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October 4, 2012

Ms. Kathy Williams  
Oregon Public Utility Commission  
550 Capitol Street NE  
Salem, OR 97310-1380

Re: UM 1557(1) Request for Deferral Accounting for Changes in Margin Due to Conservation and Variances from Normal Weather

Dear Ms. Williams:

Cascade Natural Gas Corporation submits an original and three (3) copies of a request for an order reauthorizing it to utilize deferral accounting for changes 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 that was approved by the Commission's Order No. 06-191.

Cascade seeks, with this application, to receive additional reauthorization of these deferrals for the next five months or until March 31, 2013.

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

Sincerely,

Michael Parvinen  
Manager, Regulatory Affairs

Enclosures

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BEFORE THE OREGON PUBLIC UTILITY COMMISSION

IN THE MATTER OF THE APPLICATION OF ) APPLICATION FOR  
CASCADE NATURAL GAS CORPORATION ) REAUTHORIZATION OF  
FOR AN ORDER REAUTHORIZING ) DEFERRAL ACCOUNTING  
DEFERRAL OF CERTAIN COSTS ) (OAR 860-27-0300(4))

Cascade Natural Gas Corporation (herein "Cascade") pursuant to ORS 757.259 and OAR 860-27-300(4) applies to the Oregon Public Utility Commission ("Commission") for an order reauthorizing it to utilize deferral accounting for the 5-month period beginning November 1, 2012. The Company's last reauthorization, approved in the Commission's Order No. 11-427, commenced November 1, 2011, and therefore, the existing 12-month reauthorization period has not yet expired. This instant application seeks reauthorization for the period beginning November 1, 2012, through March 31, 2013.

Specifically, in this Application, Cascade requests reauthorization to defer:

1. Amounts 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) Schedule No. 30 that was approved by the Commission's Order No. 06-191.

Item 1 – Conservation and Weather Variance Accounts

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) Schedule No. 30 that was approved by the Commission's Order No. 06-191. According to the provisions in Schedule 30, such differences are accumulated as regulatory assets or liabilities for distribution to or collection from customers annually at the time of the Company's PGA filing.

It is appropriate that deferral accounting be reauthorized for the same reasons that originally established the CAP mechanism in Order 06-191. Deferral minimizes both the frequency of rate changes and the fluctuation of rate levels pursuant to subsection (2) (e) of ORS 757.259. In the absence of the Commission's approval of this Application, the company would record under- or over-collected margins as utility operating revenue in FERC Account 480.

It is difficult to estimate the amounts to be recorded in the deferral accounts during the 5 month period due to fluctuations in weather or customer usage. However, based on historical deferral activity, the company estimates that the deferred amounts will be approximately \$94,000. Appendix A of this filing provides a description and explanation for the anticipated entries into the deferred accounts. Reauthorization for the continuation of deferred accounting treatment for CAP differences are justified as they are continuing in nature and are consistent with the Commission's Order 06-191.

Item 2 – Notification


The copy of this Application for an order reauthorizing these accounts was sent to all parties and interested persons that participated in Cascade's most recent general rate case (UG-173).

WHEREFORE, Cascade respectfully requests that the Conservation and Weather Variance Accounts deferral accounts referred to above be appropriately reauthorized.

DATED this 4<sup>th</sup> day of October, 2012.

Respectfully submitted,

CASCADE NATURAL GAS CORPORATION

By:   
Michael Parvinen  
Manager, Regulatory Affairs

Cascade Natural Gas Corporation  
 ESTIMATED ACCUMULATIONS FOR REAUTHORIZATION AS OF MARCH 31, 2013  
 DEFERRED ACCOUNTS

Account Description	Estimated Accumulations	Estimated Interest	Total
1 186.XXX CAP Weather Variances	\$ (814,000)	\$ (13,000)	\$ (827,000)
2 186.XXX CAP Conservation Variances	\$ 930,000	\$ (9,000)	\$ 921,000
3 TOTAL	<u>\$ 116,000</u>	<u>\$ (22,000)</u>	<u>\$ 94,000</u>