



May 12, 2005

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

Attention: Ms. Vikie Bailey-Goggins  
Administrator, Tariffs and Rate Analysis

Cascade Natural Gas Corporation provides the following in response to the Commission's April 12, 2005 letter requesting deferral account information for the purpose of reauthorizing a deferral for another year. The only accounts that Cascade needs to address are the deferrals associated with Conservation Cost Savings.

1) Description of the Expense

Cascade conducted demand side management (DSM) programs in Oregon beginning in 1993. Recovery of the margin losses generated by energy savings from Company sponsored DSM programs provides a mechanism for Cascade to pursue cost effective DSM opportunities.

2) Reason for Reauthorization

Deferral was approved by Commission Order 93-1484 effective October 1, 1993. Deferral was authorized under ORS 757.259 and OAR 860-27-300 in order to minimize the frequency of rate changes or the fluctuations of rate levels. (ORS 757.259(2)(c)).

Cascade's Oregon tariff schedule 175 allows the Company to recover expenses associated with program investment costs and lost margins associated with energy savings resulting from approved demand side management (DSM) programs through a temporary rate adjustment, amortized over a one-year period to all system supply sales volumes.

3) Deferral Accounts

The DSM deferral is recorded as a debit by the Company in a subaccount of Account 186 (miscellaneous deferred debits).

4) Estimated Annual Deferral

Actual therm savings and resulting margin losses are impossible to predict. At this time, the Company's best estimate of deferrals over the next 12 months deferral period for DSM program costs and margin losses is a debit of about \$119,000, which includes approximately \$105,000 for program costs associated with its High Efficiency Equipment Rebate program.

*We make warm neighbors*

5) Description and Explanation of Deferral Account Entries

Attached are the PTAC account detail sheets for the DSM programs identifying monthly deferral entries through March 2005.

6) Reasons to Continue Deferral Accounting

It is appropriate that deferral accounting be reauthorized for energy savings margin losses and program investment costs from approved Company sponsored DSM programs for the same reasons that originally established the deferral mechanism. Continuation of this deferral accounting will allow Cascade to be revenue neutral while still sponsoring cost effective energy efficiency DSM programs.

7) Previous OPUC Order

Authorization to defer energy savings margin losses and program investment costs from approved Company sponsored DSM programs was granted by the Commission in Order 93-1484 and reauthorization effective October 1, 1994, July 1, 1995, July 1, 1996, July 1, 1997, July 1, 1998, July 1, 1999, July 1, 2000, July 1, 2001, July 1, 2002, and July 1, 2003 in Order 94-1498, Order 95-692, Order 96-161, Order 97-252, Order 98-260, Order 99-431, Order 00-381, Order 01-554, Order 02-401, Order 03-351, and Order 04-331, respectively.

Cascade seeks reauthorization of these deferral accounts for another 12-month period beginning July 1, 2005. Cascade trusts that the information supplied in this response is sufficient for Staff's purposes. If additional information is required to facilitate Staff's efforts, please contact me directly.

Sincerely,



Katherine J. Barnard  
Director, Regulatory Affairs

Enclosures

State: Oregon  
 Description: 1995 Low Flow Showerhead Margin Losses  
 Account number: 18234302-RA11 (D10015)  
 Class of customers: Core  
 Deferral period: 7/1/95 - 6/30/05  
  
 Deferral Account Order: 95-630  
 Amortization period: 12/1/96-11/30/97

Narrative: Margin losses resulting from the above approved DSM program deferred in accordance with with Rate Schedule 175. The corresponding program investment costs were deferred separately in account 1860-181040-0-D10017

Debit (Credit)

Month/Year	Rate	Therms	Deferral	Amortization	Interest	Transfer to Residual Acct	Deferred Balance
Transfer balance to RA23						(4,127.99)	0.00
Oct-03			329.00		0.00		329.00
Nov-03			329.00		2.62		660.62
Dec-03			329.00		5.43		995.05
Jan-04			329.00		8.18		1,332.23
Feb-04			329.00		10.95		1,672.18
Mar-04			329.00		13.75		2,014.93
Apr-04			329.00		16.57		2,360.50
May-04			329.00		19.41		2,708.91
Jun-04			329.00		22.27		3,060.18
Jul-04			329.00		25.16		3,414.34
Aug-04			329.00		28.07		3,771.41
Sep-04			329.00		31.01		4,131.42
Transfer Balance to RA28						(4,131.42)	0.00
Oct-04			329.00		0.00		329.00
Nov-04			329.00		2.62		660.62
Dec-04			329.00		5.43		995.05
Jan-05			329.00		8.18		1,332.23
Feb-05			329.00		9.89		1,671.12
Mar-05			329.00		13.74		2,013.86

State: Oregon  
 Description: School Energy Efficiency Program Margin Loss  
 Account number: 18234302-RA14 (D10019)  
 Class of customers: Core  
 Deferral period:

Deferral Account Order:  
 Amortization period:

Narrative: Margin losses resulting from the above approved DSM program deferred in accordance with with Rate Schedule 104. The corresponding program investment costs were deferred separately in account 1860-181040-0-D10016

Debit (Credit)

Month/Year	Rate	Therms	Deferral	Amortization	Interest	Transfer to Residual Acct	Deferred Balance
	Transfer balance to RA23					(138.02)	0.00
Oct-03			11.00		0.00		11.00
Nov-03			11.00		0.09		22.09
Dec-03			11.00		0.18		33.27
Jan-04			11.00		0.27		44.54
Feb-04			11.00		0.37		55.91
Mar-04			11.00		0.46		67.37
Apr-04			11.00		0.55		78.92
May-04			11.00		0.65		90.57
Jun-04			11.00		0.74		102.31
Jul-04			11.00		0.84		114.15
Aug-04			11.00		0.94		126.09
Sep-04			11.00		1.04		138.13
	Transfer Balance to RA28					(138.13)	0.00
Oct-04			11.00		0.00		11.00
Nov-04			11.00		0.09		22.09
Dec-04			11.00		0.18		33.27
Jan-05			11.00		0.27		44.54
Feb-05			11.00		0.33		55.87
Mar-05			11.00		0.46		67.33

State: Oregon  
 Description: Equipment Rebate Program  
 Account number: 18604301-RA19  
 Class of customers: Core  
 Deferral period: 04/01/02-  
 Deferral Account Order:  
 Amortization period: 10/1/03 - 09/30/04

Narrative: Program Costs for the above approved DSM program deferred in accordance with Rate Schedule 175.

Debit (Credit)

Month/Year	Rate	Therms	Deferral	Amortization	Interest	Deferred Balance
Apr-02			2,056.14		0.00	2,056.14
May-02			3,500.00		16.90	5,573.04
Jun-02			850.00		44.34	6,467.38
Jul-02			6,850.00		53.17	13,370.55
Aug-02			4,950.00		109.92	18,430.47
Sep-02			9,000.00		146.64	27,577.11
Oct-02			4,000.00		226.72	31,803.83
Nov-02			14,950.00		253.04	47,006.87
Dec-02			14,300.00		386.46	61,693.33
Jan-03			18,400.00		507.20	80,600.53
Feb-03			12,400.00		598.52	93,599.05
Mar-03			11,000.00		769.51	105,368.56
Apr-03			5,100.00		838.33	111,306.89
May-03			4,950.00		915.10	117,171.99
Jun-03			9,850.00		932.24	127,954.23
Jul-03			12,000.00		1,051.96	141,006.19
Aug-03			6,600.00		1,159.26	148,765.45
Sep-03			5,250.00		1,183.60	155,199.05
Oct-03	(0.00217)	2,664,519	7,300.00	(5,782.01)	1,275.95	157,992.99
Nov-03	(0.00217)	5,792,100	9,800.00	(12,568.86)	1,257.02	156,481.15
Dec-03	(0.00217)	8,748,558	9,750.00	(18,984.37)	1,286.49	148,533.27
Jan-04	(0.00217)	11,034,482	11,150.00	(23,944.83)	1,221.15	136,959.59
Feb-04	(0.00217)	9,843,532	7,850.00	(21,360.46)	1,126.00	124,575.13
Mar-04	(0.00217)	7,585,753	5,500.00	(16,461.08)	1,024.18	114,638.23
Apr-04	(0.00217)	5,163,922	17,250.00	(11,205.71)	942.48	121,625.00
May-04	(0.00217)	3,666,166	2,350.00	(7,955.58)	999.92	117,019.34
Jun-04	(0.00217)	2,605,044	9,200.00	(5,652.95)	962.06	121,528.45
Jul-04	(0.00217)	2,020,782	8,000.00	(4,385.10)	999.13	126,142.48
Aug-04	(0.00217)	1,782,300	4,400.00	(3,867.59)	1,037.06	127,711.95
Sep-04	(0.00217)	2,336,190	1,850.00	(5,069.53)	1,049.97	125,542.39
Oct-04	(0.00182)	3,226,560	10,350.00	(5,872.34)	1,032.13	131,052.18
Nov-04	(0.00182)	5,703,265	6,050.00	(10,379.94)	1,042.67	127,764.91
Dec-04	(0.00182)	9,147,728	18,600.00	(16,648.86)	1,050.40	130,766.45
Jan-05	(0.00182)	10,859,565	9,300.00	(19,764.41)	1,075.08	121,377.12
Feb-05	(0.00182)	9,267,664	3,050.00	(16,867.15)	901.32	108,461.29
Mar-05	(0.00182)	8,164,945	16,100.00	(14,860.20)	891.70	110,592.79

State: Oregon  
 Description: Lost Margins from Equipment Rebate Program  
 Account number: 18604301-RA20  
 Class of customers: Core  
 Deferral period: 04/01/02-  
 Deferral Account Order:  
 Amortization period: 10/1/03 - 09/30/04

Narrative: Lost Margins associated with the above approved DSM program deferred in accordance with Rate Schedule 175. Related program costs deferred to account RA19

Debit (Credit)

Month/Year	Rate	Therms	Deferral	Amortization	Interest	Adjustments	Deferred Balance
Oct-02			431.07		0.00		431.07
Nov-02			516.18		3.43		950.68
Dec-02			583.43		7.82		1,541.93
Jan-03			936.86		12.68		2,491.47
Feb-03			1,168.47		18.50		3,678.44
Mar-03			1,474.16		30.24		5,182.84
Apr-03			1,546.60		41.24		6,770.68
May-03			1,681.73		55.66		8,508.07
Jun-03			81.86		67.69		8,657.62
Jul-03			93.88		71.18		8,822.68
Aug-03			429.25		72.53		9,324.46
Sep-03			785.80		74.19		10,184.45
Oct-03	(0.00015)	2,664,519	1,317.19	(399.68)	83.73		11,185.69
Nov-03	(0.00015)	5,792,100	2,359.43	(868.82)	89.00		12,765.30
Dec-03	(0.00015)	8,748,558	2,598.92	(1,312.28)	104.95	(1,027.25)	13,129.64
Jan-04	(0.00015)	11,034,482	2,751.32	(1,655.17)	107.94		14,333.73
Feb-04	(0.00015)	9,843,532	2,663.26	(1,476.53)	117.84		15,638.30
Mar-04	(0.00015)	7,585,753	3,063.27	(1,137.86)	128.57		17,692.28
Apr-04	(0.00015)	5,163,922	3,054.82	(774.59)	145.45		20,117.96
May-04	(0.00015)	3,666,166	3,368.39	(549.92)	165.40		23,101.83
Jun-04	(0.00015)	2,605,044	169.95	(390.76)	189.93		23,070.95
Jul-04	(0.00015)	2,020,782	173.52	(303.12)	189.67		23,131.02
Aug-04	(0.00015)	1,782,300	175.15	(267.35)	190.17		23,228.99
Sep-04	(0.00015)	2,336,190	177.42	(350.43)	190.97		23,246.95
Oct-04	(0.00037)	3,226,560	3,857.79	(1,193.83)	191.12		26,102.03
Nov-04	(0.00037)	5,703,265	3,904.17	(2,110.21)	207.67		28,103.66
Dec-04	(0.00037)	9,147,728	4,129.53	(3,384.66)	231.05		29,079.58
Jan-05	(0.00037)	10,859,565	4,408.77	(4,018.04)	239.07		29,709.38
Feb-05	(0.00037)	9,267,664	4,144.88	(3,429.04)	220.61		30,645.83
Mar-05	(0.00037)	8,164,945	4,623.02	(3,021.03)	251.95		32,499.77