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FACSIMILE 206-654-4039

CNG/006-08-06-A

October 11, 2006

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

Attention: Ms. Vikie Bailey-Goggins

Dear Ms. Bailey-Goggins:

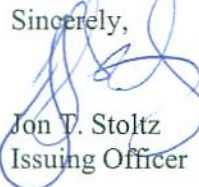
Submitted herewith are five (5) bond copies of the following revisions to Cascade's P.U.C. Or. No. 8 Tariffs containing an effective date of November 1, 2006:

**Sub-Seventh Revision Sheet No. 177, Canceling Sixth Revision Sheet No. 177**  
**Sub-Ninth Revision Sheet No. 177 -A, Canceling Eighth Revision Sheet No. 177 -A**  
**Sub-Nineteenth Revision Sheet No. 177 -B, Canceling Eighteenth Revision Sheet No. 177 -B**  
**Sub-Eighty-Seventh Revision Sheet No. 191, Canceling Eighty -Sixth Revision Sheet No. 191**  
**Sub Forty-First Revision Sheet No.194, Canceling Fortieth Sheet No. 194**

These tariffs should be substituted for the similarly marked tariffs sent to you with Cascade's Purchase Gas Adjustment (PGA) rate application filing on August 31, 2006. The revisions correct Staff identified errors in the cost associated with pipeline capacity. Additionally, substitute Exhibits 1 through 3 have been included to support the revised tariff sheets.

Given the timing of this submittal, the Statutory Notice requirement cannot be met. Accordingly, the Company requests waiver of Statutory Notice to permit approval by the requested effective date. Enclosed is a Waiver of Statutory Notice request to facilitate approval of the proposed tariffs by November 1, 2006.

Please direct any questions regarding this filing to Katherine Barnard

Sincerely,  
  
Jon T. Stoltz  
Issuing Officer

JTS:ck  
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)

To make revision to the company's annual PGA filing as filed under the original advice number CNG/O06-08-06

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

Seventh Revision Sheet No. 177, Canceling Sixth Revision Sheet No. 177  
Ninth Revision Sheet No. 177-A, Canceling Eighth Revision Sheet No. 177-A  
Nineteenth Revision Sheet No. 177-B, Canceling Eighteenth Revision Sheet No. 177-B  
Eighty-Seventh Revision Sheet No. 191, Canceling Eighty-Sixth Revision Sheet No. 191  
Forty-First Revision Sheet No.194, Canceling Fortieth Sheet No. 194

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

Sub-Seventh Revision Sheet No. 177, Canceling Sixth Revision Sheet No. 177  
Sub-Ninth Revision Sheet No. 177-A, Canceling Eighth Revision Sheet No. 177-A  
Sub-Nineteenth Revision Sheet No. 177-B, Canceling Eighteenth Revision Sheet No. 177-B  
Sub-Eighty-Seventh Revision Sheet No. 191, Canceling Eighty-Sixth Revision Sheet No. 191  
Sub Forty-First Revision Sheet No.194, Canceling Fortieth Sheet No. 194

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

To incorporate corrections identified by Staff to the Original filing.

5. REQUESTED EFFECTIVE DATE OF THE NEW SCHEDULE(S) OR CHANGE(S): November 1, 2006

6. Authorized Signature		Title	Senior Vice President Regulatory Affairs & Gas Supply	Date: 10/11/06
<input type="checkbox"/> APPROVED <input type="checkbox"/> DENIED		EFFECTIVE DATE OF APPROVED SCHEDULE(S) OR CHANGE		
AUTHORIZED SIGNATURE		DATE October 10, 2006		

CASCADE NATURAL GAS CORPORATION

PURCHASED GAS COST ADJUSTMENT PROVISION  
SCHEDULE NO. 177

(N)

**APPLICABLE:**

This schedule applies to all schedules for natural gas sales service within the entire territory served by the Company in the State of Oregon. The definitions and provisions described herein shall establish the natural gas costs for Purchased Gas Adjustment (PGA) deferral purposes on a monthly basis.

**PURPOSE:**

The purpose of this provision is to allow the Company, on established Adjustment Dates, to adjust rate schedules for changes in the cost of gas purchased in accordance with the rate adjustment provisions described herein.

**ADJUSTMENT DATES:**

The Adjustment Date shall be November 1 of each year for changes in annual gas costs. The Company may file out-of-cycle PGA adjustments to be effective at times other than November 1 of each year, if the sum of the Company's annual Actual Commodity Costs and Actual Non-Commodity Costs differs from the sum of the annual Embedded Commodity Costs and Embedded Non-Commodity Costs by 10 percent or more, or for such other reasons and on such terms as the Commission may approve.

**DEFINITIONS:**

1. Actual Commodity Cost: The natural gas supply costs for commodity actually paid for the month, including Financial Transactions, fuel use, and distribution system lost and unaccounted for natural gas (LUGF) plus Gas Storage Facilities withdrawals, plus or minus the cost of natural gas associated with pipeline imbalances, plus propane costs, plus odorization charges, less Commodity Off-System Sales Revenues received during the month, plus actual Variable Transportation Costs, plus commodity-related reservation charges, less all transportation demand charges embedded in commodity costs.
2. Commodity Off-System Sales Revenues: Revenues received from the sale of natural gas to a party other than the Company's Oregon sales customers less costs associated with the sales transactions.
3. Variable Transportation Costs: Variable transportation costs, including pipeline volumetric charges, and other variable costs related to volumes of commodity delivered to sales customers.
4. Actual Non-Commodity Cost: Actual Non-Commodity gas costs shall be equal to actual Demand Costs, less actual Capacity Release benefits, plus or minus actual pipeline refunds or surcharges.
5. Demand Costs: Fixed monthly pipeline costs and other demand-related natural gas costs such as capacity reservation charges, plus any transportation demand charges embedded in commodity costs.
6. Capacity Release Benefits: This component includes revenues associated with pipeline capacity releases. The benefits to customers, through the monthly PGA deferrals, shall be 100% of the capacity release revenues up to the full pipeline rate, and 80% of the capacity release revenues in excess of full pipeline rates. Capacity release revenues shall be quantified on a transaction-by-transaction basis.
7. Estimated Weighted Average Cost of Gas (WACOG): The estimated WACOG for the period November 1, 2006 through October 31, 2007 is calculated by the following formula: (Normalized Purchases at Adjusted Contract Prices) divided by (last year's (i.e., July 1 – June 30) actual sales volumes, weather-normalized). This WACOG does not include any revenue sensitive factors.
  - a. "Normalized Purchases" means last year's (July 1 – June 30) actual sales volumes, "weather-normalized", plus a percentage for distribution system LUGF.
  - b. "Weather-normalized" means normalizing assumptions and methods set at the utility's last rate case.
  - c. "Distribution system embedded LUGF" means the 5-year average of actual distribution system LUGF, not to exceed 2%.
  - d. "Adjusted contract prices" means actual and projected contract prices that are adjusted by each associated Canadian pipeline's published (closest to August 1) fuel use and line loss amount provided for by tariff, and by each associated U.S. pipeline's tariffed rate.

(N)

-Continued Next page-

CNG/O06-08-06-A

ISSUED October 11, 2006

EFFECTIVE November 1, 2006

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President  
Regulatory & Gas Supply

CASCADE NATURAL GAS CORPORATION

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

(Continued from Previous Page)

8. Estimated Non-Commodity Cost: Estimated annual Non-Commodity gas costs shall be equal to estimated annual Demand Costs, less estimated annual Capacity Release Benefits, plus or minus estimated annual pipeline refunds or surcharges. (N)
9. Estimated Non-Commodity Cost per Therm: The Estimated Non-Commodity cost per therm is calculated by the following formula: (Estimated annual Non-Commodity Cost divided by last year's (i.e., July 1 – June 30) actual sales volumes, weather-normalized). This estimate does not include any revenue-sensitive factors.

The Estimated Cost of Gas per therm is as follows:

	<u>COST OF GAS PER THERM</u>	<u>REVENUE SENSITIVE COSTS</u>	<u>COST OF GAS PER THERM RATE</u>
WACOG	\$ .75111	2.371%	\$ .76935
Non-Commodity Cost	\$ .12983	↓	\$ .13298
Total	\$ .88094	2.371%	\$ .90233

10. Actual Monthly Calendar Sales Volumes: Actual billed sales therms, adjusted for estimated unbilled therms, for firm and interruptible sales schedules.
11. Embedded Commodity Cost: The Estimated WACOG multiplied by the Actual Monthly Calendar Sales Volumes.
12. Embedded Non-Commodity Cost: The Estimated Non-Commodity Cost per Therm multiplied by the Actual Monthly Calendar Sales Volumes less interruptible sales volumes.
13. Financial Transactions: Cost of Financial Transactions related to gas supply, including but not limited to, hedges, swaps, puts, calls, options and collars that are exercised to provide price stability/control or supply reliability for sales service customers.
14. Gas Storage Facilities: The cost of natural gas for injections shall be the actual cost of purchasing gas for storage and the cost of injection of the gas into the storage facility. Withdrawals of natural gas shall be valued at the weighted average cost of gas in the facility plus any variable withdrawal costs. Only the cost of natural gas withdrawn from Gas Storage Facilities will be included in the Actual Commodity Cost, as defined herein. (N)

CNG/O06-08-06-A

ISSUED October 11, 2006

EFFECTIVE November 1, 2006

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President  
Regulatory and Gas Supply

CASCADE NATURAL GAS CORPORATION

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

(Continued from Previous Page)

**CALCULATION OF MONTHLY GAS COST FOR DEFERRAL PURPOSES:**

The Company will maintain sub-accounts OF Account 191. Monthly entries into these sub-accounts shall be made to reflect the differences between: 1) the monthly Actual Commodity Cost and the monthly Embedded Commodity Cost, and 2) the monthly Actual Non-Commodity Costs and the monthly Embedded Non-Commodity Cost. The entries shall be calculated as follows:

- 1. A debit or credit entry shall be made equal to 100% of the difference between the Actual Non-Commodity Cost and the Embedded Non-Commodity Cost. (T)
- 2. A debit or credit entry shall be made equal to 67% of the difference between the Actual Commodity Costs and the Embedded Commodity Costs. (T)
- 3. Differentials shall be deemed to be positive if the actual cost exceeds embedded costs and to be negative if actual costs fall below embedded costs.
- 4. The cost differential entries shall be debited to the Account 191 sub-accounts if positive, and credited to the Account 191 sub-accounts if negative. (T)
- 5. Interest- The Company shall not compute interest on the deferrals accrued for the period November 1, 2006, through October 31, 2007, until amortization begins November 1, 2007. The Company shall compute interest on existing deferred balances on a monthly basis using the interest rate(s) approved by the Commission. (T)

**AMORTIZATION OF ACCOUNT 191 SUB-ACCOUNT DEFERRALS:**

The Account 191 sub-account balances shall be amortized over the twelve (12) month period commencing with the November 1 adjustment date or such other time period acceptable to the Company and the Commission. The amount of amortization for the Account 191 sub-accounts shall consist of an amount necessary to recover or return the amount accumulated in the sub-accounts and other deferral accounts.

**TIME AND MANNER OF FILINGS:**

Applications must be made no later than 60 days in advance of the effective date.

**AMOUNT OF ADJUSTMENT:**

The amount of adjustment to be made to customers' rates effective on each November 1 adjustment date shall consist of the sum of the changes in the Embedded Commodity Cost and Non-Commodity Cost and the change in amortization rates of the PGA Balancing Accounts as well as other deferral accounts as the Commission may approve.

**GENERAL RULES AND REGULATIONS:**

This schedule is subject to the General Rules and Regulations contained in this tariff and to those prescribed by regulatory authorities. This schedule is an automatic adjustment clause as described in ORS 757.210(1) and is subject to the customer notification requirements as described in OAR 860-022-0017.

CNG/O06-08-06-A

ISSUED October 11, 2006

EFFECTIVE November 1, 2006

ISSUED BY **CASCADE NATURAL GAS CORPORATION**

BY Jon T. Stoltz

TITLE Senior Vice President  
Regulatory & 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	\$.09813	(1)
Schedule 104	\$.09813	
Schedule 105	\$.09813	
Schedule 111	\$.09813	
Schedule 112	\$.09813	
Schedule 126	\$.09813	
Schedule 170	\$.09813	(1)

**LIMITATION:**

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

**SPECIAL TERMS AND CONDITIONS:**

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

CNG/O06-08-06-A

ISSUED October 11, 2006

EFFECTIVE November 1, 2006

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	(\$0.00564)	(1)
Schedule 104	(\$0.00564)	(1)
Schedule 105	(\$0.00564)	(1)
Schedule 111	(\$0.00564)	(1)
Schedule 112	(\$0.00564)	(1)
Schedule 126	(\$0.00564)	(1)
Schedule 170	(\$0.00563)	(1)

<u>Interruptible Distribution Transportation Rate Schedules</u>	<u>Amount</u>	
Schedule 163 -All Rate Blocks	(\$0.00004)	(1)
Schedule 164 First 10,000 Therms	(\$0.00004)	(1)
Next 10,000 Therms	(\$0.00004)	
Next 30,000 Therms	(\$0.00004)	
Next 50,000 Therms	(\$0.00004)	
Next 400,000 Therms	(\$0.00004)	
Over 500,000 Therms	\$0.00000	(1)
Schedule 185 -All Commodity Therms	\$0.00000	
Schedule 186 -All Commodity Therms	\$0.00000	

**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/O06-08-06-A

ISSUED October 11, 2006

EFFECTIVE November 1, 2006

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President  
Regulatory and Gas Supply

Before the  
OREGON PUBLIC UTILITY COMMISSION

**REVISED**  
**EXHIBIT 1**

**Cascade Natural Gas Corporation**

**October 11, 2006**



Cascade Natural Gas Corporation  
 OREGON 2006 GAS COST TRACKING APPLICATION  
 CHANGE IN SYSTEM SUPPLY GAS COSTS RATES

State of Oregon

Line No. <u>(a)</u>	<u>Description</u> (b)	<u>Percent of Gross Revenue</u> (c)	<u>AVERAGE BASE GAS COST CHANGE</u> (d)
1	Change In Average WACOG		\$ 0.06219
2	Change in Non-Commodity Cost Rate		<u>\$ 0.03322</u>
3	SUBTOTAL		<u>\$ 0.09541</u>
	<u>REVENUE SENSITIVE COST PERCENTAGES</u>		
4	Provision for Uncollectibles	0.286%	
5	City Franchise Fees	1.835%	
6	Gross Revenue Fee	<u>0.250%</u>	
7	TOTAL	<u>2.371%</u>	
8	<u>CHANGE IN RATES</u>		
9	( Divide TOTAL Line 3 By [1-0.02371] )		<u><u>\$0.09813</u></u>



Cascade Natural Gas Corporation  
 OREGON 2006 GAS COST TRACKING APPLICATION  
 AVERAGE CURRENT GAS COST DETERMINATION  
 DEVELOPMENT OF CURRENT PIPELINE AND SUPPLY RATES

LINE No.	UNITS	OCT 1, 2006 RATE	AMOUNT	SALES THERMS	COMMODITY COST OF GAS	FIXED COST OF GAS					
1	COMPANY CONTRACT RESERV FEE	352,633	\$7.90841	\$2,788,767		\$252,093	\$2,536,675				
2	COMPANY CONTRACT COMMODITY	66,151,232	\$0.74137	\$49,042,540	65,524,616	\$49,042,540					
3	PGT T-1	211,814	\$11.39452	\$2,413,521			\$2,413,521				
4	PGT T-1 (Malin)	36,000	\$6.67651	\$240,354			\$240,354				
5	PGT T-3 (Expansion)	74,460	\$4.14571	\$308,690			\$308,690				
6	GTN 2003 Expansion	203,800	\$6.67651	\$1,360,672			\$1,360,672				
7	PGT COMMODITY	47,991,088	\$0.00168	\$80,706		\$80,706					
8	NWP TF-1 DEMAND	194,174	\$14.98181	\$2,909,076			\$2,909,076				
9	NWP TF-1 COMMODITY	22,089,271	\$0.00094	\$20,676		\$20,676					
10	LS-1 DEMAND	66,358	\$1.11742	\$74,149			\$74,149				
11	LS-1 CAPACITY	539,445	\$0.14276	\$77,013			\$77,013				
12	LS-1 COMMODITY	539,445	\$0.66787	\$360,279	539,445	\$360,279					
13	LS-1 LIQUEFACTION	539,445	\$0.06411	\$34,584			\$34,584				
14	LS-1 INVENTORY	539,445	\$0.04014	\$21,653			\$21,653				
15	LS-1 VAPORIZATION	539,445	\$0.00418	\$2,257			\$2,257				
16	TF-2 TRANSPORTATION CAPACITY	1,703	\$14.98181	\$25,521			\$25,521				
17	TF-2 TRANSPORTATION COMMODITY	539,445	\$0.00076	\$408		\$408					
18	SGS-1 DEMAND	18,353	\$0.59977	\$11,008			\$11,008				
19	SGS-1 CAPACITY	579,889	\$0.02202	\$12,770			\$12,770				
20	SGS-1 COMMODITY	579,889	\$0.61598	\$357,198	579,889	\$357,198					
21	SGS-1 INVENTORY	579,889	\$0.03702	\$21,468			\$21,468				
22	TF-2 TRANSPORTATION CAPACITY	1,831	\$14.98181	\$27,437			\$27,437				
23	TF-2 TRANSPORTATION COMMODITY	579,889	\$0.00076	\$438		\$438					
24	WINTER PEAKING RESERVATION (WWP)	16,589	\$6.85470	\$113,716			\$113,716				
25	WINTER PEAKING COMMODITY	460,571	\$0.62626	\$288,439	460,571	\$288,439					
26	TF-2 TRANSPORTATION CAPACITY	1,454	\$14.98181	\$21,790			\$21,790				
27	TF-2 TRANSPORTATION COMMODITY	460,571	\$0.00076	\$348		\$348					
28	Capacity Release			(\$1,500,000)			(\$1,500,000)				
29	TOTAL AVERAGE CURRENT GAS COSTS			\$ 59,115,477	67,104,521	\$50,403,123	\$0.75111	\$8,712,354	=	\$0.12983	\$0.88094

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

Ln	Description	Rate Schedule	Average Number of Bills	Actual Therms Sold	Weather Normalized Therms Sales	Actual Revenue	Revenue @ 10/01/05 Rates	Weather Normalized Revenue @ 10/01/05 Rates	Proposed Per Therm Change	Revenue Impact of Per Therm Change	Resulting Percentage Change
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(f)	(g)	(h)
<b>CORE MARKET SERVICE</b>											
<b>Residential</b>											
1	General Service	101	48,083	36,720,131	35,694,282	\$ 42,382,559	\$ 43,303,222	\$ 42,167,536	\$0.09813	\$ 3,502,680	
2	Unbilled Sales @ 06/30/06			513,000	513,000	573,703	586,165	586,165	\$0.09813	50,341	
3	Less Unbilled Sales @ 06/30/05			623,500	623,500	610,706	623,972	623,972	\$0.09813	61,184	
4	<b>Total</b>		<b>48,083</b>	<b>36,609,631</b>	<b>35,583,782</b>	<b>\$ 42,345,556</b>	<b>\$ 43,265,416</b>	<b>42,129,730</b>		<b>\$ 3,491,837</b>	<b>8.29%</b>
<b>Commercial</b>											
5	General Service	104	8,193	27,004,756	26,538,199	\$ 27,344,980	\$ 28,121,022	\$ 27,653,620	\$0.09813	\$ 2,604,193	
6	Unbilled Sales @ 06/30/06			420,980	420,980	429,404	441,590	441,590	\$0.09813	41,311	
7	Less Unbilled Sales @ 06/30/05			511,316	511,316	451,184	463,988	463,988	\$0.09813	50,175	
8	Less Company Use			25,767	25,767	29,512	30,349	30,349	\$0.09813	2,529	
9	<b>Total</b>		<b>8,193</b>	<b>26,888,654</b>	<b>26,422,097</b>	<b>\$ 27,293,688</b>	<b>\$ 28,068,274</b>	<b>27,600,872</b>		<b>\$ 2,592,800</b>	<b>9.39%</b>
<b>Com-Ind Dual Service</b>											
10	Large Volume - Commercial	111	6	388,943	382,223	\$ 355,338	\$ 371,170	\$ 365,096	\$0.09813	\$ 37,508	
11	Unbilled Sales @ 06/30/06			8,420	8,420	7,781	8,128	8,128	\$0.09813	826	
12	Less Unbilled Sales @ 06/30/05			17,584	17,584	13,867	14,485	14,485	\$0.09813	1,726	
13	Large Volume - Industrial	111	11	1,568,621	1,568,621	1,426,858	1,495,282	1,495,282	\$0.09813	153,929	
14	<b>Total</b>		<b>17</b>	<b>1,948,399</b>	<b>1,941,679</b>	<b>\$ 1,776,110</b>	<b>\$ 1,860,095</b>	<b>1,854,021</b>		<b>\$ 190,537</b>	<b>10.28%</b>
<b>Industrial Firm</b>											
15	General Service	105	91	3,156,963	3,156,963	\$ 3,056,065	\$ 3,134,988	\$ 3,134,988	\$0.09813	\$ 309,793	9.88%
<b>Industrial Interruptible</b>											
16	General Service	170	0	0	0	\$ 0	\$ 0	\$ 0	\$0.09813	\$ 0	0.00%
17	<b>TOTAL CORE MARKET</b>		<b>56,383</b>	<b>68,603,647</b>	<b>67,104,521</b>	<b>\$ 74,471,420</b>	<b>\$ 76,328,773</b>	<b>\$ 74,719,611</b>		<b>\$ 6,584,967</b>	<b>8.81%</b>
<b>NONCORE MARKET SERVICE</b>											
18	Gas Supply (R/S 181,182,183,187)		1a	14,305,120	14,305,120	\$ 12,498,701	\$ 12,498,701	\$ 12,498,701		\$ 0	
19	Transportation (R/S 185,186,785,786)		1b	1,805,734	1,805,734	\$ 35,274	\$ 35,274	\$ 35,274	\$0.00000	\$ 0	
20	Distribution (R/S 163,164,902)		28	277,905,402	277,905,402	\$ 4,111,356	\$ 3,788,760	\$ 3,788,760	\$0.00000	\$ 0	0.00%
21	<b>TOTAL NONCORE</b>		<b>28</b>	<b>277,905,402</b>	<b>277,905,402</b>	<b>\$ 16,645,332</b>	<b>\$ 16,322,735</b>	<b>\$ 16,322,735</b>		<b>\$ 0</b>	
22	<b>TOTAL CORE &amp; NON-CORE</b>		<b>56,412</b>	<b>346,509,049</b>	<b>345,009,923</b>	<b>\$ 91,116,752</b>	<b>\$ 92,651,508</b>	<b>\$ 91,042,346</b>		<b>\$ 6,584,967</b>	
<b>Adjustments</b>											
23	City Exaction Tax					\$ 1,017,963	\$ 1,017,963	\$ 1,017,963		\$ 0	\$
24	Billing/Tech. Adjustments					(84,071)	(84,071)	(84,071)		0	
25	Other Operating Revenue					(110,652)	(110,652)	(110,652)		0	
26	Overrun Penalty Revenue					0	0	0		0	
27	<b>TOTAL ADJUSTMENTS</b>			<b>0</b>		<b>\$ 823,240</b>	<b>\$ 823,240</b>	<b>\$ 823,240</b>		<b>\$ 0</b>	<b>\$</b>
28	<b>TOTAL</b>		<b>56,412</b>	<b>346,509,049</b>		<b>\$ 91,939,992</b>	<b>\$ 93,474,748</b>	<b>\$ 91,865,586</b>		<b>\$ 6,584,967</b>	<b>\$</b>

1a Therms shown represent both Cascade and Customer Owned supplies.

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

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

**REVISED**

**EXHIBIT 2**

**Cascade Natural Gas Corporation**

**October 11, 2006**

CALCULATION OF PER THERM RATES TO AMORTIZE DEFERRED ACCOUNTS

Line No.	Description	Deferral Order(s)	Account Balance @ 06-30-06	Interest Assignments & Amortizations Thru 10/31/06	Revenue Sensitive Costs	Interest [2] and/or Accruals Thru Amortization	Proposed Technical Adjustment Rates			Proposed Period of Amortization	Item	
							Amount	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-DG201	05-1054	(\$623,276)	(\$20,581)	(\$15,637)	(\$26,346)	(\$685,840)					7/05 Core Market Commodity Costs
2						Divide by	67,104,521	(\$0.01022)	(\$0.01022)		1 Year	Core Mkt Amortization
3	Account # 25308702-DG202	05-1054	(\$1,237,851)	(\$40,876)	(\$31,055)	(\$52,324)	(\$1,362,105)					7/05 Core Market Demand Costs
4						Divide by	67,104,521	(\$0.02030)	(\$0.02030)		1 Year	Core Mkt Amortization
5	Account # 25308702-DG203	05-1054	\$925,579	\$30,564	\$23,221	\$39,124	\$1,018,488					7/05 Capacity Held for Cap. Release Mkt
6						Divide by	67,104,521	\$0.01518	\$0.01518		1 Year	Core Mkt Amortization
7	Account # 25308702-DG204	05-1054	(\$201,597)	(\$6,657)	(\$5,058)	(\$8,522)	(\$221,833)					7/05 Capacity Releases
8						Divide by	67,104,521	(\$0.00331)	(\$0.00331)		1 Year	Core Mkt Amortization
9	Account # 25308702-DG205	05-1054	\$83,781	\$2,767	\$2,102	\$3,541	\$92,191					7/05 Canadian Toll Charges
10						Divide by	67,104,521	\$0.00137	\$0.00137		1 Year	Core Mkt Amortization
11	Account # 25308702-DG215	05-1054	(\$90,168)	(\$2,977)	(\$2,262)	(\$3,811)	(\$99,219)					10/05 Tenaska Gas Storage Mitigation
12						Divide by	67,104,521	(\$0.00148)	(\$0.00148)		1 Year	Core Mkt Amortization
13	Account # 1860181040-RA19	05-1054	\$115,965	(\$12,783)	\$2,506	\$4,222	\$109,910					10/03 Eqpt Rebate Program Costs
14						Divide by	67,104,521	\$0.00164	\$0.00164		1 Year	Core Mkt Amortization
15	Account# 1860181040-RA20	05-1054	\$47,195	(\$3,514)	\$1,061	\$1,787	\$46,530					10/03 Eqpt Rebate Program Lost Margins
16						Divide by	67,104,521	\$0.00069	\$0.00069		1 Year	Core Mkt Amortization
17	Account # RESIDUAL DSM ACCT - CORE	{3}	\$2,580	(\$458)	\$52	\$87	\$2,260					RESIDUAL DSM ACCT. - CORE
18	95-630,96-162,97-252,98-260,99-431,00-381,01-554,02-401 03-351, 04-331, 05-818, 06-357					Divide by	67,104,521	\$0.00003	\$0.00003		1 Year	Core Mkt Amortization
19	Account # RESIDUAL ACCOUNT - CORE		(\$227,569)	\$120,426	(\$2,602)	(\$4,384)	(\$114,129)					Consolidation
20						Divide by	67,104,521	(\$0.00170)	(\$0.00170)		1 Year	Core Mkt Amortization
21	TOTAL		(\$1,205,361)	\$65,910	(\$27,672)	(\$46,625)	(\$1,213,749)	(\$0.01810)	(\$0.01810)	\$0.00000		
22			Reversal of		1 year 10/05 TECH ADJUSTMENTS			\$0.01246	\$0.01247	(\$0.00004)		
23					EFFECTIVE RATE SCHEDULE NO. 194 AMORTIZATION RATE			(\$0.00584)	(\$0.00563)	(\$0.00004)		

[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] Orders 95-630,96-162,97-252,98-260,99-431,00-381,01-554,02-401, 03-351, 04-331, 05-818, 06-357

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

			<u>AMOUNT</u>
Actual Recorded Revenues for the 12 Month Period Ending 06/30/06			\$91,939,992
<u>PROPOSED AMORTIZATIONS</u>	<u>AMORTIZATION RATE</u>	<u>THERMS</u>	
FIRM CORE MARKET CUSTOMERS Net Effective Rate	(\$0.01768)	67,104,521	(\$1,186,074)
CORE MARKET CUSTOMERS Net Effective Rate	(\$0.01768)	67,104,521	(\$1,186,077)
NONCORE DISTRIBUTION CUSTOMERS Net Effective Rate	\$0.00000	19,507,834	\$0
 SUBTOTAL - PROPOSED AMORTIZATIONS			 (\$2,372,151)
Ratio: Proposed Amortizations to Earnings			-2.58%

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

**REVISED**  
**EXHIBIT 3**

**Cascade Natural Gas Corporation**

**October 11, 2006**



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 (Rate Schedule 191)	0.09813	0.09813	0.09813	0.09813	0.09813		
2	Technical Adjustment Change (Rate Schedule 194)	(0.00564)	(0.00564)	(0.00564)	(0.00564)	(0.00563)	(0.00004)	(0.00004)
4	Total	<u>\$0.09249</u>	<u>\$0.09249</u>	<u>\$0.09249</u>	<u>\$0.09249</u>	<u>\$0.09250</u>	<u>(\$0.00004)</u>	<u>(\$0.00004)</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 10/01/06

Ln	RATES (in Cents Per Therm)		Current Tariff Commodity Rate (c)	Current Average Total Rate /2 (d)	Proposed Changes			Proposed Average Total Rate /2 (i)=d+h	Proposed Tariff Commodity Rate (j)=d+h	Normalized Therm Sales/Thruput (k)		
	Customer Class (a)	Schedule (b)			PGA Base Gas Cost (e)	Temporary Rate Increments Remove 05 (f)	Add New (g)				Total Change (h)=e+f+g	
CORE MARKET SERVICE												
1	Residential	101	111.833	116.698	9.813	1.246	(1.810)	9.249	125.947	121.082	35,583,782	
2	Commercial	104	101.813	102.929	9.813	1.246	(1.810)	9.249	112.178	111.062	26,422,097	
3	Com-Ind Dual	111	94.286	94.286	9.813	1.246	(1.810)	9.249	103.535	103.535	1,941,679	
4	Industrial Firm	105	97.832	98.247	9.813	1.246	(1.810)	9.249	107.496	107.081	3,156,963	
5	Industrial Interr.	170	91.482	91.482	9.813	1.247	(1.810)	9.250	100.732	100.732	0	
NONCORE MARKET SERVICE												
6	Distribution Transportation Schedule Nos. 163 & 164 Blocking						0.000					23,477,749 11
7	R/S 163 & 164	First 10,000	12.651		0.000	(0.004)	0.000	(0.004)	12.647		2,615,056	
8	R/S 163 & 164	Next 10,000	11.437		0.000	(0.004)	0.000	(0.004)	11.433		2,092,776	
9	R/S 163 & 164	Next 30,000	10.761		0.000	(0.004)	0.000	(0.004)	10.757		4,281,872	
10	R/S 163 & 164	Next 50,000	6.705		0.000	(0.004)	0.000	(0.004)	6.701		3,893,447	
11	R/S 163 & 164	Next 100,000	3.524		0.000	(0.004)	0.000	(0.004)	3.520		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	

Customer Class (a)	Schedule (b)	Revenue at Current Avg Rates /2 (c)	Proposed Changes			Revenue at Proposed Avg Rates /2 (h)=c+g	Percent Change /2 (i)=h/c		
			PGA Base Gas Cost (d)	Temporary Rate Increments Remove 04 (e)	Add New (f)			Total Change (g)=d+e+f	
CORE MARKET SERVICE									
13	Residential	101	\$41,525,396	\$3,491,837	\$443,374	(\$644,066)	\$3,291,144	\$44,816,540	7.93%
14	Commercial	104	\$27,196,068	\$2,592,800	\$329,219	(\$478,240)	\$2,443,780	\$29,639,848	8.99%
15	Com-Ind Dual	111	\$1,830,732	\$190,537	\$24,193	(\$35,144)	\$179,586	\$2,010,318	9.81%
16	Industrial Firm	105	\$3,101,636	\$309,793	\$39,336	(\$57,141)	\$291,988	\$3,393,624	9.41%
17	Industrial Interr.	170	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
NONCORE MARKET SERVICE									
18	Dist Transportation	163/164	\$1,854,624	\$0	(\$939)	\$0	(\$939)	\$1,853,685	-0.05%
19	Other		\$12,533,975	\$0	\$0	\$0	\$0	\$12,533,975	0.00%
20	Total Revenues		<u>\$68,042,431</u>	<u>\$6,584,967</u>	<u>\$835,183</u>	<u>(\$1,214,592)</u>	<u>\$6,205,558</u>	<u>\$94,247,989</u>	<u>7.05%</u>

1/ R/S 163 & 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 Monthly Therms (b)	AVERAGE MONTHLY REVENUE			
			As Billed (c)	Normalized 10/1/05 Rates (d)	Proposed Rates Using Therm Adj (e)	Monthly Change (f)
1	101	62	\$ 73.45	\$ 71.97	\$ 77.67	\$ 5.70
2	104	270	\$ 278.14	\$ 276.63	\$ 301.48	\$ 24.86
3	105	2,888	\$ 2,796.03	\$ 2,837.73	\$ 3,104.87	\$ 267.14
4	111	9,853	\$ 9,000.99	\$ 9,246.12	\$ 10,153.12	\$ 907.00
5	170	0	\$ 0	\$ 0	\$ 0	-