



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

August 31, 2016

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

Re: UM 1558(5) - Reauthorization for Deferred Accounting treatment of Gas Costs

Attention: Filing Center

Cascade Natural Gas Corporation (Cascade or the Company) submits the attached Application for Reauthorization to defer gas costs consistent with the parameters established in Schedule 177, Purchased Gas Adjustment Provision.

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 horizontal flourish extending to the right.

Michael Parvinen
Director, Regulatory Affairs

Enclosures

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1558

In the Matter of
Cascade Natural Gas Corporation
For Reauthorization to Defer
Gas Costs

APPLICATION FOR
REAUTHORIZATION FOR
DEFERRED ACCOUNTING

I. INTRODUCTION

In accordance with ORS 757.259 and OAR 860-027-0300(4), Cascade Natural Gas Corporation (“Cascade” or the “Company”) files this application (“Application”) with the Public Utility Commission of Oregon (“Commission”) for an order reauthorizing the Company to record and defer with interest the difference between actual and embedded commodity and non-commodity costs, in accordance with the parameters established in the Company’s Schedule 177, Purchased Gas Adjustment Provision, for the twelve month period beginning November 1, 2016, and ending October 31, 2017.

II. APPLICATION FOR REAUTHORIZATION TO DEFER

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

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

Cascade requests reauthorization to continue deferring gas cost differences as set forth currently in Purchase Gas Cost Adjustment (PGA) Provision 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 established PGA methodology. Gas cost differences will be separated between demand-related cost differences and commodity-related cost differences.

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

2 Deferring gas costs is appropriate for the same reasons that originally established
3 the PGA mechanism in Order 89-1046: minimizing both the frequency of rate changes and
4 the fluctuation of rate levels consistent with the authority granted the Commission in ORS
5 757.259(2)(e).

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

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

10 Absent the approval of deferral accounting, the charges incurred for gas costs and
11 other associated costs would be recorded as increases/decreases in the appropriate 800 gas
12 expense sub-account.

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

14 Because of market fluctuations, it is impossible to estimate with any accuracy the
15 amount that would be recorded in the deferral accounts during the 12-month period.
16 Appendix A to this filing provides a description and explanation for the anticipated entries
17 into the deferred accounts. Reauthorization of the continuation of deferred accounting
18 treatment for gas cost differences is justified as they are continuing in nature.

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

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

22 **F. A Description and Explanation of the Entries in the Deferred Accounts – OAR 860-027-**
23 **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
4 continuing in nature.

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

6 Below is the information required per Commission Order No. 09-263, issued in Docket
7 UM-1286, 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 Gas
13 Cost Worksheets.xlsx.”

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

15 This application is for the 12-month period beginning November 1, 2016, and
16 ending October 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. 15-320, issued on October 15, 2015.

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

21

22

23

24

	Commodity	Demand
	<u>Acct 01272</u>	<u>Acct 01273</u>
Deferred amounts August 1, 2015, through July 31, 2016	(\$4,303,450.17)	(\$1,597,746.31)

1 **5. The amount amortized last year**

	Consolidated
	<u>Acct 01285</u>
Amortized amounts November 1, 2015, through July 31, 2016 with interest	\$1,425,038.55

2

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

4 The interest rate for deferral accounts is 7.468%. The amortized balance will
5 accrue interest at the rate of 1.93% through October 2016. Beginning November
6 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 it defers.

10 **III. COMMUNICATIONS**

11 Cascade hereby waives service by means of others than service by electronic mail. Consistent
12 with that waiver, please address communications regarding this Application to all of the following:

13 Michael Parvinen	Department of Regulatory Affairs
14 Cascade Natural Gas	Cascade Natural Gas
15 8113 W. Grandridge Blvd	8113 W. Grandridge Blvd
16 Kennewick, WA 99336	Kennewick, WA 99336
17 Email: michael.parvinen@cngc.com	Email: CNGCregulatory@cngc.com

18 //

19 //

20 //

21 //

22 //

23 //

24 //

1 IV. CONCLUSION

2 Cascade requests that in accordance with ORS 757.259 and OAR 860-027-0300(4), the
3 Commission authorize the Company to defer the expenses described in this Application.

4 DATED: August 31, 2016

5 Sincerely,

6
7
8
9
10
11
12
13
14
15
16


Michael Parvinen
Director, Regulatory Affairs
Cascade Natural Gas Corporation
8113 W. Grandridge Blvd
Kennewick, WA 99336
michael.parvinen@cngc.com

Appendix A

State:	Oregon
Description:	Core Market Commodity Costs
Account number:	47OR.2530.01272
Class of Customers:	Core
Deferral Period:	11/1/2014 to 10/31/2015
Deferral Account Order:	N/A
Amortization Period:	N/A
Narrative:	Deferral of 90% of the difference between core commodity gas costs actually incurred and the average monthly base commodity gas cost as defined in rate schedule 177-A.

3rd Party Damage

Month/Year	Rate	Therms	Deferral	Amortization	Debit (Credit)		Deferred Balance
					Interest	Adjustments	
						Balance forward 10/31/2013	(120,459.34)
Nov-13			(723,427.95)		(862.26)		(844,749.55)
Dec-13			1,297,424.90		(6,248.35)		446,427.00
Jan-14			370,626.55		3,302.08		820,355.63
Feb-14			643,277.41		5,480.69		1,469,113.73
Mar-14			420,821.36		10,866.57		1,900,801.66
Apr-14			801,661.55		13,606.09		2,716,069.30
May-14			174,399.11		20,089.91		2,910,558.32
Jun-14			83,509.49		20,834.02		3,014,901.83
Jul-14			222,667.16		22,300.28		3,259,869.27
Aug-14			(93,975.12)		24,112.23		3,190,006.38
Sep-14			95,620.01		22,834.33		3,308,460.72
Oct-14			116,567.84		24,471.64		3,449,500.20
						TRANSFER BALANCE TO 01283	(3,104,362.08)
Nov-14			323,355.05		2,470.53		670,963.70
Dec-14			310,988.22		4,962.91		986,914.83
Jan-15			(1,030,077.19)		7,299.90		(35,862.46)
Feb-15			(864,400.65)		(239.59)		(900,502.70)
Mar-15			(731,250.33)		(6,660.73)		(1,638,413.76)
Apr-15			(254,406.49)		(11,727.90)		(1,904,548.15)
May-15			(208,043.60)		(14,087.34)		(2,126,679.09)
Jun-15			174,175.98		(15,222.94)		(1,967,726.05)
Jul-15			(92,291.12)		(14,554.65)		(2,074,571.82)
Aug-15			(138,041.50)		(15,344.95)		(2,227,958.27)
Sep-15			(150,900.96)		(15,947.91)		(2,394,807.14)
Oct-15			(271,269.13)		(17,713.63)		(2,683,789.90)
						TRANSFER BALANCE TO 01285	2,026,113.78
Nov-15			(509,406.23)		(4,707.70)		(1,171,790.05)
Dec-15			(379,570.88)		(8,667.36)		(1,560,028.29)
Jan-16			(492,265.36)		(11,539.04)	(2,108.00)	(2,065,940.69)
Feb-16			(443,025.44)		(12,258.22)	(89.50)	(2,521,313.85)
Mar-16			(589,888.31)		(15,991.90)	(3,028.00)	(3,130,222.06)
Apr-16			(402,815.18)		(19,213.56)		(3,552,250.80)
May-16			(357,141.08)		(22,530.81)		(3,931,922.69)
Jun-16			(171,016.67)		(24,134.46)		(4,127,073.82)
Jul-16			(150,145.85)		(26,176.73)	(53.77)	(4,303,450.17)

Appendix A

State:	Oregon
Description:	Core Market Demand & Gas Storage Mitigation Costs
Account number:	47OR.2530.01273
Class of Customers:	Core
Deferral Period:	11/1/2014 to 10/31/2015
Deferral Account Order:	N/A
Amortization Period:	N/A
Narrative:	This records the deferral of the differences between core demand costs actually incurred and the embedded

Month/Year	Rate	Terms	Deferral	Debit (Credit)	Amortization	Interest	Adjustments	Deferred Balance
							Balance forward 10/31/2013	(286,819.00)
Nov-13			(518,434.20)			(2,053.07)		(807,306.27)
Dec-13			(1,102,191.79)			(5,971.39)		(1,915,469.45)
Jan-14			(783,098.76)			(14,168.12)		(2,712,736.33)
Feb-14			(812,202.93)			(18,123.46)		(3,543,062.72)
Mar-14			(157,812.66)			(26,206.92)		(3,727,082.30)
Apr-14			47,188.38			(26,678.76)		(3,706,572.68)
May-14			112,426.06			(27,416.35)		(3,621,562.97)
Jun-14			150,119.24			(25,923.45)		(3,497,367.18)
Jul-14			147,905.15			(25,868.92)		(3,375,330.95)
Aug-14			277,369.04			(24,966.26)		(3,122,928.17)
Sep-14			179,453.63			(22,354.18)		(2,965,828.72)
Oct-14			99,958.38			(21,937.30)		(2,887,807.64)
						TRANSFER BALANCE TO 01283	3,601,143.47	713,335.83
Nov-14			(589,189.12)			5,106.12		129,252.83
Dec-14			(838,234.61)			956.04		(708,025.74)
Jan-15			98,990.30			(5,237.04)		(614,272.48)
Feb-15			(38,609.82)			(4,103.88)		(656,986.18)
Mar-15			233,162.21			(4,859.52)		(428,683.49)
Apr-15			270,217.82			(3,068.55)		(161,534.22)
May-15			122,153.48			(1,194.82)		(40,575.56)
Jun-15			370,323.59			(290.44)		329,457.59
Jul-15			350,302.97			2,436.89		682,197.45
Aug-15			378,194.91			5,046.00		1,065,438.36
Sep-15			210,972.05			7,626.50		1,284,036.91
Oct-15			42,522.38			9,497.62		1,336,056.91
						TRANSFER BALANCE TO 01285	(339,233.48)	996,823.43
Nov-15			(925,811.21)			7,135.34		78,147.56
Dec-15			(921,543.19)			578.03		(842,817.60)
Jan-16			(892,520.21)			(6,234.06)		(1,741,571.87)
Feb-16			(567,345.77)			(10,333.58)		(2,319,251.22)
Mar-16			(216,852.74)			(14,710.28)		(2,550,814.24)
Apr-16			307,337.54			(15,657.11)		(2,259,133.81)
May-16			182,066.02			(14,328.97)		(2,091,396.76)
Jun-16			192,145.68			(12,837.17)		(1,912,088.25)
Jul-16			326,469.71			(12,127.77)		(1,597,746.31)

Appendix A

State:	Oregon
Description:	OR 11/01/15 Consolidated Accounts: Gas Cost Related PGA Temporary Rate Increments
Account number:	47OR.2530.01285
Class of Customers:	Core
Deferral Period:	N/A
Deferral Account Order:	N/A
Amortization Period:	11/1/2015 through 10/31/2016
Narrative:	This records the consolidated deferral accounts corresponding to the temporary technical adjustments included in the PGA tracker effective 11/1/2015 that are incorporated into the customers' per therm gas rates through schedule 191.

Month/Year	Rate	Therms	Debit (Credit)	Amortization	Interest	Adjustments	Deferred Balance
						(2,026,113.78)	
Balance Transferred from 2013 Core Market Commodity Costs 01272						(2,026,113.78)	
Balance Transferred from 2014 Core Market Demand & Gas Storage Mitigation Costs 01273						339,233.48	
OR 11/01/15 Consolidated Accounts: Gas Cost Related PGA Temporary Rate Increments 01283						1,069.17	
Nov-15	Prorated	4,790,818		50,537.54	(2,674.20)		(1,685,811.13)
Dec-15	0.02294	11,117,003		255,024.06	(2,684.89)		(1,637,947.79)
Jan-16	0.02294	13,474,376		309,102.17	(2,271.26)		(1,385,608.62)
Feb-16	0.02294	10,626,043		243,761.43	(1,654.22)		(1,078,777.71)
Mar-16	0.02294	9,325,461		213,926.08	(1,371.45)		(836,670.50)
Apr-16	0.02294	6,550,836		150,276.17	(990.04)		(624,115.87)
May-16	0.02294	3,680,423		84,428.90	(778.33)		(474,829.74)
Jun-16	0.02294	3,288,572		75,439.84	(620.53)		(391,179.17)
Jul-16	0.02294	2,445,765		56,105.85	(518.57)		(316,359.86)
						(260,772.58)	

Appendix B

Cascade Natural Gas Corporation

August 31, 2016

**NOTICE OF APPLICATION TO DEFER COSTS
FOR GAS COSTS**

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 gas costs. Copies of the Company's application is 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: Judy Johnson
201 High Street SE, Suite 100
Salem, OR 97308-1088

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 B

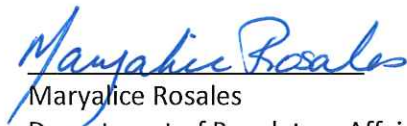
Cascade Natural Gas Corporation

CERTIFICATE OF SERVICE

I hereby certify that I have this day served by electronic mail the foregoing NOTICE OF APPLICATION FOR REAUTHORIZAION TO DEFER GAS COSTS upon all parties of record in UG-305, which is the Company's current 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 31st day of August 2016.



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