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January 13, 2016

ADV 172
CNG/O15-12-01A

Oregon Public Utility Commission
Attn: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

Re: Supplemental filing
Schedule 31, Public Purposes Funding

Cascade Natural Gas Corporation (Cascade or the Company) filed Advice No. CNG/O15-12-01 on December 11, 2015. At the request of Staff, the Company herein files the following **replacement** sheet stated to become effective February 1, 2016:

Tenth Revision Sheet No. 31

First Revision Sheet No. 31-A **remains** as filed on December 11, 2015.

The purpose of this supplemental filing is to revise Schedule 31, Public Purpose Charge to reduce collections for the low income conservation program, as requested by Staff. Collections from the public purpose charge fund the Company's low income programs as well as the conservation programs administered by the Energy Trust of Oregon.

The Company's low income programs include the Oregon Low Income Conservation (OLIEC) program as described in Schedule 33 and the Low Income Bill Pay Assistance Program. With the approval of the Company's decoupling mechanism in Order 06-191 issued in Docket No. UG-167, the Company began assessing a public purpose charge which included the annual collection of \$150,000 for OLIEC and \$50,000 for bill pay assistance.

This filing continues to fund OLIEC and bill pay assistance at the established annual levels. In its initial filing, the Company asked to collect additional public purpose dollars for its Conservation Achievement Tariff (CAT) pilot program which is a complementary offering established in Schedule 33 as part of the OLIEC program. While OLIEC offers prescriptive rebates for the installation of qualifying energy efficiency measures, CAT supplements those OLIEC rebates by paying the remaining measure cost. CAT was developed as a potential means for addressing the barriers that prevent OLIEC from achieving a reasonable market penetration.

The Company began piloting CAT on January 1, 2014, with a termination date of December 31, 2015. The initial CAT pilot was funded using \$400,000 of unspent OLIEC dollars. The CAT pilot performed well but the Company is unsure if its success is sustainable. In order to continue studying CAT's ability to increase OLIEC's reach to low income customers, the Company filed Advice No. O15-11-02, wherein it asked to

extend the CAT pilot term to December 31, 2017. The Commission approved this request at the December 15, 2015, public meeting.

In Cascade's initial filing, the Company budgeted \$400,000 for CAT in 2016. This amount was based on the amount of unspent OLIEC dollars allocated to CAT at its inception as well as the significant uptick in spending and homes weatherized in 2015. Staff requested the Company reduce CAT's 2016 budget from \$400,000 to \$200,000. The Company herein revises its public purpose charge accordingly but is concerned this cut may be too severe. If the Company finds that CAT is able to spend more than it collects, the Company will again file to revise the public purpose charge to ensure it can test the success of CAT without having stops and starts to the program delivery because of insufficient funding.

Attached are three revised workpapers: Workpaper 1 demonstrates how the rate for the public purpose charge was developed. The public purpose charge is a percentage of billed revenues set to collect the budgetary needs of the conservation and low income programs for 2016 less the total of any carryover budgets minus committed or reserve funds.

The Workpaper 2 shows the carryover budget for OLIEC and CAT. It presents the pipeline of projects in progress where funds are committed but not yet spent. We subtract the committed dollars from the carryover. The 2016 budget (\$150,000 for OLIEC and \$200,000 for CAT) are reduced by monies that remain (carryover minus committed dollars). This amount needed for OLIEC and CAT feeds into the total amount needed as demonstrated in the Workpaper 1.

Workpaper 3 shows the rate impact that revising the public purpose charge from 1.85% to 3.4% will have on each applicable rate schedule. The estimated monthly bill impact for the average residential customer using 56 therms per month will be an additional \$0.93 and the average commercial customer using 236 therms per month will pay \$3.28 more. Industrial customers, who are not currently paying the public purposes funding charge, will begin having this charge assessed and the average industrial customer using 10,574 therms per month will pay an additional \$242.15 per month.

Also attached is an application requesting the enclosed replacement sheet is approved on less than statutory notice, with an effective date of February 1, 2016.

If you have any questions regarding this filing, please contact Jennifer Gross at (509) 734-4635.

Sincerely,



Michael Parvinen
Director, Regulatory Affairs

Attachment

LESS THAN STATUTORY NOTICE APPLICATION

This document may be electronically filed by sending it as an attachment to an electronic mail message addressed to the Commission's Filing Center at puc.filingcenter@state.or.us.

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

IN THE MATTER OF THE APPLICATION OF Cascade Natural Gas _____ (UTILITY COMPANY) TO WAIVE STATUTORY NOTICE.)))))	UTILITY L.S.N. APPLICATION NO. _____ (LEAVE BLANK)
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NOTE: ATTACH EXHIBIT IF SPACE IS INSUFFICIENT.

1. GENERAL DESCRIPTION OF THE PROPOSED SCHEDULE(S) ADDITION, DELETION, OR CHANGE. (SCHEDULE INCLUDES ALL RATES, TOLLS AND CHARGES FOR SERVICE AND ALL RULES AND REGULATIONS AFFECTING THE SAME)
 Upon Staff's request, the Company is refiling its proposed changes to its Public Purpose Charge(Schedule 31) to reduce the amount that will be collected for the low income weatherization program.

2. APPLICANT DESIRES TO CHANGE THE SCHEDULE(S) NOW ON FILE KNOWN AND DESIGNATED AS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM)
 Ninth Revision Sheet No. 31

3. THE PROPOSED SCHEDULE(S) SHALL BE AS FOLLOWS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE AND ITEM)
 Tenth Revision Sheet No. 31

4. REASONS FOR REQUESTING A WAIVER OF STATUTORY NOTICE:
 The Company would like to maintain the initially requested effective date of February 1, 2016.

5. REQUESTED EFFECTIVE DATE OF THE NEW SCHEDULE(S) OR CHANGE(S): February 1, 2016

AUTHORIZED SIGNATURE 	TITLE Director, Regulatory Affairs	DATE January 13, 2016
PUC USE ONLY		
<input type="checkbox"/> APPROVED <input type="checkbox"/> DENIED	EFFECTIVE DATE OF APPROVED SCHEDULE(S) OR CHANGE	
AUTHORIZED SIGNATURE	DATE	

CASCADE NATURAL GAS CORPORATION

**PUBLIC PURPOSES FUNDING
SCHEDULE NO. 31**

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 sales customers within Cascade Natural Gas's service territory in Oregon.

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(D)

ADJUSTMENT TO RATES:

Effective February 1, 2016, a public purpose charge equal to 3.4% of current revenues, including customer service charges, in each month will be assessed as a line item on the bills of rate schedules 101, 104, 105, 111 and 170. The level of the public purpose charge will be reviewed and revised as necessary based on periodic evaluation of public purposes funding needs.

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

- 3.15% 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.
- 0.25% will support public purpose funding for low-income conservation and bill assistance activities.

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SPECIAL TERMS AND CONDITIONS:

1. 93% 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. 7% 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. 70% of the funding will be designated for low-income conservation programs, and the remaining 30% will be designated for bill payment assistance. The internal accounts shall accrue interest at the Company's currently effective authorized rate of return.

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CNG/O15-12-01A

Issued January 13, 2016

Effective with Service on and After February 1, 2016

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Scott W. Madison

TITLE Executive Vice President
General Manager

Cascade Natural Gas Corporation
 Advice No. O15-12-01, Schedule 31
 2016 Public Purposes Funding Surcharge

WORKPAPER 1

Energy Trust 2016 Budget Overview	
2016 Energy Trust Budget	\$2,582,430
2015 Carryover Funds	-\$715,602
Program Reserve	\$248,061
Total 2016 Funding Need	\$2,114,889

Total Public Purpose Charge Funding Needed in 2016	
Energy Trust Need	\$2,114,889
OLIEC	\$28,920
CAT	\$86,761
OR Bill Pay Assistance	\$50,000
Total	\$2,280,570

UG 287 2016 Forecast Revenues*	
Schedule 101	\$38,175,248
Schedule 104	\$23,675,912
Schedule 105	\$2,126,218
Schedule 111 tier 1	\$438,069
Schedule 111 tier 2	\$786,354
Schedule 170	\$1,891,976
Total	\$67,093,777
*Forecast Revenues as filed in UG 287	

Schedule 31 Rate	
Energy Trust Programs	3.15%
LI Programs	0.25%
Total	3.40%

Percentage of Sch 31 Charge	
Energy Trust	93%
Amount to LI Programs	
OLIEC	5%
Bill Pay Assistance	2%
Total to LI Programs	7%
Total	100%

Percentage LI Program Funding	
Total	\$165,681.33
% of whole charge	7%
OLIEC	17%
CAT	52%
OLIEC & CAT	70%
Bil Pay Assistance	30%

WORKPAPER 2

**OREGON LOW INCOME ENERGY CONSERVATION (OLIEC) AND
 CONSERVATION ACHIEVEMENT TARIFF (CAT) PY 2015-2016 BUDGET FORECAST**

Carryover Balance as of Nov. 30, 2015	
OLIEC	\$ 144,751.35
CAT	\$ 189,101.36
LI WX total	\$ 333,852.71

LI-WX Pipeline		
CAP AGENCY	TOTAL ESTIMATED COST	STATUS
CCNO	\$ 6,796.68	AWARDED
CCNO	\$ 9,341.68	AUDITED
CCNO	\$ 4,959.68	AUDITED
NI	\$ 9,000.00	APPLICATION COMPLETE
NI	\$ 9,000.00	AUDITED
NI	\$ 9,000.00	AUDITED
NI	\$ 15,823.00	COMPLETE
NI	\$ 4,349.00	COMPLETE
NI	\$ 9,000.00	APPLICATION COMPLETE
CINA	\$ 2,656.00	AUDITED
CINA	\$ 2,772.00	AUDITED
CINA	\$ 3,393.00	AUDITED
CINA	\$ 4,727.00	AUDITED
CINA	\$ 8,716.00	AUDITED
TOTALS	\$ 99,534.04	

PIPELINE DETAIL		Available Funds	
OLIEC	\$ 24,883.51	LI WX Carryover	\$ 333,852.71
CAT	\$ 74,650.53	Pipeline	\$ 99,534.04
TOTAL	\$ 99,534.04	Available Funds	\$ 234,318.67

2016 Budget		2015 Carryover	
OLIEC Budget	\$ 150,000.00	OLIEC Carryover	\$ 58,579.67
CAT Budget	\$ 200,000.00	CAT Carryover	\$ 175,739.00
TOTAL	\$ 350,000.00	TOTAL	\$ 234,318.67
		Needed Funds	\$ 115,681.33

Estimated Homes treated under OLIEC and CAT in PY 2015-2016	
Average cost per home	\$5,955
Estimated Homes treated	73

Note: This is a rough estimate based on the cost to treat a home as reported in the Company's OLIEC Annual Report filed in Docket RG-7. The Company has extended its CAT pilot program to further study the costs and number of homes that could be typically expected under the CAT program.

Cascade Natural Gas Corporation
TOTAL PROPOSED RATES IMPACT ON AVERAGE BILL BY RATE SCHEDULE
 STATE OF OREGON

Ln No.	Customer Class (a)	Schedule (b)	Normalized Volumes (d)	Average Customers (e)	Therms Per Month (f) = d / e	Monthly Charge (g)	Current 11/1/2015 Rate (h)	Current Avg Bill (i) = g + (f * h)	Current Monthly PPC 1.85% (j)	Proposed Monthly PPC 3.40% (k)	Bill Impact (l)	CUSTOMER CLASS
CORE MARKET SERVICE												
1	Residential	101	39,224,150	58,105	56	\$3.00	0.84360	\$50.24	\$0.92947	\$1.85894	\$0.92947	RESIDENTIAL
2	Commercial	104	27,353,904	9,640	236	\$3.00	\$0.73962	\$177.55	\$3.28468	\$6.56936	\$3.28468	COMMERCIAL
3	Com-Ind Dual	111	1,776,477	14	10,574	\$0.00	\$0.61895	\$6,544.78	n/a	\$242.15676	\$242.15676	INDUSTRIAL
4	Industrial Firm	105	2,708,226	114	1,980	\$12.00	\$0.65310	\$1,305.14	n/a	\$48.29011	\$48.29011	
5	Industrial Interruptible	170	2,526,128	4	52,628	\$0.00	\$0.59587	\$31,359.45	n/a	\$1,160.29952	\$1,160.29952	