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September 15, 2016

Oregon Public Utility Commission
 201 High Street SE, Suite 100
 Salem, OR 97301-3612

**Re: Advice No. CNG/O16-07-03, UG 321
 SUPPLEMENTAL UM 1557, Conservation and Weatherization Variances Deferral**

Attention: Filing Center

Pursuant to Docket UM 1557, ORS 757.210 and ORS 757.259(5), Cascade Natural Gas submits herewith three (3) copies of the following revisions to P.U.C. OR No. 9 Tariff containing an effective date of November 1, 2016 along with a copy of its supporting workpapers:

Tenth Revision Sheet No. 193

The purpose of this filing is to apply new temporary adjustments to base rates amortizing outstanding deferred balances for variances in collections due to conservation and weatherization, as authorized in Docket UM 1557. The Company revises rates for this purpose annually; the last filing was effective November 1, 2015. The Company is requesting an increase in annual revenues of \$393,365, or .58%, effective on November 1, 2016. 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 Amortization Rates</u>	<u>Difference in Amortization Rate</u>
101	0.01035	0.01619	0.00584
104	0.01035	0.01619	0.00584

In Order 15-401 issued in Docket No. UM 1557, the Commission approved Cascade Natural Gas's request for reauthorization to defer margin differences associated with conservation and weather variances during the period January 1, 2016 through December 31, 2016. The Company made that filing pursuant to ORS 757.259 and OAR 860-027-0300(4). This filing complies 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 Commission authorization as rate orders or under approved tariffs.

Three Percent Test

Pursuant to ORS 757.259 and OAR 860-027-0300(9), the overall annual average rate impact of 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. Cascade's total Oregon gross revenues for calendar year 2015 were \$67,650,226. The total amortization requested in this filing is a debit of \$1,090,644 with the resulting annual average rate impact of 1.61%. The total revenue change of Prior Period Gas cost deferral concurrently filed in O16-07-01 is (\$6,451,986) and the resulting annual average rate impact of that filing is (9.54%). The net effect of combining the results of these two filings is an overall revenue change of (\$5,361,342), an average rate impact of (7.93%) which falls within the requirements of the statute.

Other Information

Pursuant to OAR 860-022-0025 and OAR 860-022-0030, the total number of customers affected by this filing by rate schedule are as follows:

<u>Rate Schedule</u>	<u>Number of Customers</u>
101	59,633
104	9,737

After combining the impact of this filing along with four other regulatory filings made today,¹ the overall effect of the proposed rate adjustments on the monthly bill of a residential customer with consumption of 51 therms will be a net decrease of (\$6.14) or (13.21%), for a revised monthly bill of \$40.36 effective November 1, 2016.

Notice to customers will be made in accordance with OAR 860-022-0017.

Attached in support of this filing is Exhibit 1 which contains the development of the Conservation Alliance Plan (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, 2016, 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.

¹ On July 29, 2016, Cascade Natural Gas filed Advice Nos. O16-07-01 and O16-07-02; both have requested effective dates of November 1, 2016.

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

CASCADE NATURAL GAS CORPORATION

UG 167 CONSERVATION ALLIANCE PLAN TEMPORARY ADJUSTMENTS
SCHEDULE NO. 193

APPLICABLE:

This temporary rate addition applies to gas service rendered by the Company under the tariff of which this schedule is a part for service on and after the effective date hereof and shall be in addition to all rates and charges specified in this tariff.

PURPOSE:

The purpose of this schedule is to amortize deferred conservation and weather variances associated with the Company's approved conservation alliance plan as outlined in Rule 19 of the Company's tariff.

RATES:

Each of the charges specified in the schedules for gas service hereinafter listed shall be adjusted by the following per therm increase or (decrease) or appropriate multiple thereof in determining annual minimum bill, if any:

<u>Applicable Rate Schedules</u>	<u>Amount</u>
Schedule 101	\$.01619
Schedule 104	\$.01619

(1)
(1)

LIMITATION:

This temporary rate addition shall remain in effect until cancelled pursuant to order of the Oregon Public Utility Commission.

SPECIAL TERMS AND CONDITIONS:

The rates named herein are subject to increases as set forth in Schedule No. 100 Municipal Exactions.

CNG/O16-07-03

Issued September 15, 2016

Effective with Service on and After November 1, 2016

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Mark A. Chiles

TITLE Vice President
Regulatory Affairs and Customer Service

Before the
OREGON PUBLIC UTILITY COMMISSION

EXHIBIT 1

Conservation Alliance Plan

Development of CAP Temporary Rate Increments UG 167 Related Balances (Schedule 1 of 2)
Summary of Proposed CAP Technical Adjustment Rates (Schedule 2 of 2)

Cascade Natural Gas Corporation

September 15, 2016

Cascade Natural Gas
DEVELOPMENT OF CAP TEMPORARY RATE INCREMENTS
UG 167 Related Balance

State of Oregon

REVISED

Ln No.	Account Description (a)	Order (b)	Class (c)	New or Residual (d)	Account Balance 06-30-16 (e)	Estimated Thru 10/31/16		Interest Accruals Thru Amortization (h)	Balance for Amortization (i)	Forecasted Terms (j)	Increment (k)	TEMPORARY INCREMENT BY RATE SCHEDULE	
						Interest Accruals (f)	Amortizations (g)					101 (l)	104 (m)
1	UG 167 -- 15/16 OR CAP Weather Variance (47OR-1862.20462)	15-401	101 & 104	NEW	\$ 1,465,735.94	\$ 37,236		\$ 13,253	\$ 1,516,226	67,356,981	0.02251	0.02251	0.02251
2	UG 167 -- 15/16 OR CAP Conservation Variance (47OR-1862.20463)	15-401	101 & 104	NEW	\$ (466,505.89)	(11,851)		(4,218)	(482,576)	67,356,981	(0.00716)	(0.00716)	(0.00716)
3	UG 167 -- OR Residual Technical Adjustments-Conservation (47.OR-1862.20474)	07-397	101 & 104	Residual	\$ 130,678.40	671	(103,157)	249	\$ 28,441	67,356,981	0.00042	0.00042	0.00042
4								\$ -					
5	SUBTOTAL AMORTIZATION RATES BEFORE REVENUE SENSITIVE COSTS												
6	UG 167 -- REVENUE REQUIREMENT BEFORE REVENUE SENSITIVE COSTS				\$ 1,129,908.45	\$ 26,056.12	\$ (103,157.47)	\$ 9,283.86	\$ 1,062,091				
7	REVENUE SENSITIVE COST PERCENTAGES:								\$ 2.6188%				
8	REVENUE REQUIREMENT AFTER REVENUE SENSITIVE COSTS								\$ 1,090,644				
9	PROPOSED AMORTIZATION RATE INCLUDING REVENUE SENSITIVE COSTS											\$ 0.01577	\$ 0.01619

Cascade Natural Gas Corporation
SUMMARY OF PROPOSED CAP TECHNICAL ADJUSTMENT RATES
State of Oregon

Ln No.	Description (a)	Rate Schedule (b)	REVISD		R/S 193 Rate Change Total (e)
			Reversal 14/15 UG-167 CAP Deferral Accts Temp. Rate Adj. (c)	Proposed UG-167 CAP Deferral Accts Temp. Rate Adj. (d)	
CORE MARKET RATE SCHEDULES					
1	Residential	101	\$ (0.01035)	\$ 0.01619	\$ 0.00584
2	Commercial	104	\$ (0.01035)	\$ 0.01619	\$ 0.00584
3	Com-Ind Dual Service	111	\$ -	\$ -	\$ -
4	Industrial Firm	105	\$ -	\$ -	\$ -
5	Industrial Interr.	170	\$ -	\$ -	\$ -
NONCORE MARKET CUSTOMERS					
6	Distribution	163	\$ -	\$ -	\$ -
7					
8	Special Contract	902	\$ -	\$ -	\$ -