



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

CNG/O08-08-03

August 29, 2008

Ms. Vikie Bailey-Goggins
Oregon Public Utility Commission
550 Capitol Street NE
Salem, OR 97310-1380

Dear Ms. Bailey-Goggins:

Pursuant to ORS 757.259 and OAR 860-27-300(4), Cascade Natural Gas Corporation submits an original and three (3) copies of a request for an order reauthorizing it to utilize deferral accounting for 1) the PGA's Deferred Gas Cost Balancing Account and wholesale gas costs, and 2) deferred accounting for changes in margin due to conservation and variances from normal weather, consistent with the procedures outlined in the Company's Conservation Alliance Plan (CAP) Schedule No. 30 that was approved by the Commission's Order No. 06-191.

Cascade seeks, with this application, to receive additional reauthorization of these deferrals for the next twelve months or until November 1, 2009.

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

Sincerely,



Jon D. Stoltz
Issuing Officer

JTS/ cl
Enclosures

We make warm neighbors

www.cngc.com

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 for the 12-month period beginning November 1, 2007. The Company's last reauthorization commenced November 1, 2007, and therefore, the existing 12-month reauthorization period has not yet expired. This instant application seeks reauthorization for the period beginning November 1, 2008 through October 31, 2009.

Specifically, in this Application, Cascade requests reauthorization to defer:

1. Gas Cost differences as set forth currently in Purchase Gas Adjustment (PGA) Schedule No. 177.
2. Amounts associated with changes in margin due to conservation and variances from normal weather, consistent with the procedures outlined in the Company's Conservation Alliance Plan (CAP) Schedule No. 30 that was approved by the Commission's Order No. 06-191.

Item 1 – PGA Balancing Accounts

Cascade requests reauthorization to continue deferring gas cost differences as set forth currently in Purchase Gas Adjustment (PGA) Schedule No. 177. Such differences have been accumulated in subaccounts of Account No 253 for distribution to or collection from customers at a later date consistent with the dictates of the PGA methodology. Gas cost differences will be segregated between demand related cost differences and commodity related cost differences.

It is appropriate that deferral accounting be reauthorized for the same reasons that originally established the PGA mechanism in Order 89-1046. Deferral minimizes both the frequency of rate changes and the fluctuation of rate levels pursuant to subsection (2) (d) of ORS 757.259.

Due to the volatility of the price of gas purchased for customer use the associated costs are difficult to establish with any degree of certainty. This volatility makes the use of deferral accounting extremely important.

Absent the approval of deferred accounting, the charges incurred for gas costs pursuant to the PGA activity and other incurred gas costs would be recorded as increases/decreases in the appropriate 800 gas expense sub-account.

Item 2 – Conservation and Weather Variance Accounts

Cascade requests reauthorization to continue deferring margin differences associated with changes in margin due to conservation and variances from normal weather, consistent with the procedures outlined in the Company's Conservation Alliance Plan (CAP) Schedule No. 30 that was approved by the Commission's Order No. 06-191. According to the provisions in Schedule 30, such differences are accumulated as regulatory assets or liabilities for distribution to or collection from customers annually at the time of the Company's PGA filing.

It is appropriate that deferral accounting be reauthorized for the same reasons that originally established the CAP mechanism in Order 06-191. Deferral minimizes both the frequency of rate changes and the fluctuation of rate levels pursuant to subsection (2) (d) of ORS 757.259. In the absence of the Commission's approval of this Application, the company would record under- or over-collected margins as utility operating revenue in FERC Account 480.

Item 3 – Notification

The copy of this 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-173).

WHEREFORE, Cascade respectfully requests that its PGA deferral accounts and the Conservation and Weather Variance Accounts deferral accounts referred to above be appropriately reauthorized.

DATED this 29th day of August, 2008.

Respectfully submitted,

CASCADE NATURAL GAS CORPORATION

By:

Katherine J. Barnard
Senior Director
Regulatory Affairs & Gas Supply

CERTIFICATE OF SERVICE

I certify that I have this day served the foregoing notice of Cascade's application to reauthorize to defer: 1.) the PGA's Deferred Gas Cost Balancing Account and wholesale gas costs, and 2) deferred accounting for changes in margin due to conservation and variances from normal weather, consistent with the procedures outlined in the Company's Conservation Alliance Plan (CAP) Schedule No. 30 that was approved by the Commission's Order No. 06-191 upon all parties of record in the (UG 173) proceeding by emailing an electronic copy to the following parties or attorneys of parties:

**CABLE HUSTON BENEDICT
HAAGENSEN & LLOYD LLP**

EDWARD A FINKLEA
1001 SW 5TH - STE 2000
PORTLAND OR 97204
efinklea@chbh.com

CHAD M STOKES
1001 SW 5TH - STE 2000
PORTLAND OR 97204
cstokes@chbh.com

CASCADE NATURAL GAS

JON T STOLTZ
SR VICE PRESIDENT--REGULATORY &
GAS
PO BOX 24464
SEATTLE WA 98124
jstoltz@cngc.com

CITIZENS' UTILITY BOARD OF OREGON

LOWREY R BROWN
UTILITY ANALYST
610 SW BROADWAY - STE 308
PORTLAND OR 97205
lowrey@oregoncub.org

JASON EISDORFER
ENERGY PROGRAM DIRECTOR
610 SW BROADWAY STE 308
PORTLAND OR 97205
jason@oregoncub.org

ROBERT JENKS
610 SW BROADWAY STE 308
PORTLAND OR 97205
bob@oregoncub.org

**DEPARTMENT OF JUSTICE
STEPHANIE S ANDRUS
ASSISTANT ATTORNEY GENERAL
REGULATED UTILITY & BUSINESS
SECTION**

1162 COURT ST NE
SALEM OR 97301-4096
stephanie.andrus@state.or.us

NORTHWEST INDUSTRIAL GAS USERS

PAULA E PYRON
EXECUTIVE DIRECTOR
4113 WOLF BERRY CT
LAKE OSWEGO OR 97035-1827
ppyron@nwigu.org

PERKINS COIE LLP

JAMES M VAN NOSTRAND
1120 NW COUCH STREET, 10TH FLOOR
PORTLAND OR 97209-4128
jvannostrand@perkinscoie.com

DATED at Seattle, WA, this 29th day of August 2008.

/s/ Curt Lulias

Curt Lulias
Regulatory Affairs
Cascade Natural Gas Corporation