



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803
www.cngc.com

November 5, 2015

CNG/O15-11-01

Oregon Public Utility Commission
P.O. Box 1088
Salem, OR 97308-1088

Re: UG 224, Extending Termination Date of Rule 19 and Schedule 31

Cascade Natural Gas Corporation (Cascade or the Company) files herewith the following revisions to its Tariff P.U.C. Or. No. 9, stated to become effective with service on and after December 7, 2015:

**Fourth Revision Sheet No. 30 Canceling Third Revision Sheet No. 30
Ninth Revision Sheet No. 31 Canceling Eighth Revision Sheet No. 31**

The purpose of this filing is to revise Rule 19, "Conservation Alliance Plan Mechanism" and Schedule No. 31, "Public Purposes Funding" to extend their expiration dates from December 31, 2015, to February 1, 2016.

In the subject docket, the Commission established a termination date of December 31, 2015, for the Conservation Alliance Plan (CAP) mechanism with the agreement that extending it would be considered in the context of a rate case filing if filed no later than March 31, 2015.

The Company filed a general rate case March 25, 2015, docketed as UG 287, wherein it asked to extend both the CAP Mechanism and the Public Purposes Funding charge. On November 2, 2015, parties to the rate case filed a signed stipulation and joint testimony that included agreement to extend the CAP mechanism through September 30, 2019. The Company is extending the termination date of both the CAP and the Public Purpose Charge to February 1, 2016, to allow them to remain in effect until the Commission has an opportunity to rule on the stipulation and joint testimony submitted in UG 287. When an order is issued resolving UG 287, the Company will file to change effected tariff sheets accordingly.

If you have any questions regarding this filing, please contact me at (509) 734-4593.

Sincerely,

Michael Parvinen
Director, Regulatory Affairs

Attachment

CASCADE NATURAL GAS CORPORATION

RULES & REGULATIONS

RULE 19- CONSERVATION ALLIANCE PLAN MECHANISM

APPLICABLE:

The Conservation Alliance Plan ("CAP") mechanism described in this rule applies to customers served on Residential General Service Rate Schedule 101 and Commercial General Service Rate Schedule 104.

TERM: This mechanism shall terminate on February 1, 2016.

PURPOSE:

The purpose of this provision is to (a) define the procedures for the annual tracking revisions in rates due to changes in the weather-normalized use per customer associated with Rate Schedule 101 & Rate Schedule 104; and (b) to define the procedures for the deferral of differences experienced between the actual average use per customer and the amount estimated at the time the Margin Rates were established.

REVISIONS TO COMMODITY MARGIN RATES DUE TO CHANGES IN THE WEATHER-NORMALIZED USE/CUSTOMER:

1. The Company shall use the baseline weather normalized average commodity margin per customer for Rate Schedule 101 and Rate Schedule 104 as reflected in its August 15, 2005 PGA application. That application was based upon the weather normalized twelve months ended June 30, 2005.
2. For each subsequent year for the term of this provision, the Company shall file annually (CAP Filing) with the Commission to update the Commodity Margin Rate for Rate Schedule 101 and Rate Schedule 104 based upon the weather normalized usage for the 12 months ending June 30th divided into the margin requirement of each rate schedule.
3. Weather-normalized usage is calculated using the approach to weather normalization adopted in the Company's Spring Earnings Review filings, PGA Applications and other weather normalized report submittals.
4. The Total Commodity Margin Requirement of Rate Schedule 101 and Rate Schedule 104 shall be calculated by multiplying the baseline average commodity margin per customer per Rate Schedule, excluding any margin collected through the monthly Basic Service Charge, by the current twelve months ended June 30 average customer count based upon the average of the monthly bills issued.
5. The Margin Commodity Rate is calculated by dividing the Total Commodity Margin Requirement by the Total Weather Normalized Usage. Also included in the calculation of the Margin Commodity Rate is the amortization of any balance in the Conservation Variance deferral account and the Weather Variance deferral account.

DEFERRAL OF MARGIN COLLECTION DIFFERENCES:

1. The Company will maintain Conservation Variance and Weather Variance deferral accounts as Regulatory Assets or Liabilities. Each month, the Company will calculate the difference between the weather-normalized actual margin and the expected margin for rate schedules 101 and 104. Expected margin shall be the baseline average commodity per customer multiplied by the current customer count. The resulting dollar amount difference will be recorded in the Conservation Variance deferral account. The Company will also calculate the difference between non-weather normalized actual margin and the expected margin for rate schedules 101 and 104. The resulting dollar amount difference will be reduced by subtracting the dollar amount recorded in the Conservation Variance deferral account with the remainder recorded in the Weather Variance deferral account.

(Continued on the next page)

CNG/O15-11-01

Issued November 5, 2015

Effective with Service on and After December 7, 2015

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Scott W. Madison

TITLE Executive Vice President
General Manager

(C)

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

TERM:

This schedule shall terminate on February 1, 2016.

ADJUSTMENT TO RATES:

Effective April 1, 2014, a public purpose charge equal to 1.85% of current revenues, including customer service charges, in each month will be assessed as a line item on the bill of rate schedules 101 and 104 customers. The level of the public purpose charge will be reviewed and revised as necessary based on periodic evaluation of public purposes funding needs.

Effective May 1, 2006, Cascade will provide each month an additional 0.75% of current Oregon revenues generated by rate schedules 101 and 104, including customer service charges, but no less than \$500,000 per year, as Public Purposes Funds.

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

- 2.26% 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.
- 0.34% will support public purpose funding for low-income conservation and bill assistance activities.

SPECIAL TERMS AND CONDITIONS:

1. 87% 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. 13% 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. For the period of September 1, 2008 through March 31, 2009 the entire funding will be used for bill payment assistance programs. Effective April 1, 2009, 75% of the funding will be designated for low-income conservation programs, and the remaining 25% will be designated for bill payment assistance. The internal accounts shall accrue interest at the Company's currently effective authorized rate of return.

(Continued on next page)

CNG/O15-11-01

Issued November 5, 2015

Effective with Service on and After December 7, 2015

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Scott W. Madison

TITLE Executive Vice President
General Manager

(C)