1862.20476</u>
Amortized amounts November 2019 through September 2020 with interest	(\$54,267.93)

17

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

1 The interest rate for deferral accounts is 7.270%. Monies transferred for
2 amortization accrue interest at the rate of 3.74% through October 2020. Beginning
3 November 2020, the amortized balance will accrue interest at the rate of 2.63%.

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

5 Cascade is unable to estimate the amount it will defer during the next PGA
6 cycle. The Company's intent is to amortize the total amount that is deferred.

7 **III. COMMUNICATIONS**

8 Cascade hereby waives service by means of other than service by electronic mail. Consistent
9 with that waiver, communications regarding this Application should be addressed to all of the following:

10 Michael Parvinen
11 Cascade Natural Gas Corporation
12 8113 W. Grandridge Blvd
13 Kennewick, WA 99336
14 Email: michael.parvinen@cngc.com
15

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

16 **IV. CONCLUSION**

17 Cascade requests that in accordance with ORS 757.259, the Commission authorize the Company
18 to defer the expenses described in this Application.

19 DATED: October 30, 2020

20 //
21 //

22 Sincerely,

23
24 /s/ Michael Parvinen
25 Michael Parvinen
26 Director, Regulatory Affairs
27 Cascade Natural Gas Corporation
28 8113 W. Grandridge Blvd
29 Kennewick, WA 99336
30 michael.parvinen@cngc.com

Appendix A

State:	Oregon
Description:	OR CAP Weather Variance Deferral
Account number:	47OR.1862.20462
Class of Customers:	Core: rate schedules 101 & 104
Deferral Period:	11/1/2018 - 10/31/2019
Deferral Account Order:	
Amortization Period:	
Narrative:	OR Conservation Alliance Plan (CAP) weather variance associated with the OR decoupling.

Month/Year	Rate	Therms	Deferral	Amortization	Interest	Adjustments	Deferred Balance
				<i>Debit (Credit)</i>			
				TRANSFER BALANCE TO 20476		1,070,352.33	24,733.97
Nov-17			191,472.47		148.08		216,354.52
Dec-17			(344,747.46)		1,338.46		(127,054.48)
Jan-18			240,440.38		(786.01)		112,599.89
Feb-18			(48,921.90)		629.18		64,307.17
Mar-18			(59,000.65)		397.83		5,704.35
Apr-18			99,782.98		34.15		105,521.48
May-18			297,548.68		652.80		403,722.96
Jun-18			105,051.87		2,417.03		511,191.86
Jul-18			65,260.97		3,162.44		579,615.27
Aug-18			44,583.14		3,585.74		627,784.15
Sep-18			8,557.84		3,758.45		640,100.44
Oct-18			54,187.22		3,959.92		698,247.58
				TRANSFER BALANCE TO 20476		(523,855.58)	174,392.00
Nov-18			48,926.18		1,044.06		224,362.24
Dec-18			418,087.92		1,388.00		643,838.16
Jan-19			337,165.61		3,983.05		984,986.82
Feb-19			(660,575.82)		5,503.84		329,914.84
Mar-19			(700,943.19)		2,040.99		(368,987.36)
Apr-19			247,658.31		(2,204.83)		(123,533.88)
May-19			290,466.29		(762.76)		166,169.65
Jun-19			40,468.98		992.92		207,631.55
Jul-19			0.00		1,282.03		208,913.58
Aug-19			0.00		1,289.94		210,203.52
Sep-19			(5,639.17)		1,256.04		205,820.39
Oct-19			(445,440.67)		1,270.84		(238,349.44)
				TRANSFER BALANCE TO 20476		(212,765.22)	(451,114.66)
Nov-19			(60,175.15)		(2,695.56)		(513,985.37)
Dec-19			481,827.51		(3,173.61)		(35,331.47)
Jan-20			582,495.84		(218.15)		546,946.22
Feb-20			127,659.96		3,159.25		677,765.43
Mar-20			(226,082.01)		4,184.88		455,868.30
Apr-20			208,176.45		2,723.97		666,768.72
May-20			170,617.14		4,116.98		841,502.84
Jun-20			19,556.10		5,028.27		866,087.21
Jul-20			0.00		5,347.67		871,434.88
Aug-20			0.00		5,380.69		876,815.57
Sep-20			117,297.43		5,239.27		999,352.27

Appendix A

State:	Oregon
Description:	OR CAP Conservation Variance Deferral
Account number:	47OR.1862.20463
Class of Customers:	Core: rate schedules 101 & 104
Deferral Period:	11/1/2018 - 10/31/2019
Deferral Account Order:	
Amortization Period:	
Narrative:	OR Conservation Alliance Plan (CAP) conservation variance associated with the OR decoupling.

Month/Year	Rate	Therms	Deferral	Amortization	Interest	Adjustments	Deferred Balance
				<i>Debit (Credit)</i>			
				TRANSFER BALANCE TO 20476		3,254,414.64	(64,408.26)
Nov-17			201,341.18		(385.60)		136,547.32
Dec-17			(271,773.83)		844.74		(134,381.77)
Jan-18			(249,266.63)		(831.34)		(384,479.74)
Feb-18			178,913.80		(2,148.37)		(207,714.31)
Mar-18			(655,763.96)		(1,285.01)		(864,763.28)
Apr-18			(490,138.76)		(5,177.21)		(1,360,079.25)
May-18			(136,496.01)		(8,414.01)		(1,504,989.27)
Jun-18			(192,939.73)		(9,010.14)		(1,706,939.14)
Jul-18			(67,593.37)		(10,559.83)		(1,785,092.34)
Aug-18			267,694.23		(11,043.31)		(1,528,441.42)
Sep-18			156,865.87		(9,150.55)		(1,380,726.10)
Oct-18			(141,512.68)		(8,541.74)		(1,530,780.52)
				TRANSFER BALANCE TO 20476		1,749,225.03	218,444.51
Nov-18			(26,085.17)		1,307.79		193,667.13
Dec-18			(423,768.05)		1,198.10		(228,902.82)
Jan-19			(900,322.32)		(1,416.09)		(1,130,641.23)
Feb-19			(21,574.04)		(6,317.71)		(1,158,532.98)
Mar-19			(367,163.58)		(7,167.16)		(1,532,863.72)
Apr-19			(576,332.02)		(9,159.39)		(2,118,355.13)
May-19			123,271.31		(13,079.83)		(2,008,163.65)
Jun-19			(122,268.98)		(11,999.47)		(2,142,432.10)
Jul-19			(18,504.28)		(13,228.49)		(2,174,164.87)
Aug-19			239,960.86		(13,424.43)		(1,947,628.44)
Sep-19			(118,874.61)		(11,637.75)		(2,078,140.80)
Oct-19			(489,222.07)		(12,831.52)		(2,580,194.39)
				TRANSFER BALANCE TO 20476		2,195,403.48	(384,790.91)
Nov-19			26,407.87		(2,299.26)		(360,682.30)
Dec-19			(227,671.85)		(2,227.04)		(590,581.19)
Jan-20			(614,004.38)		(3,646.56)		(1,208,232.13)
Feb-20			(107,159.29)		(6,978.95)		(1,322,370.37)
Mar-20			40,199.21		(8,165.00)		(1,290,336.16)
Apr-20			(90,132.89)		(7,710.20)		(1,388,179.25)
May-20			(20,223.06)		(8,571.34)		(1,416,973.65)
Jun-20			(84,960.64)		(8,466.90)		(1,510,401.19)
Jul-20			(29,994.16)		(9,326.00)		(1,549,721.35)
Aug-20			(5,584.23)		(9,568.79)		(1,564,874.37)
Sep-20			(15,314.56)		(9,350.66)		(1,589,539.59)

Appendix A

State:	Oregon
Description:	OR Residual Technical Adjustments - Conservation
Account number:	47OR.1862.20476
Class of Customers:	Core: rate schedules 101 and 104
Deferral Period:	n/a
Deferral Account Order:	n/a
Amortization Period:	11/1/2018 - 10/31/2019
Narrative:	Residual OR Conservation technical adjustments related to Conservation Alliance Program.

Month/Year	Rate	Therms	Deferral	Amortization	Interest	Adjustments	Deferred Balance
<i>Debit (Credit)</i>							
Transfer Balance from 20462 & 20463						(4,324,766.97)	(4,476,546.25)
Nov-17	Prorated	6,164,613		57,292.04	(8,756.86)		(4,428,011.07)
Dec-17	0.06381	10,005,192		638,431.30	(8,950.65)		(3,798,530.42)
Jan-18	0.06381	13,567,937		865,770.06	(7,678.23)		(2,940,438.59)
Feb-18	0.06381	9,151,834		583,978.52	(5,368.52)		(2,361,828.59)
Mar-18	0.06381	11,257,683		718,352.75	(4,774.13)		(1,648,249.97)
Apr-18	0.06381	7,638,762		487,429.40	(3,224.25)		(1,164,044.82)
May-18	0.06381	4,758,276		303,625.60	(2,352.97)		(862,772.19)
Jun-18	0.06381	2,632,110		167,954.94	(1,687.72)		(696,504.97)
Jul-18	0.06381	2,087,071		133,176.00	(1,407.89)		(564,736.86)
Aug-18	0.06381	1,878,156		119,845.14	(1,141.54)		(446,033.26)
Sep-18	0.06381	1,960,749		125,115.40	(872.51)		(321,790.37)
Oct-18	0.06381	3,655,216		233,239.33	(650.46)		(89,201.50)
Transfer Balance from 20462 & 20463						(1,225,369.45)	(1,314,570.95)
Nov-18	Prorated	8,796,670		275,567.37	(3,154.97)		(1,042,158.55)
Dec-18	0.01692	10,954,260		185,346.08	(2,584.55)		(859,397.02)
Jan-19	0.01692	12,623,719		213,593.32	(2,131.30)		(647,935.00)
Feb-19	0.01692	11,793,307		199,542.75	(1,451.37)		(449,843.62)
Mar-19	0.01692	13,365,097		226,137.45	(1,115.61)		(224,821.78)
Apr-19	0.01692	9,062,424		153,336.22	(539.57)		(72,025.13)
May-19	0.01692	4,723,425		79,920.35	(178.62)		7,716.60
Jun-19	0.01692	3,227,056		54,601.78	18.52		62,336.90
Jul-19	0.01692	2,342,731		39,639.01	154.60		102,130.51
Aug-19	0.01692	1,961,672		33,191.49	253.28		135,575.28
Sep-19	0.01692	1,933,312		32,711.64	325.38		168,612.30
Oct-19	0.01692	4,656,166		78,782.32	418.16		247,812.78
Transfer Balance from 20462 & 20463						(1,982,638.26)	(1,734,825.48)
Nov-19	Prorated	7,331,517		141,393.24	(5,332.81)		(1,598,765.05)
Dec-19	0.02339	10,862,758		254,079.91	(5,078.38)		(1,349,763.52)
Jan-20	0.02339	13,521,497		316,267.81	(4,287.44)		(1,037,783.15)
Feb-20	0.02339	10,568,871		247,205.89	(3,083.78)		(793,661.04)
Mar-20	0.02339	10,301,890		240,961.21	(2,521.02)		(555,220.85)
Apr-20	0.02339	8,224,229		192,364.71	(1,706.73)		(364,562.87)
May-20	0.02339	4,096,605		95,819.59	(1,158.01)		(269,901.29)
Jun-20	0.02339	3,236,702		75,706.46	(829.67)		(195,024.50)
Jul-20	0.02339	2,390,819		55,921.26	(619.48)		(139,722.72)
Aug-20	0.02339	1,736,293		40,611.89	(443.82)		(99,554.65)
Sep-20	0.02339	1,949,241		45,592.75	(306.03)		(54,267.93)

Appendix B

Cascade Natural Gas Corporation

October 30, 2020

**NOTICE OF APPLICATION TO DEFER COSTS
RELATED TO DECOUPLING**

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 differences in margin due to conservation and variances from normal weather, consistent with the procedures outlined in the Company’s Conservation Alliance Plan (CAP), Rule 19. 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 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 DIFFERENCES IN MARGIN DUE TO CONSERVATION AND VARIANCES FROM NORMAL WEATHER, CONSISTENT WITH THE PROCEDURES OUTLINED IN THE COMPANY'S CONSERVATION ALLIANCE PLAN (CAP) upon all parties of record in UG-390, which is the Company's current general rate case.

Oregon Citizens' Utility Board dockets@oregoncub.org	Michael Goetz Oregon Citizens' Utility Board mike@oregoncub.org
William Gehrke Oregon Citizens' Utility Board will@oregoncub.com	Chad M Stokes Cable Huston LLP cstokes@cablehuston.com
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Jocelyn C Pease McDowell, Rackner & Gibson PC jocelyn@mrg-law.com	Lisa F Rackner McDowell, Rackner & Gibson PC dockets@mrg-law.com

Dated this 30th day of October 2020.

/s/ Isaac Myhrum
Isaac Myhrum
Regulatory Analyst II
Cascade Natural Gas Corporation
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