



222 FAIRVIEW AVENUE N., SEATTLE, WASHINGTON 98109-5312 206-624-3900  
FACSIMILE 206-654-4039

**CNG/005-08-01**

August 15, 2005

Oregon Public Utility Commission  
550 Capitol Street NE  
Salem, OR 97310-1380

Attention: Ms. Vikie Bailey-Goggins

Dear Ms. Bailey-Goggins:

Submitted herewith are five (5) bond copies of the following revisions to Cascade's P.U.C. Or. No. 8 Tariffs containing an effective date of October 1, 2005:

**Seventeenth Revision Sheet No. 177-B, Canceling Sixteenth Revision Sheet No. 177-B.  
Eighty-Sixth Revision Sheet No. 191, Canceling Eighty-Fourth Revision Sheet No. 191.  
Thirty-Ninth Revision Sheet No. 194, Canceling Thirty-Eighth Sheet No. 194**

The purpose of this filing is to pass on a change in Cascade's gas cost, which is scheduled to occur annually as a result of the provisions established in Purchase Gas Adjustment (PGA) Tariff Schedule No. 177. The purchased gas cost change proposed in this filing results from changes in the cost of commodity gas supply and transportation capacity, and realignment of existing firm transportation capacity. In accordance with the PGA methodology, amortization of outstanding deferred gas cost balances is also developed in this filing.

The rate adjustments proposed in this filing are consistent with the Oregon Public Utility Commission Staff's recommendations with regard to rate spread requirements and amortization procedures.

The overall impact of the proposed changes results in an increase of 13.5% for residential customers served on Rate Schedule No. 101, of 15.6% and 16.5% for customers served on Rate Schedule Nos. 104 and 105 respectively, and of 17.3% for large volume firm customers served on Rate Schedule No. 111.

*We make warm neighbors*

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Oregon Public Utility Commission

Page 2

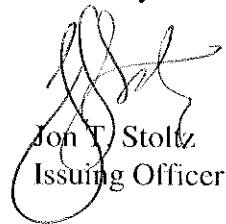
August 15, 2005

Attached in support of this filing are Exhibits 1 through 3. Exhibit 1 contains schedules developing the level of the per therm gas cost change consistent with the procedures described in PGA Rate Schedule No. 177. Exhibit 2 contains the development of deferral account amortizations. Exhibit 3 contains Application for Reauthorization of deferral accounts associated with the PGA's Deferred Gas Cost Balancing Account and wholesale gas costs as well as the subject tariff revisions summarized above.

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 October 1, 2005, provided that the Commission advises the Company of the necessity for such rate adjustment or refunds within 30 days after the effective date of these rates.

Please direct any questions regarding this filing to Katherine Barnard at (206) 381-6824.

Sincerely,



Jon T. Stoltz  
Issuing Officer

JTS:ck

Enclosures

CASCADE NATURAL GAS CORPORATION

**PURCHASED GAS COST ADJUSTMENT PROVISION**  
**SCHEDULE NO. 177**

(Continued from Previous Page)

ADDENDUM A

Oregon Monthly System Wide "Base WACOG"

| <u>Month</u>                 | <u>BASE WACOG<br/>PER<br/>THERM</u> | <u>REVENUE<br/>SENSITIVE<br/>COSTS</u> | <u>BASE WACOG<br/>PER<br/>THERM RATE</u> |     |
|------------------------------|-------------------------------------|--|--|-----|
| Oct                          | \$ .65804                           | 2.321%                                 | \$ .67368                                | (I) |
| Nov                          | \$ .67813                           | ↓                                      | \$ .69424                                | ↓   |
| Dec                          | \$ .72023                           |  | \$ .73734                                |     |
| Jan                          | \$ .69625                           |  | \$ .71279                                |     |
| Feb                          | \$ .69452                           |  | \$ .71102                                |     |
| Mar                          | \$ .67587                           |  | \$ .69193                                |     |
| Apr                          | \$ .68858                           |  | \$ .70494                                |     |
| May                          | \$ .66340                           |  | \$ .67916                                |     |
| Jun                          | \$ .66213                           |  | \$ .67786                                |     |
| Jul                          | \$ .66451                           |  | \$ .68030                                |     |
| Aug                          | \$ .66519                           |  | \$ .68100                                |     |
| Sep                          | \$ .70512                           |  | \$ .72187                                |     |
| Annual Base<br>WACOG         | \$ .68892                           |  |  |     |
| Non Commodity<br>Cost/Therm  | \$ .09661                           |  | \$ .09891                                |     |
| Total Average Gas Cost/Therm | \$ .78553                           | 2.321%                                 | \$ .80420                                | (I) |

CNG/O05-08-01

ISSUED August 15, 2005

EFFECTIVE October 1, 2005

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President  
Regulatory and Gas Supply

CASCADE NATURAL GAS CORPORATION

TEMPORARY RATE ADDITION  
SCHEDULE NO. 191

**APPLICABLE:**

The 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.

**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>Rate Schedule</u> | <u>Amount</u> |
|----------------------|---------------|
| Schedule 101         | \$.12688      |
| Schedule 104         | \$.12688      |
| Schedule 105         | \$.12688      |
| Schedule 111         | \$.12688      |
| Schedule 112         | \$.12688      |
| Schedule 126         | \$.12688      |
| Schedule 170         | \$.12688      |

(I)  
|  
(I)

**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/O05-08-01

ISSUED August 15, 2005

EFFECTIVE October 1, 2005

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President  
Regulatory and Gas Supply

CASCADE NATURAL GAS CORPORATION

TEMPORARY RATE ADDITION  
 SCHEDULE NO. 194

**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.

**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>Core Rate Schedules</u>                                      | <u>Amount</u> |     |
|---|---------------|-----|
| Schedule 101  | \$.01197      | (I) |
| Schedule 104  | \$.01197      | (I) |
| Schedule 105  | \$.01197      | (I) |
| Schedule 111  | \$.01197      | (I) |
| Schedule 112  | \$.01197      | (I) |
| Schedule 126  | \$.01197      | (I) |
| Schedule 170  | \$.01174      | (I) |
|   |               |     |
| <u>Interruptible Distribution Transportation Rate Schedules</u> | <u>Amount</u> |     |
| Schedule 163 -All Rate Blocks                                   | \$.00005      | (I) |
| Schedule 164  |               |     |
| First 10,000 Therms   | \$.00005      | (I) |
| Next 10,000 Therms  | \$.00005      | (I) |
| Next 30,000 Therms  | \$.00005      | (I) |
| Next 50,000 Therms  | \$.00005      | (I) |
| Next 400,000 Therms   | \$.00005      | (I) |
| Over 500,000 Therms   | \$.00000      | (I) |
| Schedule 185 -All Commodity Therms                              | \$.00000      |     |
| Schedule 186 -All Commodity Therms                              | \$.00000      |     |

**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/O05-08-01

ISSUED August 15, 2005

EFFECTIVE October 1, 2005

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President  
Regulatory and Gas Supply

**Before the**  
**OREGON PUBLIC UTILITY COMMISSION**

**EXHIBIT 1**

**Cascade Natural Gas Corporation**

**August 15, 2005**

Cascade Natural Gas Corporation  
 OREGON 2005 GAS COST TRACKING APPLICATION  
 CHANGE IN SYSTEM SUPPLY GAS COSTS RATES

State of Oregon

| Line No.                                  | Description                            | Percent of Gross Revenue | AVERAGE BASE GAS COST CHANGE |
|---|--|--------------------------|------------------------------|
| (a)                                       | (b)                                    | (c)                      | (d)                          |
| 1   | Change In Average WACOG                |                          | \$ 0.11895                   |
| 2   | Change in Non-Commodity Cost Rate      |                          | \$ 0.00499                   |
| 3   | SUBTOTAL                               |                          | \$ 0.12394                   |
| <b>REVENUE SENSITIVE COST PERCENTAGES</b> |  |                          |                              |
| 4   | Provision for Uncollectibles           | 0.286%                   |                              |
| 5   | City Franchise Fees                    | 1.835%                   |                              |
| 6   | Gross Revenue Fee                      | 0.200%                   |                              |
| 7   | TOTAL                                  | 2.321%                   |                              |
| 8   | <b>CHANGE IN RATES</b>                 |                          |                              |
| 9   | ( Divide TOTAL Line 3 By [1-0.02321] ) |                          | <u><u>\$0.12688</u></u>      |

Cascade Natural Gas Corporation  
 OREGON 2005 GAS COST TRACKING APPLICATION  
 AVERAGE BASE GAS COST DEVELOPMENT  
 DEVELOPMENT OF EMBEDDED PIPELINE AND SUPPLY RATES

| LINE No. | UNITS                            | OCT 1, 2004 RATE | AMOUNT        | COMMODITY COST OF GAS | FIXED COST OF GAS |
|----------|----------------------------------|------------------|---------------|-----------------------|-------------------|
| 1        | COMPANY CONTRACT RESERV FEE      | 247,611          | \$2,652,582   | \$ 289,172            | \$ 2,353,410      |
| 2        | COMPANY CONTRACT COMMODITY       | 63,218,549       | \$35,702,817  | \$ 35,702,817         |                   |
| 3        | PGT T-1                          | 211,743          | \$926,384     |                       | \$ 926,384        |
| 4        | PGT T-1 (Malin)                  | 36,000           | \$167,420     |                       | \$ 167,420        |
| 5        | PGT T-3 (Expansion)              | 74,460           | \$272,703     |                       | \$ 272,703        |
| 6        | GTN 2003 Expansion               | 203,800          | \$970,810     |                       | \$ 970,810        |
| 7        | PGT COMMODITY                    | 41,354,557       | \$49,661      | \$ 49,661             |                   |
| 8        | NWP TF-1 DEMAND                  | 189,522          | \$1,915,125   |                       | \$ 1,915,125      |
| 9        | NWP TF-1 COMMODITY               | 25,712,603       | \$82,537      | \$ 82,537             |                   |
| 10       | LS-1 DEMAND                      | 67,081           | \$63,488      |                       | \$ 63,488         |
| 11       | LS-1 CAPACITY                    | 634,603          | \$76,670      |                       | \$ 76,670         |
| 12       | LS-1 COMMODITY                   | 634,603          | \$342,563     | 634,603 \$ 342,563    |                   |
| 13       | LS-1 LIQUEFACTION                | 634,603          | \$35,338      |                       | \$ 35,338         |
| 14       | LS-1 INVENTORY                   | 634,603          | \$20,588      |                       | \$ 20,588         |
| 15       | LS-1 VAPORIZATION                | 634,603          | \$1,923       |                       | \$ 1,923          |
| 16       | TF-2 TRANSPORTATION CAPACITY     | 1,722            | \$17,401      |                       | \$ 17,401         |
| 17       | TF-2 TRANSPORTATION COMMODITY    | 634,603          | \$1,904       | \$ 1,904              |                   |
| 18       | SGS-1 DEMAND                     | 18,553           | \$11,411      |                       | \$ 11,411         |
| 19       | SGS-1 CAPACITY                   | 682,174          | \$15,189      |                       | \$ 15,189         |
| 20       | SGS-1 COMMODITY                  | 888,077          | \$456,656     | 888,077 \$ 456,656    |                   |
| 21       | SGS-1 INVENTORY                  | 888,077          | \$27,445      |                       | \$ 27,445         |
| 22       | TF-2 TRANSPORTATION CAPACITY     | 1,851            | \$18,708      |                       | \$ 18,708         |
| 23       | TF-2 TRANSPORTATION COMMODITY    | 888,077          | \$2,664       | \$ 2,664              |                   |
| 24       | WINTER PEAKING RESERVATION (WWP) | 16,770           | \$72,608      |                       | \$ 72,608         |
| 25       | WINTER PEAKING COMMODITY         | 541,810          | \$269,612     | 541,810 \$ 269,612    |                   |
| 26       | TF-2 TRANSPORTATION CAPACITY     | 1,470            | \$14,857      |                       | \$ 14,857         |
| 27       | TF-2 TRANSPORTATION COMMODITY    | 541,810          | \$1,625       | \$ 1,625              |                   |
| 28       | Capacity Release                 |                  | (\$1,000,000) |                       | \$ (1,000,000)    |

EMBEDDED COST OF GAS \$43,190,688 65,283,040 \$37,209,212 \$0,569927 \$5,981,477 = \$0,09162 \$0,66159



Cascade Natural Gas Corporation  
 OREGON 2006 GAS COST TRACKING APPLICATION  
 AVERAGE BASE GAS COST DEVELOPMENT  
 DEVELOPMENT OF EMBEDDED SYSTEM SUPPLY GAS COST

| LINE No. | SYSTEM SUPPLY PURCHASES        | October            | November           | December           | January            | February           | March              | April              | May                | June               | July               | August             | September          | Total               |
|----------|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| 1        | Company Purchased Therms       | 4,212,438          | 6,921,563          | 10,212,748         | 9,035,191          | 5,691,470          | 7,457,268          | 5,624,567          | 4,546,483          | 3,202,305          | 1,976,830          | 1,653,131          | 2,384,553          | 63,216,544          |
| 2        | Cost of Gas Supply             | \$2,227,538        | \$3,819,083        | \$6,021,254        | \$5,761,043        | \$3,448,240        | \$4,229,287        | \$2,971,010        | \$2,377,623        | \$1,699,598        | \$1,084,985        | \$1,073,043        | \$1,289,286        | \$36,001,981        |
| 3        | Pipeline Transportation Therms | 4,212,438          | 6,921,563          | 10,212,748         | 9,035,191          | 5,691,470          | 7,457,268          | 5,624,567          | 4,546,483          | 3,202,305          | 1,976,830          | 1,653,131          | 2,384,553          | 63,216,544          |
| 4        | Transport Commodity Costs      | \$8,809            | \$14,474           | \$21,356           | \$18,894           | \$11,902           | \$15,594           | \$11,762           | \$9,507            | \$6,696            | \$4,134            | \$4,084            | \$4,966            | \$132,192           |
| 5        | LS-1                           | 0                  | 0                  | 0                  | 479,771            | 154,832            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 634,603             |
| 6        | Commodity Costs                | \$0                | \$0                | \$0                | \$260,423          | \$84,044           | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$344,466           |
| 7        | SGS-1 (Option 10)              | 0                  | 0                  | 174,624            | 329,228            | 264,749            | 119,475            | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 888,077             |
| 8        | Cost of Stored Gas             | \$0                | \$0                | \$80,317           | \$170,279          | \$136,930          | \$61,793           | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$459,320           |
| 9        | Winter Peaking Gas (WWP)       | 0                  | 0                  | 18,877             | 246,607            | 214,517            | 61,810             | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 541,811             |
| 10       | Commodity Costs                | \$0                | \$0                | \$9,450            | \$123,455          | \$107,390          | \$30,943           | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$271,238           |
| 11       | Total Therms Purchased         | <u>4,212,438</u>   | <u>6,921,563</u>   | <u>10,406,249</u>  | <u>10,090,797</u>  | <u>6,325,668</u>   | <u>7,638,554</u>   | <u>5,624,567</u>   | <u>4,546,483</u>   | <u>3,202,305</u>   | <u>1,976,830</u>   | <u>1,653,131</u>   | <u>2,384,553</u>   | <u>65,263,044</u>   |
| 12       | Total Commodity Costs          | <u>\$2,236,347</u> | <u>\$3,833,557</u> | <u>\$6,142,377</u> | <u>\$6,334,093</u> | <u>\$3,788,506</u> | <u>\$4,337,618</u> | <u>\$2,982,772</u> | <u>\$2,387,130</u> | <u>\$1,706,294</u> | <u>\$1,089,119</u> | <u>\$1,077,127</u> | <u>\$1,294,272</u> | <u>\$37,209,211</u> |
| 13       | Embedded WACOG (Per Therm)     | \$ 0.53089         | \$ 0.55386         | \$ 0.59026         | \$ 0.62771         | \$ 0.59892         | \$ 0.56786         | \$ 0.53031         | \$ 0.52505         | \$ 0.53283         | \$ 0.55094         | \$ 0.55149         | \$ 0.54277         | \$ 0.56897          |
| 14       | Non Commodity Cost             | \$385,959          | \$634,180          | \$953,460          | \$924,557          | \$579,572          | \$699,873          | \$515,344          | \$416,566          | \$293,407          | \$181,125          | \$178,953          | \$218,482          | \$5,981,477         |
| 15       | TOTAL EMBEDDED GAS COSTS       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    | <u>\$13,190,682</u> |

Cascade Natural Gas Corporation  
 OREGON 2005 GAS COST TRACKING APPLICATION  
 AVERAGE CURRENT GAS COST DETERMINATION  
 DEVELOPMENT OF CURRENT PIPELINE AND SUPPLY RATES

| LINE No. |                                  | UNITS      | OCT 1, 2005 RATE | AMOUNT        | COMMODITY COST OF GAS | FIXED COST OF GAS |
|----------|----------------------------------|------------|------------------|---------------|-----------------------|-------------------|
| 1        | COMPANY CONTRACT RESERV FEE      | 363,020    | \$7.45445        | 2,706,113     | \$268,485             | \$2,437,678       |
| 2        | COMPANY CONTRACT COMMODITY       | 66,733,285 | \$0.68266        | \$45,556,124  | 66,462,258            | \$45,556,124      |
| 3        | PGT T-1                          | 211,902    | \$6.71140        | \$1,422,163   |                       | \$1,422,163       |
| 4        | PGT T-1 (Malin)                  | 36,000     | \$4.65056        | \$167,420     |                       | \$167,420         |
| 5        | PGT T-3 (Expansion)              | 74,460     | \$3.57128        | \$265,917     |                       | \$265,917         |
| 6        | GTN 2003 Expansion               | 203,800    | \$4.65056        | \$947,784     |                       | \$947,784         |
| 7        | PGT COMMODITY                    | 46,411,637 | \$0.00059        | \$27,423      | \$27,423              |                   |
| 8        | NWP TF-1 DEMAND                  | 195,395    | \$10.13240       | \$1,979,821   |                       | \$1,979,821       |
| 9        | NWP TF-1 COMMODITY               | 26,348,720 | \$0.00319        | \$84,052      | \$84,052              |                   |
| 10       | LS-1 DEMAND                      | 66,660     | \$0.94900        | \$63,260      |                       | \$63,260          |
| 11       | LS-1 CAPACITY                    | 673,906    | \$0.12118        | \$81,664      |                       | \$81,664          |
| 12       | LS-1 COMMODITY                   | 673,906    | \$0.65443        | \$441,025     | 673,906               | \$441,025         |
| 13       | LS-1 LIQUEFACTION                | 673,906    | \$0.05569        | \$37,526      |                       | \$37,526          |
| 14       | LS-1 INVENTORY                   | 673,906    | \$0.03933        | \$26,506      |                       | \$26,506          |
| 15       | LS-1 VAPORIZATION                | 673,906    | \$0.00303        | \$2,042       |                       | \$2,042           |
| 16       | TF-2 TRANSPORTATION CAPACITY     | 1,711      | \$10.13240       | \$17,339      |                       | \$17,339          |
| 17       | TF-2 TRANSPORTATION COMMODITY    | 673,906    | \$0.00300        | \$2,022       | \$2,022               |                   |
| 18       | SGS-1 DEMAND                     | 18,437     | \$0.61649        | \$11,366      |                       | \$11,366          |
| 19       | SGS-1 CAPACITY                   | 688,521    | \$0.02263        | \$15,581      |                       | \$15,581          |
| 20       | SGS-1 COMMODITY                  | 688,521    | \$0.58067        | \$399,806     | 688,521               | \$399,806         |
| 21       | SGS-1 INVENTORY                  | 688,521    | \$0.03490        | \$24,028      |                       | \$24,028          |
| 22       | TF-2 TRANSPORTATION CAPACITY     | 1,840      | \$10.13240       | \$18,641      |                       | \$18,641          |
| 23       | TF-2 TRANSPORTATION COMMODITY    | 688,521    | \$0.00300        | \$2,066       | \$2,066               |                   |
| 24       | WINTER PEAKING RESERVATION (WWP) | 16,665     | \$4.32964        | \$72,153      |                       | \$72,153          |
| 25       | WINTER PEAKING COMMODITY         | 548,169    | \$0.58475        | \$320,539     | 548,169               | \$320,539         |
| 26       | TF-2 TRANSPORTATION CAPACITY     | 1,461      | \$10.13240       | \$14,804      |                       | \$14,804          |
| 27       | TF-2 TRANSPORTATION COMMODITY    | 548,169    | \$0.00300        | \$1,645       | \$1,645               |                   |
| 28       | Capacity Release                 |            |                  | (\$1,000,000) |                       | (\$1,000,000)     |
| 29       | TOTAL AVERAGE CURRENT GAS COSTS  |            |                  | \$53,708,829  | \$47,103,135          | \$6,605,694 =     |
|          |                                  |            |                  | 68,372,854    | \$0.68892             | \$0.76553         |



Cascade Natural Gas Corporation  
**REVENUE UNDER PROPOSED RATES BASED UPON**  
**NORMALIZED TEST PERIOD THERM SALES AND REVENUES FOR THE TWELVE MONTHS**  
**ENDED 06/30/05 RESTATED AT 10/01/04 RATES**  
 State of Oregon

| La                              | Description (e)                      | Rate Schedule (b) | Average Number of Bills (c) | Actual Therms Sold (d) | Weather Normalized Therms Sales (e) | Actual Revenue (f) | Revenue @ 10/01/04 Rates (g) | Weather Normalized Revenue @ 10/01/04 Rates (h) | Proposed Per Therm Change (i) | Revenue Impact of Change (g) | Resulting Percentage Change (h) |  |
|---------------------------------|--------------------------------------|-------------------|-----------------------------|------------------------|-------------------------------------|--------------------|------------------------------|---|-------------------------------|------------------------------|---------------------------------|--|
| <b>CORE MARKET SERVICE</b>      |                                      |                   |                             |                        |                                     |                    |                              |   |                               |                              |                                 |  |
| <b>Residential</b>              |                                      |                   |                             |                        |                                     |                    |                              |   |                               |                              |                                 |  |
| 1                               | General Service                      | 101               | 44,454                      | 32,108,745             | 33,584,428                          | \$ 32,822,667      | \$ 33,836,408                | \$ 35,181,257                                   | \$0.12688                     | \$ 4,261,192                 |                                 |  |
| 2                               | Unbilled Sales @ 06/30/04            |                   |                             | 623,500                | 623,500                             | 610,706            | 629,568                      | 629,568   | \$0.12688                     | 79,110                       |                                 |  |
| 3                               | Less Unbilled Sales @ 06/30/03       |                   |                             | 553,500                | 553,500                             | 500,375            | 515,829                      | 515,829   | \$0.12688                     | 70,228                       |                                 |  |
| 4                               | Total                                |                   | 44,454                      | 32,178,745             | 33,654,428                          | \$ 32,932,998      | \$ 33,950,146                | \$ 35,294,995                                   |                               | \$ 4,270,074                 | 12.10%                          |  |
| <b>Commercial</b>               |                                      |                   |                             |                        |                                     |                    |                              |   |                               |                              |                                 |  |
| 5                               | General Service                      | 104               | 7,872                       | 24,529,933             | 25,790,226                          | \$ 21,587,785      | \$ 22,409,090                | \$ 23,464,969                                   | \$0.12688                     | \$ 3,272,264                 |                                 |  |
| 6                               | Unbilled Sales @ 06/30/04            |                   |                             | 511,316                | 511,316                             | 451,184            | 468,349                      | 468,349   | \$0.12688                     | 64,876                       |                                 |  |
| 7                               | Less Unbilled Sales @ 06/30/03       |                   |                             | 440,462                | 440,462                             | 355,511            | 369,037                      | 369,037   | \$0.12688                     | 55,886                       |                                 |  |
| 8                               | Less Company Use                     |                   |                             | 21,922                 | 21,922                              | 20,908             | 21,703                       | 21,703  | \$0.12688                     | 2,781                        |                                 |  |
| 9                               | Total                                |                   | 7,872                       | 24,578,865             | 25,839,158                          | \$ 21,662,550      | \$ 22,486,700                | \$ 23,542,579                                   |                               | \$ 3,278,472                 | 13.93%                          |  |
| <b>Com-Ind Dual Service</b>     |                                      |                   |                             |                        |                                     |                    |                              |   |                               |                              |                                 |  |
| 10                              | Large Volume - Commercial            | 111               | 4                           | 330,784                | 347,779                             | \$ 261,488         | \$ 274,035                   | \$ 286,825                                      | \$0.12688                     | \$ 44,126                    |                                 |  |
| 11                              | Unbilled Sales @ 06/30/04            |                   |                             | 17,584                 | 17,584                              | 13,867             | 14,532                       | 14,532  | \$0.12688                     | 2,231                        |                                 |  |
| 12                              | Less Unbilled Sales @ 06/30/03       |                   |                             | 10,538                 | 10,538                              | 7,512              | 7,872                        | 7,872   | \$0.12688                     | 1,337                        |                                 |  |
| 13                              | Large Volume - Industrial            | 111               | 9                           | 5,308,484              | 5,308,484                           | 4,168,384          | 4,397,379                    | 4,397,379                                       | \$0.12688                     | 673,540                      |                                 |  |
| 14                              | Total                                |                   | 13                          | 5,646,314              | 5,663,309                           | \$ 4,436,227       | \$ 4,678,074                 | \$ 4,690,864                                    |                               | \$ 718,561                   | 15.32%                          |  |
| <b>Industrial Firm</b>          |                                      |                   |                             |                        |                                     |                    |                              |   |                               |                              |                                 |  |
| 15                              | General Service                      | 105               | 92                          | 3,215,958              | 3,215,958                           | \$ 2,690,807       | \$ 2,792,295                 | \$ 2,792,295                                    | \$0.12688                     | \$ 408,041                   | 14.61%                          |  |
| <b>Industrial Interruptible</b> |                                      |                   |                             |                        |                                     |                    |                              |   |                               |                              |                                 |  |
| 16                              | General Service                      | 170               | 0                           | 0                      | 0                                   | \$ 0               | \$ 0                         | \$ 0  | \$0.12688                     | \$ 0                         | 0.00%                           |  |
| 17                              | TOTAL CORE MARKET                    |                   | 52,432                      | 65,619,882             | 68,372,853                          | \$ 61,722,581      | \$ 63,907,215                | \$ 66,320,733                                   |                               | \$ 8,675,148                 | 13.08%                          |  |
| <b>NONCORE MARKET SERVICE</b>   |                                      |                   |                             |                        |                                     |                    |                              |   |                               |                              |                                 |  |
| 18                              | Gas Supply (R/S 181,182,183,187)     |                   |                             | 8,759,695              | 8,759,695                           | \$ 5,489,977       | \$ 5,489,977                 | \$ 4,826,882                                    |                               | \$ 0                         |                                 |  |
| 19                              | Transportation (R/S 185,186,785,786) |                   |                             | 2,583,089              | 2,583,089                           | \$ 62,235          | \$ 62,235                    | \$ 237,802                                      |                               | \$ 0                         |                                 |  |
| 20                              | Distribution (R/S 163,164,902)       |                   | 25                          | 318,045,698            | 318,045,698                         | \$ 3,883,876       | \$ 3,689,545                 | \$ 3,689,545                                    | \$0.00000                     | \$ 0                         | 0.00%                           |  |
| 21                              | TOTAL NONCORE                        |                   | 25                          | 318,045,698            | 318,045,698                         | \$ 9,436,089       | \$ 9,241,757                 | \$ 8,754,229                                    |                               | \$ 0                         |                                 |  |
| 22                              | TOTAL CORE & NON-CORE                |                   | 52,457                      | 383,665,580            | 386,418,551                         | \$ 71,158,669      | \$ 73,148,973                | \$ 75,074,962                                   |                               | \$ 8,675,148                 |                                 |  |
| <b>Adjustments</b>              |                                      |                   |                             |                        |                                     |                    |                              |   |                               |                              |                                 |  |
| 23                              | City Exaction Tax                    |                   |                             |                        |                                     | \$ 787,133         | \$ 787,133                   | \$ 787,133                                      |                               | \$ 0                         |                                 |  |
| 24                              | Billing/Tech. Adjustments            |                   |                             |                        |                                     | (69,759)           | (69,759)                     | (69,759)  |                               | \$ 0                         |                                 |  |
| 25                              | Other Operating Revenue              |                   |                             |                        |                                     | 942,838            | 942,838                      | 942,838   |                               | \$ 0                         |                                 |  |
| 26                              | Overrun Penalty Revenue              |                   |                             |                        |                                     | 0                  | 0                            | 0   |                               | \$ 0                         |                                 |  |
| 27                              | TOTAL ADJUSTMENTS                    |                   |                             | 0                      |                                     | \$ 1,660,211       | \$ 1,660,211                 | \$ 1,660,211                                    |                               | \$ 0                         |                                 |  |
| 28                              | TOTAL                                |                   | 52,457                      | 383,665,580            |                                     | \$ 72,818,881      | \$ 74,809,184                | \$ 76,735,173                                   |                               | \$ 8,675,148                 |                                 |  |

<sup>1a</sup> Therms shown represent both Cascade and Customer Owned supplies.

<sup>1b</sup> Only shows therms supplied under Cascade's agreements with Northwest Pipeline & Pacific Gas Transmission.

**Before the**  
**OREGON PUBLIC UTILITY COMMISSION**

**EXHIBIT 2**

**Cascade Natural Gas Corporation**

**August 15, 2005**

CALCULATION OF PER THERM RATES TO AMORTIZE DEFERRED ACCOUNTS

| Line No. | Description  | Deferral Order(s) | Account Balance @ 06-30-04 | Interest Assignments & Amortizations Thru 09/30/04 | Revenue Sensitive Costs | Interest and/or Accruals Thru Amortization | Amount        | Proposed Technical Adjustment Rates |   |  | Proposed Period of Amortization                              | Item |
|----------|--|-------------------|----------------------------|--|-------------------------|--|---------------|-------------------------------------|---|--|--|------|
|          |  |                   |                            |  |                         |  |               | Firm Only                           | Other Than Transportation Interruptible | NONCORE [1] R/S 163 & 164 Transportation |  |      |
| (a)      | (b)  | (c)               | (d)                        | (e)  | (f)                     | (g)  | (h)           | (i)                                 | (j)                                     | (k)                                      | (l)  |      |
| 1        | Account # 25308702-DG179   | 04-572            | (\$204,701)                | (\$5,035)  | (\$4,984)               | (\$8,859)                                  | (\$223,379)   | (\$0,00327)                         | (\$0,00327)                             | 1 Year                                   | 704 Core Market Commodity Costs Core Mkt Amortization        |      |
| 2        |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 3        | Account # 25308702-DG180   | 04-572            | (\$89,132)                 | (\$1,700)  | (\$1,683)               | (\$2,924)                                  | (\$75,439)    | (\$0,00110)                         | (\$0,00110)                             | 1 Year                                   | 704 Core Market Demand Costs Core Mkt Amortization           |      |
| 4        |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 5        | Account # 25308702-DG181   | 04-572            | \$1,432,316                | \$35,232   | \$34,871                | \$60,587                                   | \$1,563,006   | \$0,02286                           | \$0,02286                               | 1 Year                                   | 704 Capacity Held for Cap. Release Mkt Core Mkt Amortization |      |
| 6        |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 7        | Account # 25308702-DG182   | 04-572            | (\$1,403,734)              | (\$34,529)   | (\$34,175)              | (\$59,377)                                 | (\$1,531,816) | (\$0,02240)                         | (\$0,02240)                             | 1 Year                                   | 704 Capacity Releases Core Mkt Amortization                  |      |
| 8        |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 9        | Account # 25308702-DG183   | 04-572            | (\$685,250)                | (\$16,364)   | (\$16,196)              | (\$28,140)                                 | (\$725,949)   | (\$0,01062)                         | (\$0,01062)                             | 1 Year                                   | 704 Canadian Toll Charges Core Mkt Amortization              |      |
| 10       |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 11       | Account # 25308702-DG190   | 04-572            | (\$53,868)                 | (\$1,571)  | (\$1,555)               | (\$2,702)                                  | (\$69,696)    | (\$0,00102)                         | (\$0,00102)                             | 1 Year                                   | 10/04 Tenaska Gas Storage Mitigation Core Mkt Amortization   |      |
| 12       |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 13       | Account # 25308702-DG195   | 04-572            | (\$2,134)                  | (\$52)   | (\$52)                  | (\$90)                                     | (\$2,328)     | (\$0,00003)                         | (\$0,00003)                             | 1 Year                                   | 10/05 GTN Reservation Refund Core Mkt Amortization           |      |
| 14       |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 15       | Account # 1860181040-RA19  | 04-572            | \$109,341                  | (\$9,136)  | \$2,381                 | \$4,137                                    | \$106,723     | \$0,00156                           | \$0,00156                               | 1 Year                                   | 10/03 Expt Rebate Program Costs Core Mkt Amortization        |      |
| 16       |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 17       | Account # 1860181040-RA20  | 04-572            | \$38,520                   | (\$1,457)  | \$881                   | \$1,530                                    | \$39,474      | \$0,00058                           | \$0,00058                               | 1 Year                                   | 10/03 Expt Rebate Program Lost Margins Core Mkt Amortization |      |
| 18       |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 19       | Account # RESIDUAL DSM ACCT - CORE   | {3}               | \$4,442                    | (\$735)  | \$88                    | \$153                                      | \$3,948       | \$0,00006                           | \$0,00006                               | 1 Year                                   | RESIDUAL DSM ACCT. - CORE Core Mkt Amortization              |      |
| 20       | 95-630-96-162-97-252-98-260-99-431-00-381-01-554-02-401-03-351-04-331-05-818 |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 21       | Account # RESIDUAL ACCOUNT - CORE  |                   | (\$110,199)                | \$167,326  | \$1,357                 | \$2,358                                    | \$60,843      | \$0,00089                           | \$0,00089                               | 1 Year                                   | Consolidation Core Mkt Amortization                          |      |
| 22       |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 23       | Account # RESIDUAL ACCOUNT - CORE FIRM                                       |                   | (\$919)                    | \$1,342  | \$10                    | \$17                                       | \$450         | \$0,00001                           | \$0,00001                               | 1 Year                                   | Consolidation Firm Core Mkt Amortization                     |      |
| 24       |  |                   |                            |  | Divide by               | 68,372,854                                 |               |                                     |   |  |  |      |
| 25       | Account # RESIDUAL ACCOUNT - NONCORE   |                   | (\$856)                    | \$1,206  | \$8                     | \$18                                       | \$376         | \$0,00002                           | \$0,00002                               | 1 Year                                   | Consolidation-NonCore Distrib Mkt R/S 163-164 Amortization   |      |
| 26       |  |                   |                            |  | Divide by               | 22,145,363                                 |               |                                     |   |  |  |      |
| 27       | Account # RESIDUAL ACCOUNT - ALL   |                   | \$4,086                    | (\$2,244)  | \$44                    | \$81                                       | \$1,967       | \$0,00002                           | \$0,00002                               | 1 Year                                   | Consolidation All Dist Customers Amort.                      |      |
| 28       |  |                   |                            |  | Divide by               | 90,518,217                                 |               |                                     |   |  |  |      |
| 29       | TOTAL  |                   | (\$936,174)                | \$134,526  | (\$19,048)              | (\$33,091)                                 | (\$893,262)   | (\$0,01246)                         | (\$0,01247)                             |  |  |      |
| 30       | Reversal of 1 year 10/04 TECH ADJUSTMENTS                                    |                   |                            |  |                         |  | \$0,01580     | \$0,01558                           | \$0,00001                               |  |  |      |
| 31       | Reversal of 10/04 PGA BALANCING ACCT. AMORTIZATION                           |                   |                            |  |                         |  | \$0,00863     | \$0,00863                           | \$0,00000                               |  |  |      |
|          | EFFECTIVE RATE SCHEDULE NO. 164 AMORTIZATION RATE                            |                   |                            |  |                         |  | \$0,01197     | \$0,01174                           | \$0,00005                               |  |  |      |

[1] Based upon OPUC Staff direction amortizations applied to these schedules do not flow to the R/S 164-2 Cent/Therm Tail Block rate.

[2] Interest column for DSM accounts includes, per R/S 175, 1) annual return on unamortized account balance associated with DSM program investments and 2) concurrent lost margin/deferrals during the scheduled amortization period.

[3] C 95-630-96-162-97-252-98-260-99-431-00-381-01-554-02-401-03-351-04-331-05-818

Cascade Natural Gas Corporation  
 3% TEST DETERMINATION FOR DEFERRED ACCOUNT AMORTIZATION REVIEWS  
 State of Oregon

|   | <u>AMORTIZATION</u> |               | <u>AMOUNT</u>     |
|---|---------------------|---------------|-------------------|
| <u>PROPOSED AMORTIZATIONS</u>                                       | <u>RATE</u>         | <u>THERMS</u> |                   |
| Actual Recorded Revenues for the<br>12 Month Period Ending 06/30/05 |                     |               | \$72,818,881      |
| <b>FIRM CORE MARKET CUSTOMERS</b>                                   |                     |               |                   |
| Net Effective Rate  | (\$0.01219)         | 68,372,854    | (\$833,651)       |
| <b>CORE MARKET CUSTOMERS</b>  |                     |               |                   |
| Net Effective Rate  | (\$0.01220)         | 68,372,854    | (\$834,093)       |
| <b>NONCORE DISTRIBUTION CUSTOMERS</b>                               |                     |               |                   |
| Net Effective Rate  | \$0.00004           | 22,145,363    | \$837             |
| <br>SUBTOTAL - PROPOSED AMORTIZATIONS                               |                     |               | <br>(\$1,666,907) |
| Ratio: Proposed Amortizations to Earnings                           |                     |               | -2.29%            |

**Before the**  
**OREGON PUBLIC UTILITY COMMISSION**

**EXHIBIT 3**

**Cascade Natural Gas Corporation**

**August 15, 2005**



Cascade Natural Gas Corporation  
 DERIVATION OF PROPOSED RATE LEVEL CHANGE  
 BY RATE SCHEDULE  
 State of Oregon

| Line No.                   | Description  | CORE MARKET RATE SCHEDULES |                  |                  |                  | NONCORE MARKET RATE SCHEDULES |                  |                  |
|----------------------------|--|----------------------------|------------------|------------------|------------------|-------------------------------|------------------|------------------|
|                            |  | R/S 101                    | R/S 104          | R/S 105          | R/S 111          | R/S 170                       | R/S 163          | R/S 164 [1]      |
| Proposed Per Therm Changes |  |                            |                  |                  |                  |                               |                  |                  |
| 1                          | Gas Cost Change<br>(Rate Schedule 191)             | 0.12688                    | 0.12688          | 0.12688          | 0.12688          | 0.12688                       |                  |                  |
| 2                          | Technical Adjustment Change<br>(Rate Schedule 194) | 0.01197                    | 0.01197          | 0.01197          | 0.01197          | 0.01174                       | 0.00005          | 0.00005          |
| 4                          | Total  | <u>\$0.13885</u>           | <u>\$0.13885</u> | <u>\$0.13885</u> | <u>\$0.13885</u> | <u>\$0.13862</u>              | <u>\$0.00005</u> | <u>\$0.00005</u> |

[1] Based upon OPUC Staff direction, this adjustment rate does not apply to the R/S 164 2 Cent/Therm Tail Block Rate.

**CASCADE NATURAL GAS CORPORATION**  
**Summary of Proposed Rates and Revenues**  
**Effective 10/01/05**

| Ln                            | Customer Class<br>(a)       | Schedule<br>(b)         | Current                            |                                    | Proposed Changes            |                                    |                                      | Proposed<br>Average<br>Total<br>Rate /2<br>(i)=d+h | Proposed<br>Commodity<br>Rate<br>(j)=d+h | Normalized<br>Therm<br>Sales/Thruput<br>(k) |
|-------------------------------|-----------------------------|-------------------------|------------------------------------|------------------------------------|-----------------------------|------------------------------------|--------------------------------------|--|--|---|
|                               |                             |                         | Tariff<br>Commodity<br>Rate<br>(c) | Average<br>Total<br>Rate /2<br>(d) | PGA Base<br>Gas Cost<br>(e) | Temporary Rate<br>Remove 04<br>(f) | Rate<br>Increments<br>Add New<br>(g) |  |  |   |
| <b>CORE MARKET SERVICE</b>    |                             |                         |                                    |                                    |                             |                                    |                                      |  |  |   |
| 1                             | Residential                 | 101                     | 97,948                             | 102,703                            | 12,688                      | 2,443                              | (1,246)                              | 13,885   | 111.833                                  | 33,654,428                                  |
| 2                             | Commercial                  | 104                     | 87,928                             | 89,025                             | 12,688                      | 2,443                              | (1,246)                              | 13,885   | 101.813                                  | 25,839,158                                  |
| 3                             | Com-Ind Dual                | 111                     | 80,401                             | 80,401                             | 12,688                      | 2,443                              | (1,246)                              | 13,885   | 94.286                                   | 5,663,309                                   |
| 4                             | Industrial Firm             | 105                     | 83,947                             | 84,361                             | 12,688                      | 2,443                              | (1,246)                              | 13,885   | 97.832                                   | 3,215,958                                   |
| 5                             | Industrial Interr.          | 170                     | 77,643                             | 77,643                             | 12,688                      | 2,421                              | (1,270)                              | 13,839   | 91.482                                   | 0   |
| <b>NONCORE MARKET SERVICE</b> |                             |                         |                                    |                                    |                             |                                    |                                      |  |  |   |
| 6                             | Distribution Transportation | Schedule Nos. 163 & 164 |                                    |                                    |                             |                                    |                                      |  |  |   |
| Blocking                      |                             |                         |                                    |                                    |                             |                                    |                                      |  |  |   |
| 7                             | R/S 163 & 164               | First 10,000            | 12,646                             |                                    | 0.000                       | 0.001                              | 0.004                                | 0.005  | 12.661                                   | 2,615,056                                   |
| 8                             | R/S 163 & 164               | Next 10,000             | 11,432                             |                                    | 0.000                       | 0.001                              | 0.004                                | 0.005  | 11.437                                   | 2,092,776                                   |
| 9                             | R/S 163 & 164               | Next 30,000             | 10,756                             |                                    | 0.000                       | 0.001                              | 0.004                                | 0.005  | 10.761                                   | 4,281,872                                   |
| 10                            | R/S 163 & 164               | Next 50,000             | 6,700                              |                                    | 0.000                       | 0.001                              | 0.004                                | 0.005  | 6.705                                    | 3,893,447                                   |
| 11                            | R/S 163 & 164               | Next 100,000            | 3,519                              |                                    | 0.000                       | 0.001                              | 0.004                                | 0.005  | 3.524                                    | 10,594,598                                  |
| 12                            | R/S 164 ONLY                | Over 500,000            | 2,000                              |                                    | 0.000                       | 0.000                              | 0.000                                | 0.000  | 2.000                                    | 1,263,053                                   |

23,477,749 11

**REVENUES (in dollars)**

| Customer Class<br>(a)         | Schedule<br>(b)     | Proposed Changes            |                                    |                                      | Revenue at                     |                                     |                                 |
|-------------------------------|---------------------|-----------------------------|------------------------------------|--------------------------------------|--------------------------------|-------------------------------------|---------------------------------|
|                               |                     | PGA Base<br>Gas Cost<br>(d) | Temporary Rate<br>Remove 04<br>(e) | Rate<br>Increments<br>Add New<br>(f) | Current Avg<br>Rates /2<br>(c) | Proposed Avg<br>Rates /2<br>(h)=c+g | Percent<br>Change /2<br>(i)=h/c |
| <b>CORE MARKET SERVICE</b>    |                     |                             |                                    |                                      |                                |                                     |                                 |
| 13                            | Residential         | \$4,270,074                 | \$822,178                          | (\$419,334)                          | \$34,564,195                   | \$39,237,112                        | 13.5%                           |
| 14                            | Commercial          | \$3,278,472                 | \$631,251                          | (\$321,956)                          | \$23,003,253                   | \$26,591,020                        | 15.6%                           |
| 15                            | Com-Ind Dual        | \$718,561                   | \$138,355                          | (\$70,565)                           | \$4,553,357                    | \$5,339,708                         | 17.3%                           |
| 16                            | Industrial Firm     | \$408,041                   | \$78,566                           | (\$40,071)                           | \$2,713,009                    | \$3,159,545                         | 16.5%                           |
| 17                            | Industrial Interr.  | \$0                         | \$0                                | \$0                                  | \$0                            | \$0                                 | 0.0%                            |
| <b>NONCORE MARKET SERVICE</b> |                     |                             |                                    |                                      |                                |                                     |                                 |
| 18                            | Dist Transportation | \$0                         | \$235                              | \$939                                | \$1,833,450                    | \$1,834,624                         | 0.1%                            |
| 19                            | Other               | \$0                         | \$0                                | \$0                                  | \$5,552,213                    | \$5,552,213                         | 0.0%                            |
| 20                            | Total Revenues      | <u>\$8,675,148</u>          | <u>\$1,670,584</u>                 | <u>(\$850,987)</u>                   | <u>\$72,219,477</u>            | <u>\$81,714,221</u>                 | <u>13.1%</u>                    |

1/ R/S 163 &amp; 164 Volumes exclude therms in \$.02 tail block since OPUC directive establishes that this block is not affected by any rate changes.

2/ Reflects inclusion of monthly customer service charges, which does not change in this tracking filing, as well as division of costs by normalized therms sales.

Cascade Natural Gas Corporation  
 AVERAGE MONTHLY USE AND COST BY RATE SCHEDULE  
 TWELVE MONTHS ENDED 06/30/05  
 State of Oregon

| Line No. | Rate Schedule (a) | Average Normalized |               | AVERAGE MONTHLY REVENUE      |                                    |                    |
|----------|-------------------|--------------------|---------------|------------------------------|------------------------------------|--------------------|
|          |                   | Monthly Therms (b) | As Billed (c) | Normalized 10/1/03 Rates (d) | Proposed Rates Using Therm Adj (e) | Monthly Change (f) |
| 1        | 101               | 63                 | \$ 61.53      | \$ 64.79                     | \$ 73.55                           | \$ 8.76            |
| 2        | 104               | 273                | \$ 228.52     | \$ 243.51                    | \$ 281.49                          | \$ 37.98           |
| 3        | 105               | 2,900              | \$ 2,426.25   | \$ 2,446.27                  | \$ 2,848.90                        | \$ 402.63          |
| 4        | 111               | 36,729             | \$ 28,765.40  | \$ 29,567.25                 | \$ 34,673.43                       | \$ 5,106.17        |
| 5        | 170               | 0                  | \$ 0          | \$ 0                         | \$ 0                               | \$ -               |

**Advise No. CNG\O05-08-01**

**Cascade Natural Gas Corporation**

**NOTICE TO THE PUBLIC**

**Oregon Service Area**

Cascade Natural Gas Corporation is on this date filing with the Oregon Public Utility Commission (OPUC) at Salem, Oregon, revisions to Rate Schedule Nos. 191 and 194 which upon approval by the Commission will become effective October 1, 2005.

The rate adjustments proposed in this filing are designed to pass on changes in the cost of gas and transportation services paid by Cascade to gas suppliers and interstate natural gas pipelines, temporary differences in purchased gas costs, that occur over time, as a result of differences between the actual cost of gas paid by the Company and the amount allowed for in Core customer rates, and removal of certain technical deferral refunds that have expired.

The overall effect of the proposed rate adjustments on the monthly bill of a residential customer with consumption of 63 therms will be a net increase of \$8.76 or 13.5%. For small commercial customers, the increase in the monthly bill for consumption of 273 therms will be \$37.98 or 15.6%. Large volume core customers will experience an average increase of 17.0% depending on monthly volumes consumed. Large volume non-core customers will experience an average increase of .1% for distribution service from Cascade depending on the monthly volumes consumed.

By: Jon T. Stoltz  
Senior Vice President,  
Regulatory and Gas Supply

Date: August 15, 2005

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 860-27-300(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 as follows:

Item 1 - PGA Balancing Accounting/Wholesale Gas Costs

Cascade requests that this Commission reauthorize deferral of all gas costs differences associated with purchases of gas supplies for system supply requirements that differ from the system supply gas costs embedded in rates, on a monthly basis, over an established annual period. Such differences are typically accumulated in subaccounts of Account No. 253 for distribution to system supply customers at a later date, consistent with the procedures outlined in the Company's Purchase Gas Adjustment (PGA) Schedule No. 177.

Cascade's request specifically distinguishes between the PGA Balancing Account and all other purchase gas costs to clearly request deferral authority for all costs associated with the PGA methodology.

The Commission approved by Order 89-1046, deferral of gas cost differences for the 12-month period beginning November 1, 1989 through the PGA methodology. Deferral of system supply gas cost differences was authorized by this Commission by Order 89-1046 for 12 months. Subsequently, Cascade continues to purchase system supply gas supplies. Cascade proposes to defer the associated commodity gas cost differences from the commodity prices established in Rate Schedule No. 177-B, in a sub-account of Account No. 253, consistent with the procedures established by the PGA methodology. Entries reflecting these gas supply differences have been continuously entered to such sub-account since this deferral was authorized.

Concurrent with the establishment of the PGA Balancing Account deferral is an understanding that all other wholesale system supply gas costs received deferral authority. Cascade recognizes that its current Purchased Gas Cost Adjustment Provision Schedule No. 177 might provide sufficient authority to defer changes in purchased gas costs other than those addressed by the PGA Balancing Account. Cascade submits this application for the reason that the Schedule No. 177 tariff might not contain sufficient authority to permit deferral of all other purchased gas costs incurred in acquiring system supplies. Accordingly, Cascade protectively files a wholesale gas cost deferral request at this time, in order to ensure that ratepayer and stockholder interests are protected with respect to any impacts of non-commodity related gas cost rate adjustments.

Cascade proposes to defer the impacts of non commodity related wholesale gas cost changes into separate 253 sub-accounts to individually record the impacts of these cost changes. This treatment effectively isolates the effects of the cost change so that they may be amortized independently in accord with Commission precedent. In the event that deferral is not approved, Cascade will account for the net expense in gas cost Account 804.

Cascade submits a deferral of these cost changes is permissible under Oregon law because the deferred cost would result "...from changes in the wholesale price of natural gas...approved by the Federal Energy Regulatory Commission:" ORS 757.259(2)(a), and would minimize the frequency of rate changes and fluctuation in rate levels pursuant to ORS 757.259(2)(c).

Based upon these considerations, Cascade requests that the Commission approve this request for deferred accounting treatment. This request for authorization to establish deferral accounts does not represent a rate change, but will permit the Commission to consider allowing deferred amounts in rates in a subsequent proceeding.

The annualized effect of the potential changes in the wholesale price of natural gas services to Cascade's Oregon system is balanced somewhat by the fact that some cost components can increase while others can experience decreases. The combined annual impact of the changes in Cascade's Oregon operation is difficult to estimate with any certainty, given the numerous variables that can influence wholesale gas cost price determinations. Since future rate changes will correct any imbalances created by wholesale gas cost price fluctuations, Cascade seeks with this application to receive 12-month deferred reauthorization.

#### Item 2 - Notification

A copy of a notice of this application for reauthorization for the deferral accounts and a list of the person served with the notice is attached hereto as Appendix A.

WHEREFORE, Cascade respectfully requests that its deferral accounts above referred to be appropriately reauthorized. The attached Notice of 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-86/88).

DATED this 15th day of August, 2005.

Respectfully submitted,

CASCADE NATURAL GAS CORPORATION

By:

Katherine J. Barnard  
Director, Regulatory Affairs

BEFORE THE OREGON PUBLIC UTILITY COMMISSION

IN THE MATTER OF THE APPLICATION OF )        NOTICE OF APPLICATION  
CASCADE NATURAL GAS CORPORATION )        FOR REAUTHORIZATION  
FOR AN ORDER REAUTHORIZING )  
DEFERRAL OF CERTAIN COSTS )

Cascade Natural Gas Corporation (herein "Cascade") hereby gives notice to all parties and interested persons from its last general rate case, Docket No. UG-86/88, that Cascade has applied to the Oregon Public Utility Commission for an order reauthorizing deferral accounting in connection with Account No. 253, which is a deferral established for the purpose of administering the balancing account mechanism established in the Company's Purchased Gas Adjustment (PGA) Tariff Schedule No. 177. Also, Cascade has applied to the Oregon Public Utilities Commission for an order reauthorizing deferral accounting in connection with Account No. 253, which is a deferral established to track differences in wholesale gas costs.

Any party desiring a copy of Cascade's Application should contact Katherine J. Barnard, Director - Regulatory Affairs, at Cascade Natural Gas Corporation, P.O. Box 24464, Seattle, Washington 98124. Any parties desiring to make comments to the Oregon Public Utility Commission must do so within 30 days.

Cascade Natural Gas Corporation's Application for Reauthorization for deferral is not a rate change but will permit the Commission to consider allowing such deferral amounts in rates in a subsequent proceeding.

DATED this 15th day of August, 2005.

Respectfully submitted,

CASCADE NATURAL GAS CORPORATION

By:

Katherine J. Barnard  
Director, Regulatory Affairs