

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UG 390

In the Matter of

CASCADE NATURAL GAS  
CORPORATION

Request for a General Rate Revision.

RULING

**DISPOSITION: MOTION TO ADMIT STIPULATION INTO THE RECORD AND  
REQUEST FOR WAIVER GRANTED**

On July 1, 2020, Cascade Natural Gas Corporation, on behalf of itself, the Oregon Citizens' Utility Board, the Alliance of Western Energy Consumers, and the Staff of the Public Utility Commission of Oregon (the stipulating parties) filed a first partial stipulation and a motion to admit stipulation and request for waiver.

In support of the motion, Cascade states the stipulating parties seek to file the stipulation immediately in order to notify the Commission and interested parties that the parties have resolved cost of capital issues raised in this docket. Cascade further represents that the stipulating parties plan to file testimony supporting the stipulation on August 11, 2020, in order to allow them to coordinate and prepare testimony during the intervening period. They are therefore asking for a waiver of the requirement in OAR 860-001-0350(7) that a stipulation be accompanied by supporting testimony at the time of filing.

**DISCUSSION**

The stipulating parties request a waiver of OAR 860-001-0350(7), which provides as follows:

Settlements must be memorialized in a written stipulation signed by the settling parties and filed for review by the Commission. With the stipulation, the parties must file:

- (a) An explanatory brief or written testimony in support of the stipulation, unless waived by the Commission or ALJ; and
- (b) A motion to offer the stipulation and any testimony as evidence in the proceeding, together with witness affidavits in support of the testimony.

The Commission is authorized to grant the stipulating parties' motion through the application of OAR 860-001-0000(2) which states:

For limited purposes in specific proceedings, the Commission or ALJ may modify or waive any of the rules in this division for good cause shown. A request for exemption must be made in writing, unless otherwise allowed by the Commission or ALJ.

I find that the motion to admit the stipulation into the record and request for waiver has been filed in compliance with the Commission's Rules and that good cause exists to grant the motion.

### **RULING**

1. The motion to admit stipulation and request for waiver filed by Cascade Natural Gas Corporation is granted.
2. The first partial stipulation of Cascade Natural Gas Corporation, the Oregon Citizens' Utility Board, the Alliance of Western Energy Consumers and the Staff of the Public Utility Commission of Oregon, a copy of which is affixed hereto as Appendix A, is admitted into the record.
3. On or before August 11, 2020, Cascade Natural Gas Corporation shall file the stipulating parties' joint testimony in support of the first partial stipulation accompanied by witness affidavits in support of the joint testimony.

Dated this 2<sup>nd</sup> day of July, 2020, at Salem, Oregon.



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Allan J. Arlow  
Administrative Law Judge

**BEFORE THE PUBLIC UTILITY COMMISSION  
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**FIRST PARTIAL STIPULATION**

**INTRODUCTION**

1           This First Partial Stipulation (“Stipulation”) is entered into to resolve cost of capital  
2 issues in this case. The parties to this Stipulation are Cascade Natural Gas Corporation  
3 (“Cascade” or “Company”), Public Utility Commission of Oregon Staff (“Staff”), the Oregon  
4 Citizens’ Utility Board (“CUB”), and the Alliance of Western Energy Consumers (“AWEC”)  
5 (individually, “Stipulating Party,” and collectively, “Stipulating Parties”). The Stipulating Parties  
6 are the only parties to this proceeding, and they expect this Stipulation will resolve the  
7 following cost of capital components: Return on Equity (“ROE”), Cost of Long-Term Debt  
8 (“LTD”), Capital Structure, and in aggregate Rate of Return (“ROR”).

**BACKGROUND**

9           On March 31, 2020, Cascade filed a request for a general rate increase and revised  
10 tariff sheets to become effective February 1, 2021 (“Initial Filing”). In the Initial Filing, the  
11 Company proposed an increase to the Company’s Oregon jurisdictional revenues of \$4.507  
12 million, or approximately 6.67 percent over current rates.<sup>1</sup> The filing was suspended by the  
13 Commission on April 7, 2020, per its Order No. 20-109. Administrative Law Judge Allan Arlow  
14 convened a Prehearing Conference on May 14, 2020.

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<sup>1</sup> Initial Filing at 1.

1 On June 2, 2020, the Stipulating Parties participated in a settlement conference to  
2 address cost of capital issues. As a result of the settlement discussions, the Stipulating  
3 Parties agreed to settle all issues in the docket regarding cost of capital. This Stipulation  
4 memorializes the Stipulating Parties' agreements reached at that time.

### TERMS OF AGREEMENT

5 The Stipulation resolves the issues addressed below:

6 1. Cost of Capital. The Stipulating Parties agree to an overall ROR of 7.071  
7 percent, which is based on a capital structure of 50.0 percent equity and 50.0 percent long-  
8 term debt, ROE of 9.40 percent, and LTD cost of 4.741 percent. This combination of capital  
9 structure and capital costs is shown in the table below.

Stipulated Cost of Capital			
	Percent of Total Capital	Cost	Component
Long-Term Debt	50.0%	4.741%	2.371%
Common Equity	50.0%	9.40%	4.700%
Total	100.0%		7.071%

10

11 2. The Stipulating Parties recommend and request that the Commission approve  
12 the cost of capital components discussed herein as appropriate and reasonable.

13 3. The Stipulating Parties agree that this Stipulation is in the public interest, and  
14 will result in rates that are fair, just and reasonable, consistent with the standard in  
15 ORS 756.040.

16 4. This Stipulation sets forth the entire agreement between the Stipulating Parties  
17 and supersedes any and all prior communications, understandings, or agreements, oral or  
18 written, between the Stipulating Parties pertaining to the subject matter of this Stipulation.

1           5. This Stipulation will be offered into the record as evidence pursuant to  
2 OAR 860-001-350(7). The Stipulating Parties agree to support this Stipulation throughout  
3 this proceeding and any appeal, provide witnesses to sponsor this Stipulation at hearing,  
4 and recommend that the Commission issue an order adopting the Stipulation. The  
5 Stipulating Parties also agree to cooperate in drafting and submitting joint testimony in  
6 support of the Stipulation in accordance with OAR 860-001-0350(7).

7           6. If this Stipulation is challenged, the Stipulating Parties agree that they will  
8 continue to support the Commission's adoption of the terms of this Stipulation. The  
9 Stipulating Parties agree to cooperate in cross-examination and put on such a case as they  
10 deem appropriate to respond fully to the issues presented, which may include raising issues  
11 that are incorporated in the settlements embodied in this Stipulation.

12           7. The Stipulating Parties have negotiated this Stipulation as an integrated  
13 document. If the Commission rejects all or any material portion of this Stipulation or imposes  
14 additional material conditions in approving this Stipulation, any of the Stipulating Parties are  
15 entitled to withdraw from the Stipulation or exercise any other rights provided in OAR 860-  
16 001-0350(9). To withdraw from the Stipulation, a Stipulating Party must provide written  
17 notice to the Commission and other Stipulating Parties within five days of service of the final  
18 order rejecting, modifying, or conditioning this Stipulation.

19           8. By entering into this Stipulation, no Stipulating Party approves, admits, or  
20 consents to the facts, principles, methods, or theories employed by any other Stipulating  
21 Party in arriving at the terms of this Stipulation, other than those specifically identified in the  
22 body of this Stipulation. No Stipulating Party shall be deemed to have agreed that any  
23 provision of this Stipulation is appropriate for resolving issues in any other proceeding,  
24 except as specifically identified in this Stipulation.

1           9. This Stipulation is not enforceable by any Stipulating Party unless and until  
2 adopted by the Commission in a final order. Each signatory to this Stipulation avers that  
3 they are signing this Stipulation in good faith and that they intend to abide by the terms of  
4 this Stipulation unless and until the Stipulation is rejected or adopted only in part by the  
5 Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction  
6 to enforce or modify the Stipulation. If the Commission rejects or modifies this Stipulation,  
7 the Stipulating Parties reserve the right to seek reconsideration or rehearing of the  
8 Commission order under ORS 756.561 and OAR 860-001-0720 or to appeal the  
9 Commission order under ORS 756.610.

10           10. This Stipulation may be executed in counterparts and each signed counterpart  
11 shall constitute an original document. Given the circumstances surrounding physical access  
12 to facsimile or other forms of signature due to the COVID-19 pandemic, the Stipulating  
13 Parties further agree that any electronically-generated Stipulating Party signatures are valid  
14 and binding to the same extent as an original signature.

1 This Stipulation is entered into by each Stipulating Party on the date entered below  
2 such Stipulating Party's signature.

DATED this 1st day of July 2020

CASCADE NATURAL GAS  
CORPORATION

By: Jordan R. Schoonover

Date: July 1, 2020

PUBLIC UTILITY COMMISSION OF  
OREGON STAFF

By: \_\_\_\_\_

Date: \_\_\_\_\_

OREGON CITIZENS' UTILITY BOARD

By: \_\_\_\_\_

Date: \_\_\_\_\_

ALLIANCE OF WESTERN ENERGY  
CONSUMERS

By: \_\_\_\_\_

Date: \_\_\_\_\_

1            This Stipulation is entered into by each Stipulating Party on the date entered below  
2 such Stipulating Party's signature.

DATED this \_\_\_ day of July 2020

CASCADE NATURAL GAS  
CORPORATION

PUBLIC UTILITY COMMISSION OF  
OREGON STAFF

By: \_\_\_\_\_

By: Stephanie Andrus

Date: \_\_\_\_\_

Date: July 1, 2020

OREGON CITIZENS' UTILITY BOARD

ALLIANCE OF WESTERN ENERGY  
CONSUMERS

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

1 This Stipulation is entered into by each Stipulating Party on the date entered below  
2 such Stipulating Party's signature.

DATED this \_\_\_ day of July 2020

CASCADE NATURAL GAS  
CORPORATION

PUBLIC UTILITY COMMISSION OF  
OREGON STAFF

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

OREGON CITIZENS' UTILITY BOARD

ALLIANCE OF WESTERN ENERGY  
CONSUMERS

By:  \_\_\_\_\_

By: \_\_\_\_\_

Date: 7/1/2020 \_\_\_\_\_

Date: \_\_\_\_\_

1 This Stipulation is entered into by each Stipulating Party on the date entered below  
2 such Stipulating Party's signature.

DATED this \_\_\_ day of July 2020

CASCADE NATURAL GAS  
CORPORATION

PUBLIC UTILITY COMMISSION OF  
OREGON STAFF

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

OREGON CITIZENS' UTILITY BOARD

ALLIANCE OF WESTERN ENERGY  
CONSUMERS

By: \_\_\_\_\_

By:  \_\_\_\_\_

Date: \_\_\_\_\_

Date: 06/30/2020