



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

December 11, 2015

**CNG/O15-12-01**

Oregon Public Utility Commission  
Attn: Filing Center  
P.O. Box 1088  
Salem, OR 97308-1088

Re: Schedule 31, Public Purposes Funding

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 February 1, 2016:

**Ninth Revision Sheet No. 31, and  
First Revision Sheet No. 31-A.**

The purpose of this filing is to revise Rule 31, "Public Purposes Funding," which applies a charge equal to a percentage of a customer's total gas services bill to ensure 2016 collections are sufficient to achieve program goals. The money collected through the Schedule 31 charge is used to fund the Energy Trust of Oregon (Energy Trust) delivered natural gas energy efficiency programs offered to sales customers in Cascade's Oregon service territory and the Company's low income programs, which include the Oregon bill pay assistance program, Oregon Low Income Energy Conservation (OLIEC) Program, and OLIEC's complementary pilot program called the Conservation Achievement Tariff (CAT).

The Public Purposes Funding Charge is herein revised as agreed to in the Company's most recent general rate case docketed as UG 287 such that the charge is now applicable to industrial customers as well as residential and commercial customers. This change makes all customers who are able to access Energy Trust delivered energy efficiency programs responsible for the cost of these programs.

The public purposes funding charge is revised from 1.85% to 3.7%. The estimated monthly bill impact for the average residential customer using 56 therms per month will be an additional \$0.93 and the average commercial customer using 236 therms per month will pay \$3.29 more. Industrial customers, who are not currently paying the public purposes funding charge, will begin having this charge assessed and the average industrial customer using 10,574 therms per month will pay an additional \$242.20 per month. Subject to the conclusion of the Company's most current rate case,

the currently effective rates used to determine these bill impacts may change effective February 1, 2016.

The proposed 3.7% charge is set to collect \$2,479,831. From the Schedule 31 collections, 85% will provide Energy Trust with \$2,114,889, which, when combined with unspent funding from 2015 collections, will be sufficient to acquire 466,577 therm savings.<sup>1</sup> The remaining 15% of funds collected will be used for Cascade's low income programs: \$50,000 will fund low income bill pay assistance and \$314,942 will fund OLIEC and CAT. Attached are a workpaper that demonstrates the funding needs for the Schedule 31 rate, and a second workpaper that details the OLIEC and CAT budget for the 2015-2016 program year.

If you have any questions regarding this filing, please contact Jennifer Gross at (509) 734-4635.

Sincerely,



Michael Parvinen  
Director, Regulatory Affairs

Attachment

---

<sup>1</sup> The acquisition of 462,761 therms is consistent with the methodology established in the Company's most current IRP and is somewhat higher than the stated IRP target of 447,071 therm savings in 2016.

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

**ADJUSTMENT TO RATES:**

Effective February 1, 2016, a public purpose charge equal to 3.7% of current revenues, including customer service charges, in each month will be assessed as a line item on the bills of rate schedules 101, 104, 105, 111 and 170. The level of the public purpose charge will be reviewed and revised as necessary based on periodic evaluation of public purposes funding needs.

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

- 3.15% 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.
- 0.54% will support public purpose funding for low-income conservation and bill assistance activities.

**SPECIAL TERMS AND CONDITIONS:**

1. 85% 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. 15% 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. 86% of the funding will be designated for low-income conservation programs, and the remaining 14% 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/O15-12-01

Issued December 11, 2015

Effective with Service on and After February 1, 2016

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Scott W. Madison

TITLE Executive Vice President  
General Manager

**PUBLIC PURPOSES FUNDING  
SCHEDULE NO. 31**

**SPECIAL TERMS AND CONDITIONS: (Continued from Previous Page)**

3. Each month, the Company will bill the public purposes surcharge on all rate schedule 101, 104, 105, 111, and 170 customers' bills. By the 20<sup>th</sup> of the month following the billing month, the Company will forward the amount of funds expected to be collected from billings issued for the prior calendar month, less a reserve for uncollectibles in an amount equal to Cascade's average percentage of net write-offs, to each fund administrator. Funds retained after the 20<sup>th</sup> of the month will earn interest at the Company's authorized rate of return until distributed to the fund administrators unless otherwise specified in an approved program or other agreement. (D)  
(C)
4. The Company, and any independent entity selected to administer public purposes programs under this Tariff, will report program results as directed by the Commission. Copies of all reports provided by the fund administrators to the Commission shall also be submitted to the Company for review. (T)
5. All Public Purposes Funds will be allocated only to programs that are available within the Company's Oregon service territory. (T)

CNG/O15-12-01

ISSUED December 11, 2015

EFFECTIVE February 1, 2016

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Scott W. Madison

TITLE Executive Vice President  
and General Manager

Cascade Natural Gas Corporation  
 Advice No. O15-12-01, Schedule 31  
 2016 Public Purposes Funding Surcharge

<b>Energy Trust 2016 Budget Overview</b>	
2016 Energy Trust Budget	\$2,582,430
2015 Carryover Funds	-\$715,602
Program Reserve	\$248,061
<b>Total 2016 Funding Need</b>	<b>\$2,114,889</b>

<b>Total Public Purpose Charge Funding Needed in 2016</b>	
Energy Trust Need	\$2,114,889
OLIEC	\$90,681
CAT	\$224,261
OR Bill Pay Assistance	\$50,000
<b>Total</b>	<b>\$2,479,831</b>

<b>UG 287 2016 Forecast Revenues*</b>	
Schedule 101	\$38,175,248
Schedule 104	\$23,675,912
Schedule 105	\$2,126,218
Schedule 111 tier 1	\$438,069
Schedule 111 tier 2	\$786,354
Schedule 170	\$1,891,976
<b>Total</b>	<b>\$67,093,777</b>
*Forecast Revenues as filed in UG 287	

<b>Schedule 31 Rate</b>	
Energy Trust Programs	3.15%
LI Programs	0.54%
<b>Total</b>	<b>3.70%</b>

<b>Percentage of Sch 31 Charge</b>	
Energy Trust	<b>85%</b>
Amount to LI Programs	
OLIEC	<b>13%</b>
Bill Pay Assistance	<b>2%</b>
Total to LI Programs	<b>15%</b>
<b>Total</b>	<b>100%</b>

<b>Percentage LI Program Funding</b>	
Total	\$364,942.33
% of whole charge	15%
OLIEC	25%
CAT	61%
OLIEC & CAT	86%
Bil Pay Assistance	14%

**OREGON LOW INCOME ENERGY CONSERVATION (OLIEC) AND  
 CONSERVATION ACHIEVEMENT TARIFF (CAT) PY 2015-2016 BUDGET FORECAST**

Carryover Balance as of Nov. 30, 2015	
OLIEC	\$ 144,751.35
CAT	\$ 189,101.36
<b>LI WX total</b>	<b>\$ 333,852.71</b>

LI-WX Pipeline		
CAP AGENCY	TOTAL ESTIMATED COST	STATUS
CCNO	\$ 6,796.68	AWARDED
CCNO	\$ 9,341.68	AUDITED
CCNO	\$ 4,959.68	AUDITED
NI	\$ 9,000.00	APPLICATION COMPLETE
NI	\$ 9,000.00	AUDITED
NI	\$ 9,000.00	AUDITED
NI	\$ 15,823.00	COMPLETE
NI	\$ 4,349.00	COMPLETE
NI	\$ 9,000.00	APPLICATION COMPLETE
CINA	\$ 2,656.00	AUDITED
CINA	\$ 2,772.00	AUDITED
CINA	\$ 3,393.00	AUDITED
CINA	\$ 4,727.00	AUDITED
CINA	\$ 8,716.00	AUDITED
<b>TOTALS</b>	<b>\$ 99,534.04</b>	

PIPELINE DETAIL		Available Funds	
OLIEC	\$ 24,883.51	LI WX Carryover	\$ 333,852.71
CAT	\$ 74,650.53	Pipeline	\$ 99,534.04
<b>TOTAL</b>	<b>\$ 99,534.04</b>	<b>Available Funds</b>	<b>\$ 234,318.67</b>

2016 Budget		2015 Carryover	
OLIEC Budget	\$ 150,000.00	OLIEC Carryover	\$ 59,318.67
CAT Budget	\$ 400,000.00	CAT Carryover	\$ 175,739.00
<b>TOTAL</b>	<b>\$ 550,000.00</b>	<b>TOTAL</b>	<b>\$ 235,057.67</b>
		<b>Needed Funds</b>	<b>\$ 314,942.33</b>

Estimated Homes treated under OLIEC and CAT in PY 2015-2016	
Average cost per home	\$5,955
<b>Estimated Homes treated</b>	<b>106</b>

Note: This is a rough estimate based on the cost to treat a home as reported in the Company's OLIEC Annual Report filed in Docket RG-7. The Company has extended its CAT pilot program to further study the costs and number of homes that could be typically expected under the CAT program.