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March 22, 2021

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

Re: UM 2072(1) -Reauthorization to Defer Costs Associated with the COVID-19 Pandemic

In accordance with ORS 757.259 and OAR 860-027-0300, Cascade natural Gas Corporation, ("Cascade" or "Company"), files herewith an Application to reauthorize deferral accounting treatment 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 most recent general rate case, UG 390. 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

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
DOCKET NO. UM 2072

IN THE MATTER OF THE APPLICATION OF) APPLICATION
CASCADE NATURAL GAS CORPORATION) FOR REREAUTHORIZATION
FOR AN ORDER REAUTHORIZING 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 reauthorizing 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 reauthorization to defer the recovery of costs incurred from the 12-month period beginning March 26, 2021 (the "Deferral Period"). Additionally, 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
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1 This Application is filed pursuant to ORS 757.259, which empowers the Commission to
2 reauthorize the deferral of expenses or revenues of a public utility for later incorporation into
3 rates. As required by ORS 757.259(4), any amortization of the Deferred Amount will be
4 subject to an earnings review and a finding by the Commission that the costs were prudently
5 incurred. Cascade does not expect that amortization of the Deferred Amount will cause Cascade
6 to meet or exceed its most recently reauthorized 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 On March 8, 2020, Oregon Governor Kate Brown declared a state of emergency due to
11 the international COVID-19 pandemic. On March 16, 2020 Cascade suspended the processing
12 of all service disconnections and revised its tariff to allow for late payment fees to be
13 waived¹. These suspensions resulted in significant increases in Cascade’s write-off expense and
14 lost revenue from late payment fees. The Company also incurred direct costs and benefits
15 associated with its operations and benefits from federal tax acts during the COVID-19 pandemic.
16 Cascade filed its initial application to use deferred accounting with the COVID-19 pandemic on
17 March 26, 2020. The Commission subsequently approved the Company’s initial deferral
18 application with Order No. 20-379.

19 **B. Reason for Deferral**

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

¹ 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 While Cascade cannot estimate the total costs and offsetting benefits associated with
14 COVID-19 the Company is reporting these amounts on a quarterly basis within docket, UM 2072.
15 A copy of the most recent filing containing costs and benefits estimated as of February 1, 2021 is
16 included with this application as Attachment B.

17 **E. Notice**

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

21 **II. Summary of Filing Conditions**

22 **A. Earnings Review**

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

25 **B. Prudence Review**

1 A prudence review will be performed by the OPUC Staff no later than the proceeding to
2 reauthorize 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 reauthorize
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 reauthorization. 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 reauthorize
15 the Company to defer the costs associated with COVID-19 in Cascade’s service territory for the 12-
16 month period beginning March 26, 2021.

17 DATED this 22nd day of March 2021.

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 22, 2021

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

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 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 REAUTHORIZATION OF DEFERAL OF CERTAIN COSTS upon all parties of record in UG-390, 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 LLP tbrooks@cablehuston.com	Chad M Stokes Cable Huston LLP cstokes@cablehuston.com
Jocelyn C Pease McDowell, Rackner & Gibson PC jocelyn@mrg-law.com	Edward Finklea Alliance of Western Energy Consumers efinklea@awec.solutions
Stephanie S Andrus PUC Staff – Dept of Justice stephanie.andrus@state.or.us	Marianne Gardner Public Utility Commission of Oregon marianne.gardner@state.or.us
William Gehrke Oregon Citizens' Utility Board will@oregoncub.com	Lisa F Rackner McDowell, Rackner & Gibson PC dockets@mrg-law.com

Dated this 22nd day of March 2021.

/s/ Isaac Myhrum
Isaac Myhrum
Regulatory Analyst II
Cascade Natural Gas Corporation
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8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
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February 1, 2021

Oregon Public Utility Commission
 P.O. Box 1088
 201 High St SE, Suite 100
 Salem, OR 97308-1088

Regarding: **UM 2072 - Cascade COVID-19 Deferred Accounting Quarterly Report**

Cascade Natural Gas Corporation (Cascade or the Company), hereby submits an updated COVID-19 deferred accounting quarterly report for the period of October 1, 2020 to December 31, 2020. As described in the Stipulation in Docket UM 2114, this quarterly report complies with the following condition:

Each Utility shall provide the Commission with reports that itemize the utility costs, savings, and benefits resulting from COVID-19 described in paragraph 25. The first report will be for the period between March 1, 2020, and September 30, 2020, and shall be filed by November 1, 2020. Thereafter, reports will be due 30-days after the close of each quarter and shall include information from previous quarter. Each Utility shall file a Report for every quarter until the quarter ending December 31, 2023, unless waived by the Commission.

As of December 31, 2020, Cascade has identified the following direct costs and benefits associated with the COVID-19 pandemic.¹

Direct Costs and Benefits

Direct costs for reasonable measures taken by Cascade in response to the COVID-19 pandemic net of credits, payments, or other benefits received from a federal, state, or local government will continue to be analyzed. Costs related to COVID-19 for personal protective equipment and other health and safety measures for front-line personnel was equal to \$22,307.34 through December 31, 2020. Benefits deferred related to travel not incurred was \$185,097.56.

Benefits from Federal Acts

Cascade evaluated the various provisions of the CARES act. The only provision that the Company expects to avail itself of is the ability to defer payment of Payroll Taxes under the delay in deposit of payroll taxes provision. The Company has deferred payment of Payroll Taxes

¹ Order No. 20-379 in Docket UM 2072 was entered on October 27, 2020, approving the Company's application for deferred accounting of COVID-19 related costs. On November 5, 2020 the Commission adopted Order 20-401 approving the Stipulated Agreement on the Effects of COVID-19 Pandemic on Energy Utility Customers.

in 2020 resulting in a tax asset; however, it should be stressed that this is purely a timing difference and will be reversed by the Company in 2021 and 2022. In addition, Cascade is evaluating provisions received from the Family First Act and where the Company generated credits of \$17,011 in Q2, \$37,202.80 in Q3 and \$26,745.57 in Q4 of 2020. The Company is still evaluating the impact these amounts will have on related deferrals.

Late Payment Fees

For Oregon, the Company's late fee revenues through November 2020 were recorded at \$123,353.20, an additional \$30,456.66 was recorded in December of 2020 for a cumulative total of \$153,809.86 through the end of the period.

Bad Debt Expense

As of December 31, 2020, the incremental bad debt expense incurred for Oregon was \$137,345.42. This is in addition to the approximately \$80,500 of bad debt expense in excess of the amount authorized. Once the order is received in Docket UM 2114, the Company believes it is prudent to record a deferral.

Reconnection Charges

Reconnection charges are being analyzed and a deferral determination will be made at a later date.

Bill Payment Assistance Program Costs

Cascade is developing a program proposal to identify and manage residential customer arrearages associated with the pandemic to prevent bad debt accumulating on customer accounts per the Stipulation in Docket UM 2114. A programmatic tariff is expected to be filed in February 2021. The costs to fund such program will be deferred after the program has been approved by the Commission and is being offered to customers. Funding to be distributed is one percent (1%) of the Company's Oregon retail revenues, not to be increased without prior OPUC approval, as determined by the Company's recent general rate case in Docket UG 390, which the amount is \$707,517.

If there are any questions regarding this report, please contact me at (509) 734-4593.

/s/ Michael Parvinen

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