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August 1, 2014

Oregon Public Utility Commission
 3930 Fairview Industrial Drive SE
 Salem, OR 97302

Re: Advice No. **CNG/O14-08-03/UG** _____
(UM 1557)

Attention: Filing Center

Pursuant to Docket UM 1557, ORS 757.210 and ORS 757.259(5), Cascade Natural Gas submitted herewith are three (3) copies of the following revisions to P.U.C. OR No. 9 Tariff containing an effective date of November 1, 2014 along with a copy of its supporting workpapers.

Eighth Revision Sheet No. 193, Canceling Seventh Revision Sheet No. 193.

The purpose of this filing is to apply new temporary adjustments to base rates amortizing outstanding deferred balances associated with the conservation and weatherization deferred balances relating to Docket UM 1557. The Company revises rates for this purpose annually; the last filing was effective November 1, 2013. The Company is requesting a decrease in revenues of \$(1,483,923), or (2.61%), effective on November 1, 2014. The current amortization rates and the proposed changes, both inclusive of the gross revenue factor, are as follows:

| <u>Schedule</u> | <u>Current Amortization Rates</u> | <u>Proposed Rate Change</u> | <u>Updated Amortization Rate</u> |
|-----------------|-----------------------------------|-----------------------------|----------------------------------|
| 101 | (0.00693) | (0.02938) | (0.02245) |
| 104 | (0.00693) | (0.02938) | (0.02245) |

In Order 13-171 in Docket No. UM 1557, the Commission approved Cascade Natural Gas's request for reauthorization to defer margin differences associated with changes in margin due to conservation and weather variance for the period November 2013 through October 2014. The Company made that filing under ORS 757.259 and OAR 860-027-0300(4). This filing is in compliance with ORS 757.210 which authorizes deferred utility expenses or revenues to be allowed (amortized) in rates to the extent authorized by the Commission in a proceeding to change rates. All of the deferrals included in this filing occurred with appropriate application by Commission authorization, as rate orders or under approved tariffs.

Pursuant to ORS 757.259 and OAR 860-027-0300(9), the overall annual average rate impact of the amortizations authorized under the statutes may not exceed three percent of the natural gas utility's gross revenues for the preceding calendar year, unless the Commission finds that allowing a higher amortization rate is reasonable under the circumstances. Total Oregon gross revenues for calendar year 2013 were \$65,973,538. The total amortization requested in this filing is a credit of (\$1,941,944) with the resulting annual average rate impact of -2.9%. The total revenue change of Prior Period Gas cost deferral concurrently filed in O14-08-01 is \$206,114 and the resulting annual average rate impact of that filing is 0.3%. The net effect of combining the results of these two filings is an overall revenue change of (\$1,735,830), an average rate impact of -2.45% which falls within the requirements of the statute.

Pursuant to OAR 860-022-0025 and OAR 860-022-0030, the total number of customers affected by this filing, the annual revenue before and after the impact of the rate change, and the average monthly use and resulting bills under existing and proposed rates are as follows:

| <u>Rate Schedule</u> | <u>Number of Customers</u> |
|----------------------|----------------------------|
| 101 | 56,831 |
| 104 | 9,548 |

| Rate Schedule | Description | Current Revenues | Proposed Revenues | Revenue Incr (Decr) | Percent Incr (Decr) | Therms per Month | Current Avg Bill | Proposed Avg Bill | Monthly Change | Proposed Rates % Change |
|---------------|-------------|------------------|-------------------|---------------------|---------------------|------------------|------------------|-------------------|----------------|-------------------------|
| 101 | Residential | 34,854,642 | \$33,985,444 | (\$869,198) | (2.49%) | 54 | \$51.61 | \$50.63 | (\$1.29) | (2.49%) |
| 104 | Commerical | \$21,912,957 | \$21,298,232 | (\$614,725) | (2.81%) | 232 | \$188.55 | \$183.37 | (\$5.29) | (2.81%) |

After combining the impact of this filing along with four other regulatory filings made today¹, the overall effect of the proposed rate adjustments on the monthly bill of a residential customer with consumption of 54 therms will be a net increase of \$1.90 or 3.68%, for a revised monthly bill of \$53.51 effective November 1, 2014.

The Company will issue a media release coincident with the update annual Purchased Gas Cost Adjustment ("PGA") filing in mid-September and provide notice to customers via a bill insert following the approval of this filing.

¹On August 1, 2014, Cascade Natural Gas filed to update effective November 1, 2014, Advice Nos. O14-08-01, O14-08-02, and O14-08-04.

Attached in support of this filing is Exhibit 1 which contains a development of CAP temporary cost rate increments associated with this filing and a summary of proposed CAP – related technical adjustment rates.

The Company agrees to rate adjustments and refunds should the Commission determine that these rates have been inappropriately calculated. Any rate adjustments and refunds will be retroactive to November 1, 2014 provided that the Commission advises the Company of the necessity for such rate adjustments or refunds within 30 days after the effective date of these rates.

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