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October 1, 2013

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

Re: Supplemental Filing in UM 1558(2) Request Reauthorization for Deferral Accounting for PGA's Deferred Gas Cost Balancing Account and Wholesale Gas Costs

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 the PGA's Deferred Gas Cost Balancing Account and wholesale gas costs.

Cascade seeks, with this application, to receive additional reauthorization of this deferral for the next 12-months beginning November 1, 2013 through October 31, 2014.

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

Sincerely,

Michael Parvinen
Director, Regulatory Affairs

Enclosures

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 GAS COST CHANGES)
(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, 2013. The Company's last reauthorization was approved in the Commission's Order No. 12-369. This instant application seeks reauthorization for the period beginning November 1, 2013 through October 31, 2014.

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

Gas Cost differences as set forth currently in Purchase Gas Adjustment (PGA) Schedule No. 177.

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.

Current Deferral Activity

As of July 31, 2013, the outstanding balances for current deferral period are:

<u>Description</u>	<u>Account Number</u>	<u>Deferred Balance</u>
Core Market Commodity Costs	47OR.2530.01272	1,575,911.06
Core Market Demand & Gas Storage Mitigation	47OR.2530.01273	(2,049,368.28)
Consolidated Accts: Gas Cost Related PGA	47OR.2530.01279	(1,273,985.42)

As of July 31, 2013, the balances for current deferral amortization period are:

<u>Description</u>	<u>Account Number</u>	<u>Deferred Balance</u>
Core Market Commodity Costs	47OR.2530.01272	0
Core Market Demand & Gas Storage Mitigation	47OR.2530.01273	0
Consolidated Accts: Gas Cost Related PGA	47OR.2530.01279	220,868.39

An interest rate of 8.709% was applied to the current deferred accounts. The interest rate applied to the amortization accounts is established by the Commission and was 1.47% for the period November 2012 thru October 2013. Starting in November of 2013 the rate was changed to 1.38%.

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 referred to above be appropriately reauthorized.

DATED this 1st day of October, 2013.

Respectfully submitted,

CASCADE NATURAL GAS CORPORATION

By:



Michael Parvinen
Director, Regulatory Affairs