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August 29, 2018

Oregon Public Utility Commission
201 High St. SE
P.O. Box 1088
Salem, OR 97308-1088

Re: UM 1558(7) - Reauthorization for Deferred Accounting Treatment of Gas Costs

Attention: Filing Center

Cascade Natural Gas Corporation (Cascade or the Company) submits the attached Application for Reauthorization to defer gas costs consistent with the parameters established in Schedule 177, Purchased Gas Adjustment Provision.

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 **UM 1558**
4
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7 In the Matter of
8 Cascade Natural Gas Corporation
9 For Reauthorization to Defer
10 Gas Costs
11

APPLICATION FOR
REAUTHORIZATION FOR
DEFERRED ACCOUNTING

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15 **I. INTRODUCTION**

16 In accordance with ORS 757.259 and OAR 860-027-0300(4), Cascade Natural Gas Corporation
17 (“Cascade” or the “Company”) files this application (“Application”) with the Public Utility Commission of
18 Oregon (“Commission”) for an order reauthorizing the Company to record and defer with interest the
19 difference between actual and embedded commodity and non-commodity costs, in accordance with the
20 parameters established in the Company’s Schedule 177, Purchased Gas Adjustment Provision, for the
21 twelve month period beginning November 1, 2018, and ending October 31, 2019.

22 **II. APPLICATION FOR REAUTHORIZATION TO DEFER**

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

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

26 Cascade requests reauthorization to continue deferring gas cost differences as set forth
27 currently in Purchase Gas Cost Adjustment (PGA) Provision Schedule No. 177. Such differences
28 have been accumulated in subaccounts of Account No. 253 for distribution to or collection from
29 customers at a later date consistent with the established PGA methodology. Gas cost differences
30 will be separated between demand-related cost differences and commodity-related cost
31 differences.

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

2 Deferring gas costs is appropriate for the same reasons that originally established
3 the PGA mechanism in Order 89-1046: minimizing both the frequency of rate changes and
4 the fluctuation of rate levels consistent with the authority granted the Commission in ORS
5 757.259(2)(e).

6 Due to the volatility of the price of gas purchased for customer use, the associated
7 costs are difficult to establish with any degree of certainty. This volatility makes the use of
8 deferral accounting necessary.

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

10 Absent the approval of deferral accounting, the charges incurred for gas costs and
11 other associated costs would be recorded as increases/decreases in the appropriate 800 gas
12 expense sub-account.

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

14 Because of market fluctuations, it is impossible to estimate with any accuracy the
15 amount that would be recorded in the deferral accounts during the 12-month period.
16 Appendix A to this filing provides a description and explanation for the anticipated entries
17 into the deferred accounts. Reauthorization of the continuation of deferred accounting
18 treatment for gas cost differences is justified as they are continuing in nature.

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

20 Attached as Appendix B is the copy of the notice and the certificate of service verifying
21 the notice was served on parties to the Company’s most recent general rate case, UG-347.

22 **F. A Description and Explanation of the Entries in the Deferred Accounts – OAR 860-027-**
23 **0300(4)(a)**

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

2 **G. The Reason for Continuation of Deferred Accounting – OAR 860-027-030(4)(b)**

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

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

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

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

10 Appendix A includes the Summary Sheet, which shows the amounts deferred
11 and demonstrates the transfer of dollars from one account to another. Appendix A was
12 attached to the Company’s electronic 2018-2019 PGA filing as a file entitled, “CNGC Gas
13 Cost Worksheets.xlsx.”

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

15 This application is for the 12-month period beginning November 1, 2018, and
16 ending October 31, 2019.

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

18 Authorization to defer costs was most recently granted per Commission Order
19 No. 17-400, issued on October 13, 2017.

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

21

	Commodity	Demand
	<u>Acct 01272</u>	<u>Acct 01273</u>
22 Deferral balances through July 31, 23 2018	(\$169,673.67)	(2,742,326.01)

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1 **IV. CONCLUSION**

2 Cascade requests that in accordance with ORS 757.259 and OAR 860-027-0300(4), the
3 Commission authorize the Company to defer the expenses described in this Application.

4 DATED: August 29, 2018

5 Sincerely,

6
7 /s/ Michael Parvinen
8 Michael Parvinen
9 Director, Regulatory Affairs
10 Cascade Natural Gas Corporation
11 8113 W. Grandridge Blvd
12 Kennewick, WA 99336
13 michael.parvinen@cngc.com

Appendix A

State:	Oregon
Description:	Core Market Commodity Costs
Account number:	47OR.2530.01272
Class of Customers:	Core
Deferral Period:	11/1/2014 to 10/31/2015
Deferral Account Order:	N/A
Amortization Period:	N/A
Narrative:	Deferral of 90% of the difference between core commodity gas costs actually incurred and the average monthly base commodity gas cost as defined in rate schedule 177-A.

3rd Party Damage

Month/Year	Rate	Therms	Deferral	<i>Debit (Credit)</i>		Adjustments	Deferred Balance
				Amortization	Interest		
						2,026,113.78	(657,676.12)
				TRANSFER BALANCE TO 01285			
Nov-15			(509,406.23)		(4,707.70)		(1,171,790.05)
Dec-15			(379,570.88)		(8,667.36)		(1,560,028.29)
Jan-16			(492,265.36)		(11,539.04)	(2,108.00)	(2,065,940.69)
Feb-16			(443,025.44)		(12,258.22)	(89.50)	(2,521,313.85)
Mar-16			(589,888.31)		(15,991.90)	(3,028.00)	(3,130,222.06)
Apr-16			(402,815.18)		(19,213.56)		(3,552,250.80)
May-16			(357,141.08)		(22,530.81)		(3,931,922.69)
Jun-16			(171,016.67)		(24,134.46)		(4,127,073.82)
Jul-16			(150,145.85)		(26,176.73)	(53.77)	(4,303,450.17)
Aug-16			(113,113.76)		(27,295.43)	(697.00)	(4,444,556.36)
Sep-16			(178,273.56)		(27,281.05)	(1,707.65)	(4,651,818.62)
Oct-16			(275,114.51)		(29,505.02)		(4,956,438.15)
						4,231,920.56	(724,517.59)
				TRANSFER BALANCE TO 01287			
Nov-16			98,207.80		(4,447.15)	(775.49)	(631,532.43)
Dec-16			549,993.55		(4,005.61)		(85,544.49)
Jan-17			948,571.32		(542.58)		862,484.25
Feb-17			162,877.64		4,941.07		1,030,302.96
Mar-17			34,735.98		6,373.88	(181.75)	1,071,231.07
Apr-17			13,092.88		6,413.30	(54.45)	1,090,682.80
May-17			104,478.52		6,747.41	0.00	1,201,908.73
Jun-17			167,481.01		7,195.65		1,376,585.39
Jul-17			(162,844.70)		8,516.12		1,222,256.81
Aug-17			(20,040.34)		7,561.38		1,209,777.85
Sep-17			(139,783.84)		7,242.76		1,077,236.77
Oct-17			(66,289.37)		6,664.23		1,017,611.63
						(1,410,687.45)	(393,075.82)
				TRANSFER BALANCE TO 01287			
Nov-17			63,006.00		(2,353.29)	(3,078.79)	(335,501.90)
Dec-17			677,446.05		(2,075.55)	(2,183.49)	337,685.11
Jan-18			573,184.71		2,089.06	(656.47)	912,302.41
Feb-18			162,947.35		5,097.70	(1,640.87)	1,078,706.59
Mar-18			(336,654.50)		6,673.32	(487.82)	748,237.59
Apr-18			(237,551.14)		4,479.59		515,166.04
May-18			(267,811.34)		3,187.03	(149.86)	250,391.87
Jun-18			(252,803.72)		1,499.06	(192.73)	(1,105.52)
Jul-18			(164,512.31)		(6.84)	(4,049.00)	(169,673.67)

Appendix A

State:	Oregon
Description:	Core Market Demand & Gas Storage Mitigation Costs
Account number:	47OR.2530.01273
Class of Customers:	Core
Deferral Period:	11/1/2014 to 10/31/2015
Deferral Account Order:	N/A
Amortization Period:	N/A
Narrative:	This records the deferral of the differences between core demand costs actually incurred and the embedded

Month/Year	Rate	Therms	Deferral	<i>Debit (Credit)</i>	Interest	Adjustments	Deferred Balance
				TRANSFER BALANCE TO 01285		(339,233.48)	996,823.43
Nov-15			(925,811.21)		7,135.34		78,147.56
Dec-15			(921,543.19)		578.03		(842,817.60)
Jan-16			(892,520.21)		(6,234.06)		(1,741,571.87)
Feb-16			(567,345.77)		(10,333.58)		(2,319,251.22)
Mar-16			(216,852.74)		(14,710.28)		(2,550,814.24)
Apr-16			307,337.54		(15,657.11)		(2,259,133.81)
May-16			182,066.02		(14,328.97)		(2,091,396.76)
Jun-16			192,145.68		(12,837.17)		(1,912,088.25)
Jul-16			326,469.71		(12,127.77)		(1,597,746.31)
Aug-16			350,813.16		(10,134.00)		(1,257,067.15)
Sep-16			187,613.63		(7,715.98)		(1,077,169.50)
Oct-16			(313,591.36)		(6,832.15)		(1,397,593.01)
				TRANSFER BALANCE TO 01287		1,960,664.13	563,071.12
Nov-16			(173,917.68)		3,456.18		392,609.62
Dec-16			(1,568,744.81)		2,490.20		(1,173,644.99)
Jan-17			(1,472,151.74)		(7,444.06)		(2,653,240.79)
Feb-17			(949,028.39)		(15,200.09)		(3,617,469.27)
Mar-17			(261,719.27)		(22,379.15)		(3,901,567.69)
Apr-17			72,137.21		(23,358.10)		(3,852,788.58)
May-17			(239,301.18)		(23,834.93)		(4,115,924.69)
Jun-17			390,167.00		(24,641.42)		(3,750,399.11)
Jul-17			339,092.36		(23,201.51)		(3,434,508.26)
Aug-17			339,139.23		(21,247.28)		(3,116,616.31)
Sep-17			195,171.63		(18,658.71)		(2,940,103.39)
Oct-17			(394,457.30)		(18,188.69)		(3,352,749.38)
				TRANSFER BALANCE TO 01287		3,843,307.50	490,558.12
Nov-17			(428,786.48)		2,936.90		64,708.54
Dec-17			(1,426,907.51)		400.31		(1,361,798.66)
Jan-18			(884,259.63)		(8,424.65)		(2,254,482.94)
Feb-18			(694,371.01)		(12,597.43)		(2,961,451.38)
Mar-18			(443,662.74)		(18,320.76)		(3,423,434.88)
Apr-18			72,334.21		(20,495.59)		(3,371,596.26)
May-18			152,795.23		(20,858.08)		(3,239,659.11)
Jun-18			216,281.08		(19,395.35)		(3,042,773.38)
Jul-18			319,271.22		(18,823.85)		(2,742,326.01)

Appendix A

State:	Oregon
Description:	OR 11/01/16 Consolidated Accounts: Gas Cost Related PGA Temporary Rate Increments
Account number:	47OR.2530.01287
Class of Customers:	Core
Deferral Period:	N/A
Deferral Account Order:	N/A
Amortization Period:	11/1/2016 through 10/31/2017
Narrative:	This records the consolidated deferral accounts corresponding to the temporary technical adjustments included in the PGA tracker effective 11/1/2016 that are incorporated into the customers' per therm gas rates through schedule 191.

Debit (Credit)

Month/Year	Rate	Therms	Deferral	Amortization	Interest	Adjustments	Deferred Balance
				Balance Transferred from 01272		(4,231,920.56)	
				Balance Transferred from 01273		(1,960,664.13)	
				Balance Transferred from 20478		487.69	
				Balance Transferred from 01285		<u>(77,337.79)</u>	
							(6,269,434.79)
Nov-16	Prorated	5,293,244		219,829.68	(11,336.51)		(6,060,941.62)
Dec-16	0.08385	10,829,084		908,018.69	(11,324.83)		(5,164,247.76)
Jan-17	0.08385	17,619,193		1,477,369.33	(9,649.36)		(3,696,527.79)
Feb-17	0.08385	13,908,062		1,166,191.00	(6,238.52)		(2,536,575.31)
Mar-17	0.08385	12,027,100		1,008,472.33	(4,739.57)		(1,532,842.55)
Apr-17	0.08385	7,120,759		597,075.64	(2,771.72)		(938,538.63)
May-17	0.08385	6,088,836		510,548.90	(1,753.65)		(429,743.38)
Jun-17	0.08385	3,617,050		303,289.64	(777.07)		(127,230.81)
Jul-17	0.08385	2,202,342		184,666.37	(237.73)		57,197.83
Aug-17	0.08385	2,230,065		186,990.94	106.87		244,295.64
Sep-17	0.08385	2,059,192		172,663.24	441.74		417,400.62
Oct-17	0.08385	4,381,557		367,393.55	779.91		785,574.08
				Transfer Balance from 01272 & 01273		(2,432,620.05)	(1,647,045.97)
Nov-17	Prorated	7,001,509		427,762.00	(3,221.89)		(1,222,505.86)
Dec-17	0.01893	11,024,865		208,700.70	(2,471.14)		(1,016,276.30)
Jan-18	0.01893	14,716,057		278,574.97	(2,054.27)		(739,755.60)
Feb-18	0.01893	10,014,331		189,571.28	(1,350.61)		(551,534.93)
Mar-18	0.01893	12,228,577		231,486.96	(1,114.86)		(321,162.83)
Apr-18	0.01893	8,300,832		157,134.75	(628.25)		(164,656.33)
May-18	0.01893	5,260,348		99,578.38	(332.83)		(65,410.78)
Jun-18	0.01893	3,022,475		57,215.46	(127.95)		(8,323.27)
Jul-18	0.01893	2,443,394		46,253.46	(16.82)		37,913.37

Appendix B

Cascade Natural Gas Corporation

August 29, 2018

**NOTICE OF APPLICATION TO DEFER COSTS
FOR GAS COSTS**

To All Parties Participating in UG-347

Please be advised that today, Cascade Natural Gas Corporation (“Cascade” or the “Company”) applied for reauthorization to defer gas costs. Copies of the Company’s application are available for inspection at the Company’s main office.

Parties who would like additional information or who 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
503-378-6117
marianne.gardner@state.or.us

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 GAS COSTS upon all parties of record in UG-347, 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
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
Robert Jenks Oregon Citizens' Utility Board bob@oregoncub.org	Marianne Gardner Public Utility Commission of Oregon marianne.gardner@state.or.us
John Jamieson Hermiston Generating Company LP jj.jamieson@perennialpower.net	Christopher E Hawk Gordon Rees Scully Mansukhani LLP chawk@grsm.com
PACIFICORP, DBA PACIFIC POWER oregondockets@pacificorp.com	Eric J Callisto Michael Best & Friedrich LLP ejcallisto@michaelbest.com
Matthew McVee PACIFICORP matthew.mcvee@pacificorp.com	

Dated this 29th day of August 2018.

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