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August 29, 2014

Oregon Public Utility Commission  
3930 Fairview Industrial Drive SE  
P.O. Box 1088  
Salem, OR 97308-1088

Re: UM 1558(3) Request Reauthorization for Deferral Accounting for PGA's Deferred Gas Cost Balancing Account and Wholesale Gas Costs

Attention: Filing Center

Cascade Natural Gas Corporation submits an original and three (3) copies of a request for an order reauthorizing it to utilize deferral accounting for the PGA's Deferred Gas Cost Balancing Account and wholesale gas costs.

Cascade seeks, with this application, to receive additional reauthorization of this deferral for the next 12 months beginning November 1, 2014 through October 31, 2015.

Please direct any questions regarding this filing to me at (509) 734-4593.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", followed by a long horizontal line.

Michael Parvinen  
Director, Regulatory Affairs

Enclosures

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 GAS COST CHANGES )  
(OAR 860-027-0300(4))

Cascade Natural Gas Corporation (herein "Cascade") pursuant to ORS 757.259 and OAR 860-027-0300(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, 2014. The Company's last reauthorization was approved in the Commission's Order No. 13-374. This instant application seeks reauthorization for the period beginning November 1, 2014 through October 31, 2015.

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

Gas Cost differences as set forth currently in Purchase Gas Adjustment (PGA) Schedule No. 177.

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) (e) 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.

Because of market fluctuations it is impossible to estimate the amount to be recorded in the deferral accounts during the 12 month period with any accuracy. Appendix A of this filing provides a description and explanation for the anticipated entries into the deferred accounts. Reauthorization of the continuation of deferred accounting treatment for gas cost differences is justified as they are continuing in nature.

## Appendix A

### Current Deferral Activity

As of July 31, 2014, the outstanding balances for current deferral period are:

<u>Description</u>	<u>Account Number</u>	<u>Deferred Balance</u>
Core Market Commodity Costs	47OR.2530.01272	3,259,869.27
Core Market Demand & Gas Storage Mitigation	47OR.2530.01273	(3,375,330.95)
Consolidated Accts: Gas Cost Related PGA	47OR.2530.01281	219,525.20

As of July 31, 2014, the balances for current deferral amortization period are:

<u>Description</u>	<u>Account Number</u>	<u>Deferred Balance</u>
Core Market Commodity Costs	47OR.2530.01272	0
Core Market Demand & Gas Storage Mitigation	47OR.2530.01273	0
Consolidated Accts: Gas Cost Related PGA	47OR.2530.01281	25,144.22

An interest rate of 8.709% was applied to the current deferred accounts. The interest rate applied to the amortization accounts is established by the Commission and was 1.38% for the period November 2013 thru October 2014. Starting in November of 2014 the rate was changed to 1.77%.

### 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 referred to above be appropriately reauthorized.

DATED this 29<sup>th</sup> day of August, 2014.

Respectfully submitted,

CASCADE NATURAL GAS CORPORATION

By:   
Michael Parvinen  
Director, Regulatory Affairs