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FACSIMILE 206-654-4039

CNG/O05-10-01

January 9, 2006

Ms. Vikie Bailey-Goggins
Oregon Public Utility Commission
550 Capitol Street NE #215
P.O. Box 2148
Salem, OR 97308-2148

Dear Ms. Bailey-Goggins:


Cascade Natural Gas Corporation ("Cascade") encloses the following tariff sheets associated with its filing under Advice Number CNG/O05-10-01 dated October 17, 2005 with the following replacement and new pages with a requested effective date of January 11, 2006.

Substitute Original Sheet No. 31
Substitute Original Sheet No. 31-A
First Revision Sheet No. 175

The Company is requesting that the proposed tariff's become effective with Less than Statutory Notice and has enclosed the necessary LSN application form that incorporates Staff's recommended changes.

Should you have any questions regarding this filing, please contact me at (206) 381-6823.

Sincerely,



Jon T. Stoltz
Sr. Vice President
Regulatory & Gas Supply

Enclosures

We make warm neighbors

www.cngc.com

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON
550 CAPITAL ST NE
SALEM, OR 97310-1380

IN THE MATTER OF THE APPLICATION OF) UTILITY L.S.N. APPLICATION
Cascade Natural Gas Corporation) NO. _____
(Utility Company)
TO WAIVE STATUTORY NOTICE:)

NOTE: ATTACH EXHIBIT IF SPACE IS INSUFFICIENT.

1. GENERAL DESCRIPTION OF THE PROPOSED SCHEDULE(S) ADDITION, OR CHANGE. (SCHEDULE INCLUDES ALL RATES, TOLLS AND CHARGES FOR SERVICE AND ALL RULES AND REGULATIONS AFFECTING THE SAME)

Cascade Natural Gas proposes to substitute the tariff sheets associated with its filing under Advice Number CNG/O05-10-01 dated October 17, 2005 with the replacement filed with O.P.U.C. on January 9, 2006. These revisions incorporate Staff's recommended changes.

2. APPLICANT DESIRES TO CHANGE THE SCHEDULE(S) NOW ON FILE KNOWN AND DESIGNATED AS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM)

**Original Sheet No. 31
Original Sheet No. 31A**

3. THE PROPOSED SCHEDULE(S) SHALL BE AS FOLLOWS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM)

**Substitute Original Sheet No. 31
Substitute Original Sheet No. 31A
First Revision Sheet No. 175**

4. REASON(S) FOR REQUESTING A WAIVER OF STATUTORY NOTICE.

The filing of this revision does not permit Cascade to comply with the Commission's 30-day noticing requirement. Accordingly, Cascade respectfully requests a leave of statutory notice to facilitate approval of the proposed revisions effective January 11, 2006.

5. REQUESTED EFFECTIVE DATE OF THE NEW SCHEDULE(S) OR CHANGE(S): January 11, 2006

6. Authorized Signature  Title Senior Vice President
Regulatory Affairs & Gas Supply Date: 01/05/06

PUC USE ONLY

EFFECTIVE DATE OF APPROVED SCHEDULE(S) OR CHANGE

APPROVED DENIED

AUTHORIZED SIGNATURE

DATE

CASCADE NATURAL GAS CORPORATION

**PUBLIC PURPOSES FUNDING
SCHEDULE NO. 31**

(N)

PURPOSE:

The purpose of this provision is to define the funding method for public purposes activities to be administered through one or more independent entities. Public purposes activities include, but may not necessarily be limited to, energy efficiency programs, market transformation and low-income conservation and bill assistance programs designed to benefit firm sales customers within Cascade Natural Gas's service territory in Oregon.

TERM:

This schedule shall terminate on September 30, 2010.

ADJUSTMENT TO RATES:

Effective February 1, 2006, a public purpose charge equal to .75% of the total amount billed for energy use in each month will be assessed as a line item on the bill of rate schedules 101 and 104 customers. The level of the public purpose charge will be reviewed and revised as necessary pending the completion of the independent conservation potential analysis.

Effective January 11, 2006, Cascade will provide an additional 0.75% of current revenues generated by rate schedules 101 and 104 as Public Purposes Funds on a monthly basis.

The Public Purposes Funds shall be allocated to specific separate accounts to fund the respective public purposes programs as follows:

- 1.20% will support public purpose funding of energy efficiency programs that replace programs previously administered by Cascade with energy efficiency programs administered by an independent entity.
- 0.30% will support public purpose funding for low-income conservation and bill assistance activities.

SPECIAL TERMS AND CONDITIONS:

1. 80% of the monies designated as public purpose funding will be transferred to the Energy Trust of Oregon. The Energy Trust of Oregon will use the funds to design, promote and administer Natural Gas energy efficiency programs in accordance with agreements executed between Cascade and the Energy Trust.
2. 20% of the monies designated as public purpose funding will be transferred to two internal program accounts and dispersed to Community Action Agencies (Agencies) for the purpose of adding or expanding low-income weatherization programs and bill assistance programs. Until September 30, 2006, or until such time that the agencies indicate it is feasible to expand the low-income weatherization programs identified in Schedule 33, the entire funding will be used for bill payment assistance programs. Commencing October 1, 2006, 75% of the funding will be designated for low-income conservation programs, and the remaining 25% will be designated for bill payment. The internal accounts shall accrue interest at the Company's currently effective authorized rate of return.

(Continued on next page)

(N)

CNG/O05-10-01

ISSUED January 9, 2006

EFFECTIVE January 11, 2006

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President
Regulatory & Gas Supply

CASCADE NATURAL GAS CORPORATION

PUBLIC PURPOSES FUNDING
SCHEDULE NO. 31

(N)

SPECIAL TERMS AND CONDITIONS: (Continued from Previous Page)

- 3. On the 20th of each month, Cascade will contribute 0.75% towards Public Purposes Funding. This contribution will be based on the amount of the prior month's residential (Schedule 101) and commercial (schedule 104) booked revenues. Cascade will forward the contributed funds, less a reserve for uncollectibles in an amount equal to Cascade's average percentage of net write-offs, to each fund administrator on the 20th of each month. Funds retained after the 20th of the month will earn interest at the Company's authorized rate of return until distributed to the fund administrators unless otherwise specified in an approved program or other agreement.
- 4. Each month, the Company will bill the public purposes surcharge on all rate schedule 101 and 104 customers bills. By the 20th of the month following the billing month, the Company will forward the amount of funds expected to be collected from billings issued for the prior calendar month, less a reserve for uncollectibles in an amount equal to Cascade's average percentage of net write-offs, to each fund administrator. Funds retained after the 20th of the month will earn interest at the Company's authorized rate of return until distributed to the fund administrators unless otherwise specified in an approved program or other agreement.
- 5. The Company, and any independent entity selected to administer public purposes programs under this Tariff, will report program results as directed by the Commission. Copies of all reports provided by the fund administrators to the Commission shall also be submitted to the Company for review.
- 6. All Public Purposes Funds will be allocated only to programs that are available within the Company's Oregon service territory.

(N)

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BY Jon T. Stoltz

TITLE Senior Vice President
Regulatory & Gas Supply

CASCADE NATURAL GAS CORPORATION

**ENERGY EFFICIENCY INVESTMENT RECOVERY ADJUSTMENT PROVISION
SCHEDULE NO. 175**

APPLICABLE:

This Energy Efficiency Investment Recovery Adjustment Provision ("EIRAP") shall apply to all bundled Gas Sales Service Rate Schedules in this Tariff.

PURPOSE:

The purpose of this provision is to allow the Company on Adjustment Dates to adjust each rate schedule subject to this provision to recover capitalized investment costs associated with O.P.U.C. approved Demand Side Management (DSM) program(s). This provision also allows recovery of revenue margin loss resulting from energy savings achieved through approved DSM program(s).

ADJUSTMENT DATE:

The Company shall file for rate changes to recover DSM program investment costs and margin losses with an effective date of December 1, of each year, concurrent with the Company's annual Purchased Gas Cost Adjustment ("PGA") filing.

AMOUNT OF ADJUSTMENT:

Capitalized Investment

Installation and acquisition costs associated with approved DSM program(s) will be capitalized through Account 186 and will be amortized over the useful life of the measure. Program specific advertising expenses may also be capitalized upon approval by the O.P.U.C.. The aggregate annual amortization expense associated with capitalized DSM program costs, inclusive of a return on the unamortized account balance(s) at the Company's overall allowed rate of return, will be included as a periodic rate adjustment concurrent with the Company's annual "PGA" filing. The rate adjustment will be spread on an equal cents/therm basis to all bundled gas sales service customers using normalized system supply sales volumes from the Company's latest semiannual report.

Lost Margin Recovery

Annual net lost margins associated with energy savings resulting from approved DSM programs will be estimated for each twelve (12) month period ending June 30 and included as a temporary rate adjustment in the calculation of the effective tariff rates. The temporary rate adjustment will be amortized to rates, for a period of one year, on an equal cents per therm basis to all system supply sales volumes using the normalized system supply sales volumes from the Company's latest semiannual report. Estimated therm savings and associated net lost revenue margins used in developing the temporary rate adjustments will be subject to true-up and amortization in the second 12 month period commencing December 1, to reflect the measurement and verification of therm savings and net lost margins actually experienced during the period estimated. Measurement and verification will be completed for each of the three years following inclusion of the temporary rate increment in rates.

Net lost revenue margins for each DSM program will be calculated at the tariff rate, applicable to customers targeted by a particular DSM program, in effect during the period for which the savings were calculated, minus the WACOG (including all pipeline transportation and capacity charges), net of all temporary adjustments, times the annual therm savings under the approved DSM program.

Effective January 11, 2006, and the implementation of the company's Rule 19, the Conservation Alliance Plan, (N)
the company will discontinue the deferral of lost margin recovery associated with Rate Schedules 101 and 104 (N)
conservation programs. (N)

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BY Jon T. Stoltz

TITLE Senior Vice President
Regulatory & Gas Supply