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September 19, 2011

Ms. Vikie Bailey-Goggins
Oregon Public Utility Commission
550 Capitol Street NE
Salem, OR 97310-1380

Re: UM_____ (Request for Deferral Accounting for PGA's Deferred Gas Cost Balancing Account and Wholesale Gas Costs and Changes in Margin Due to Conservation and Variances from Normal Weather)

Dear Ms. Bailey-Goggins:

Pursuant to ORS 757.259 and OAR 860-27-300(4), Cascade Natural Gas Corporation submits an original and three (3) copies of a request for an order reauthorizing it to utilize deferral accounting for 1) the PGA's Deferred Gas Cost Balancing Account and wholesale gas costs, and 2) deferred 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 twelve months or until November 1, 2012.

Please direct any questions regarding this filing to Pamela Archer at (509) 734-4591.

Sincerely,

Michael Parvinen
Manager, Regulatory Affairs

Enclosures

We make warm neighbors

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 12-month period beginning November 1, 2011. The Company's last reauthorization, approved in the Commission's Order No. 08-523, commenced November 1, 2010, and therefore, the existing 12-month reauthorization period has not yet expired. This instant application seeks reauthorization for the period beginning November 1, 2011, through October 31, 2012.

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

1. Gas Cost differences as set forth currently in Purchase Gas Adjustment (PGA) Schedule No. 177.
2. 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 – PGA Balancing Accounts

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

It is appropriate that deferral accounting be reauthorized for the same reasons that originally established the PGA mechanism in Order 89-1046. Deferral minimizes both the frequency of rate changes and the fluctuation of rate levels pursuant to subsection (2) (e) of ORS 757.259.

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

Absent the approval of deferred accounting, the charges incurred for gas costs pursuant to the PGA activity and other incurred gas costs would be recorded as increases/decreases in the appropriate 800 gas expense sub-account.

Because of market fluctuations it is impossible to estimate the amount to be recorded in the deferral accounts during the 12 month period with any accuracy. Appendix A of this filing provides a description and explanation for the anticipated entries into the deferred accounts. Reauthorization of

the continuation of deferred accounting treatment for gas cost differences is justified as they are continuing in nature.

Item 2 – 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 12 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 \$(514,666.60). 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 3 – 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 its PGA deferral accounts and the Conservation and Weather Variance Accounts deferral accounts referred to above be appropriately reauthorized.

DATED this 19th day of September, 2011.

Respectfully submitted,

CASCADE NATURAL GAS CORPORATION

By: Pamela Archer
Pamela Archer
Supervisor, Regulatory Analysis

Cascade Natural Gas Corporation
ESTIMATED ACCUMULATIONS FOR REAUTHORIZATION AS OF AUGUST 31, 2012
DEFERRED ACCOUNTS

	Account Description	Estimated		Total
		Accumulations	Estimated Interest	
1	253.XXX PGA Commodity [1]	\$ -	\$ -	\$ -
2	253.XXX PGA Demand [1]	\$ -	\$ -	\$ -
3	186.XXX CAP Weather Variances	\$ 641,460.16	\$ 40,000.00	\$ 681,460.16
4	186.XXX CAP Conservation Variances	\$ (1,149,126.76)	\$ (47,000.00)	\$ (1,196,126.76)
5	TOTAL	\$ (507,666.60)	\$ (7,000.00)	\$ (514,666.60)

[1] Commodity and demand charge differences are impossible to estimate

CERTIFICATE OF SERVICE

I certify that I have this day served the foregoing notice of Cascade's application to reauthorize to defer: 1.) the PGA's Deferred Gas Cost Balancing Account and wholesale gas costs, and 2) deferred 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 upon all parties of record in the (UG 173) proceeding by emailing an electronic copy to the following parties or attorneys of parties:

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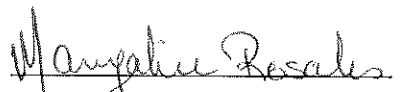
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DATED at Kennewick, WA, this 19th day of September 2011.


Maryalice Rosales
Regulatory
Cascade Natural Gas Corporation