



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166  
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803  
www.cngc.com

October 31, 2016

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

Attention: Filing Center

Re: UM 1557(8) - 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 Schedule No. 30, the Company's Conservation Alliance Plan (CAP).

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, sweeping underline.

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 Cost Related to  
The Company's Conservation Alliance  
Plan (CAP)

APPLICATION FOR  
REAUTHORIZATION FOR  
DEFERRED ACCOUNTING

1 I. INTRODUCTION

2 In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation  
3 ("Cascade" or the "Company") applies to the Public Utility Commission of Oregon ("Commission") for an  
4 accounting order reauthorizing the Company to record and defer, on an ongoing basis, costs related to  
5 the Company's Conservation Alliance Plan (CAP), as established in Schedule No. 30. The Company's  
6 request is for the 12-month period beginning January 1, 2017, and ending December 31, 2017.

7 II. APPLICATION FOR REAUTHORIZATION TO DEFER

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

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

11 Cascade requests reauthorization to continue deferring margin differences associated  
12 with changes in margin due to conservation and variances from normal weather, consistent  
13 with the procedures outlined in the Company's Conservation Alliance Plan (CAP) Schedule No.  
14 30, which was first approved in Commission Order No. 06-191 and was originally scheduled to  
15 expire on September 30, 2010. In Order Nos. 07-221, 13-102, and 13-463, the Commission  
16 extended the term of the decoupling mechanism to September 30, 2012, April 30, 2013, and

1 December 31, 2014, respectively. In accordance with Order No. 15-412, issued in UG-287, the  
2 Company's 2015 General Rate Case, the CAP mechanism has no set termination date but will be  
3 reviewed in the fourth quarter of 2019.

4 According to the provisions in Schedule No. 30, the CAP margin differences accumulate  
5 as regulatory assets or liabilities for distribution to, or collection, from customers annually at  
6 the time of the Company's PGA filing.

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

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

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

13 In the absence of the Commission's approval of this Application, the company would  
14 record under- or over-collected margins as utility operating revenue in FERC Account 480.

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

16 The Company cannot accurately estimate the variances in collections due to conservation  
17 and weather.

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

19 Attached as Appendix B is the copy of the notice and the certificate of service verifying the  
20 notice was served on parties to the Company's most recent general rate case, UG-305.

21 **F. A Description and Explanation of the Entries in the Deferred Accounts – OAR 860-027-**  
22 **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 continuing  
4 in nature and the Commission has previously approved the CAP mechanism.

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

6 Below is the information required per Commission Order No. 09-263, issued in Docket UM-1286,  
7 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 2016-2017 PGA filing as a file entitled, "CNGC 9-16  
13 Non Gas Cost Deferral Amortization.xlsx."

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

15 This application is for the 12-month period beginning January 1, 2017, and  
16 ending December 31, 2017.

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

18 Authorization to defer costs was most recently granted per Commission Order  
19 No. 15-401.

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

	<b>CAP Weather Variance</b>	<b>CAP Conservation Variance</b>
	<u>Acct 20462</u>	<u>Acct 20463</u>
Deferred amounts November 2015 through September 2016	\$1,654,692.88	(\$631,443.59)

21

1

**5. The amount amortized last year**

	<b>Consolidated</b>
	<u>Acct 20474</u>
Amortized amounts November 2015 through July 31, 2016 with interest	\$70,801.96

2

3

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

4

The interest rate for deferral accounts is 7.468%. Monies transferred for

5

amortization accrue interest at the rate of 1.93% through October. Beginning

6

November 2016, the amortized balance will accrue interest at the rate of 2.20%.

7

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

8

Cascade is unable to estimate the amount it will defer during the next PGA

9

cycle. The Company's intent is to amortize the total amount that is deferred.

10

**III. COMMUNICATIONS**

11

Cascade hereby waives service by means of other than service by electronic mail. Consistent

12

with that waiver, communications regarding this Application should be addressed to all of the following:

13

Michael Parvinen  
Cascade Natural Gas Corporation  
8113 W. Grandridge Blvd  
Kennewick, WA 99336  
Email: [michael.parvinen@cngc.com](mailto:michael.parvinen@cngc.com)

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

14

15

16

17

18

19

**IV. CONCLUSION**

20

Cascade requests that in accordance with ORS 757.259, the Commission authorize the Company

21

to defer the expenses described in this Application.

22

DATED: October 31, 2016

23 //

24 //

25 //

26 //

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12

Sincerely,



---

Michael Parvinen  
Director, Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W. Grandridge Blvd  
Kennewick, WA 99336  
[michael.parvinen@cngc.com](mailto: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:	11/1/2014 - 10/31/2015
Deferral Account Order:	
Amortization Period:	
Narrative:	OR Conservation Alliance Plan (CAP) weather variance associated with the OR decoupling.

							<i>Debit (Credit)</i>
Month/Year	Rate	Therms	Deferral	Amortization	Interest	Adjustments	Deferred Balance
						Balance forward 10/31/2013	(268,866.18)
Nov-13			(157,148.86)		(1,924.57)		(427,939.61)
Dec-13			(321,124.36)		(3,165.33)		(752,229.30)
Jan-14			294,384.15		(5,564.00)		(463,409.15)
Feb-14			(378,891.90)		(3,095.98)		(845,397.03)
Mar-14			146,080.18		(6,253.14)		(705,569.99)
Apr-14			65,787.44		(5,050.53)		(644,833.08)
May-14			94,178.77		(4,769.63)		(555,423.94)
Jun-14			(50,973.39)		(3,975.77)		(610,373.10)
Jul-14			90,105.71		(4,514.74)		(524,782.13)
Aug-14			169,558.05		(3,881.65)		(359,105.73)
Sep-14			131,807.59		(2,570.51)		(229,868.65)
Oct-14			286,645.49		(1,700.27)		55,076.57
						TRANSFER BALANCE TO 20473	628,484.51
Nov-14			(484,097.28)		4,892.99		204,356.79
Dec-14			212,621.19		1,511.56		418,489.54
Jan-15			424,183.97		3,095.44		845,768.95
Feb-15			374,525.31		5,650.48		1,225,944.74
Mar-15			353,583.90		9,067.93		1,588,596.57
Apr-15			(179,710.17)		11,371.30		1,420,257.70
May-15			78,896.47		10,505.20		1,509,659.37
Jun-15			253,877.09		10,806.27		1,774,342.73
Jul-15			74,632.20		13,124.25		1,862,099.18
Aug-15			133,650.35		13,773.36		2,009,522.89
Sep-15			(161,807.66)		14,384.33		1,862,099.56
Oct-15			194,092.17		13,773.36		2,069,965.09
						TRANSFER BALANCE TO 20474	(1,826,992.24)
Nov-15			(428,728.76)		1,739.22		(184,016.69)
Dec-15			329,174.74		(1,361.11)		143,796.94
Jan-16			164,175.02		1,063.62		309,035.58
Feb-16			414,824.45		1,833.66		725,693.69
Mar-16			100,529.37		4,602.85		830,825.91
Apr-16			414,051.72		5,099.68		1,249,977.31
May-16			162,597.48		7,928.21		1,420,503.00
Jun-16			36,513.78		8,719.16		1,465,735.94
Jul-16			64,580.38		9,296.70		1,539,613.02
Aug-16			109,510.34		9,765.28		1,658,888.64
Sep-16			(14,378.15)		10,182.39		1,654,692.88

## 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:	11/1/2014 - 10/31/2015
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
						Balance forward 10/31/2013	(393,108.62)
Nov-13			(427,941.70)		(2,813.90)		(823,864.22)
Dec-13			(175,558.12)		(6,093.86)		(1,005,516.20)
Jan-14			759,469.72		(7,437.49)		(253,483.97)
Feb-14			(470,637.17)		(1,693.50)		(725,814.64)
Mar-14			(155,422.37)		(5,368.62)		(886,605.63)
Apr-14			(199,175.62)		(6,346.40)		(1,092,127.65)
May-14			(44,889.58)		(8,078.12)		(1,145,095.35)
Jun-14			(51,766.72)		(8,196.69)		(1,205,058.76)
Jul-14			(423,814.39)		(8,913.44)		(1,637,786.59)
Aug-14			34,779.70		(12,114.19)		(1,615,121.08)
Sep-14			(177,658.83)		(11,561.17)		(1,804,341.08)
Oct-14			(39,012.09)		(13,346.14)		(1,856,699.31)
						TRANSFER BALANCE TO 20473	1,240,816.10
Nov-14			318,350.17		(4,408.54)		(615,883.21)
Dec-14			82,038.60		(2,233.37)		(301,941.58)
Jan-15			(378,845.63)		(1,643.07)		(602,625.05)
Feb-15			(59,720.58)		(4,026.06)		(666,371.69)
Mar-15			(185,808.45)		(4,928.94)		(857,109.08)
Apr-15			(18,001.67)		(6,135.26)		(881,246.01)
May-15			(73,367.19)		(6,518.30)		(961,131.50)
Jun-15			(33,878.60)		(6,879.86)		(1,001,889.96)
Jul-15			(79,767.85)		(7,410.66)		(1,089,068.47)
Aug-15			138,556.92		(8,055.50)		(958,567.05)
Sep-15			113,233.58		(6,861.50)		(852,194.97)
Oct-15			105,925.82		(6,303.42)		(752,572.57)
						TRANSFER BALANCE TO 20474	1,031,618.73
Nov-15			198,348.96		1,997.44		479,392.56
Dec-15			(565,855.40)		3,545.92		(82,916.92)
Jan-16			(128,179.69)		(613.31)		(211,709.92)
Feb-16			(298,447.32)		(1,256.18)		(511,413.42)
Mar-16			(15,056.98)		(3,243.73)		(529,714.13)
Apr-16			(30,084.81)		(3,251.43)		(563,050.37)
May-16			180,223.77		(3,571.25)		(386,397.85)
Jun-16			(77,736.30)		(2,371.74)		(466,505.89)
Jul-16			(88,365.44)		(2,958.90)		(557,830.23)
Aug-16			(80,416.88)		(3,538.14)		(641,785.25)
Sep-16			14,280.99		(3,939.33)		(631,443.59)



**APPENDIX A**

State:	Oregon
Description:	OR Residual Technical Adjustments - Conservation
Account number:	47OR.1862.20474
Class of Customers:	Core: rate schedules 101 and 104
Deferral Period:	n/a
Deferral Account Order:	n/a
Amortization Period:	11/1/2015 - 10/31/2016
Narrative:	Residual OR Conservation technical adjustments related to Conservation Alliance Program.

Month/Year	Rate	Therms	Deferral	Debit (Credit)		Adjustments	Deferred Balance
				Amortization	Interest		
				Transfer balance from 20462		1,826,992.24	
				Transfer balance from 20463		(1,031,618.73)	
				Transfer balance from 20473		(198,511.50)	
						TOTAL	596,862.01
Nov-15	Prorated	4,178,264		62,760.83	946.80		660,569.64
Dec-15	(0.01006)	10,138,639		(101,994.71)	1,082.79		559,657.72
Jan-16	(0.01006)	12,390,948		(124,652.93)	917.38		435,922.17
Feb-16	(0.01006)	9,807,180		(98,660.23)	668.45		337,930.39
Mar-16	(0.01006)	8,551,508		(86,028.16)	553.93		252,456.16
Apr-16	(0.01006)	5,985,702		(60,216.16)	400.47		192,640.47
May-16	(0.01006)	3,275,259		(32,949.09)	315.77		160,007.15
Jun-16	(0.01006)	2,940,611		(29,582.54)	253.82		130,678.43
Jul-16	(0.01006)	2,119,366		(21,320.83)	214.21		109,571.81
Aug-16	(0.01006)	1,870,051		(18,812.71)	179.61		90,938.71
Sep-16	(0.01006)	2,016,005		(20,281.01)	144.26		70,801.96

APPENDIX B

**Cascade Natural Gas Corporation**

October 31, 2016

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

To All Parties Who Participated in UG-305:

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), Schedule No. 30. 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 Corporation  
Attn: Michael Parvinen  
8113 W Grandridge Blvd  
Kennewick, WA 99336  
509-734-4593  
[CNGCregulatory@cngc.com](mailto:CNGCregulatory@cngc.com)

Public Utility Commission of Oregon  
Attn: Judy Johnson  
201 High Street SE, Suite 100  
Salem, OR 97308-1088

Any person may submit to the Commission written comment 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-305, which is the Company's most recent general rate case.

Citizens' Utility Board dockets@oregoncub.org	Michael Goetz 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
Stephanie S. Andrus PUC Staff – Dept. of Justice stephanie.andrus@state.or.us	Edward Finklea NWIGU efinklea@nwigu.org
Robert Jenks Citizens' Utility Board of Oregon bob@oregoncub.org	Marianne Gardner Public Utility Commission of Oregon marianne.gardner@state.or.us
Kaylie Klein Public Utility Commission of Oregon kaylie.klein@state.or.us	Lisa F. Rackner McDowell, Rackner & Gibson PC dockets@mrg-law.com

Dated this 31<sup>st</sup> day of October 2016.



Maryalice Rosales  
Department of Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W Grandridge Blvd  
Kennewick, WA 99336  
[maryalice.rosales@cngc.com](mailto:maryalice.rosales@cngc.com)