

What is a PGA?

In the natural gas industry, PGA means Purchased Gas Adjustment. Simply stated, a PGA is designed to reflect the actual costs of gas supplies in customers' bills. A PGA filing does not affect the company's profits.

Each year, Cascade Natural Gas Corporation makes the best possible projection of the cost of gas supplies for the coming year. Any differences between the gas costs included in the company's overall rates and the actual cost of supplies are calculated and passed back to customers in the next PGA filing.

If actual gas costs are lower than originally projected, customers will see lower rates. If gas costs are higher, rates will go up.

Based on projected gas costs, Cascade Natural Gas is anticipating an increase to rates for Washington customers and anticipating a slight increase or decrease for Oregon customers in its PGA filing. Cascade Natural Gas encourages you to use energy wisely and continue your conservation efforts. For valuable energy efficiency information, visit www.cngc.com/energy-efficiency.



In the Community to Serve®

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Exhibit 2
Schedule 4 of 4



08/2021

NOTICE OF PROPOSED RATE CHANGES

Cascade Natural Gas Corporation proposes an overall average 16.87 percent increase in natural gas rates.

In September 2021, Cascade Natural Gas Corporation (Cascade) will file the following requests with the Washington Utilities and Transportation Commission (WUTC) proposing an overall average 16.87 percent increase for all customer groups with natural gas service. The changes are proposed to become effective November 1, 2021:

- **Purchased Gas Adjustment (PGA):** Cascade requested an increase to rates to recover the cost of natural gas. Gas costs are a straight pass through of costs, where Cascade does not earn a profit on these costs. For gas costs alone, the average residential customer using 56 therms per month will see a bill increase of \$8.06 per month or 14.37 percent more. The proposed rate increase is primarily due to an increase in wholesale natural gas costs above the level presently included in rates.
- **Cost Recovery Mechanism for Pipeline Replacement (CRM):** Cascade asked for an overall average increase to rates of 0.78 percent to recover costs incurred for the replacement of aging natural gas pipes from November 1, 2020, through October 31, 2021. The CRM helps Cascade continue to provide customers with safe and reliable gas service. The typical residential customer using 56 therms per month will see a bill increase of \$0.42 cents per month or 0.76 percent more for the CRM costs alone.
- **Washington Energy Assistance Fund (WEAF):** Cascade is to true-up the rates thereby collecting the budget amount for the 2021-2022 program year. For WEAF alone, the average residential customer using 56 therms per month will see a bill increase of \$0.08 or 0.14 percent more.
- **Decoupling Mechanism Adjustment:** Cascade requested to charge customers the difference between authorized revenue and actual billed revenue consistent with natural gas tariff Rule 21, Decoupling Mechanism. For the decoupling mechanism adjustment, the average residential customer using 56 therms per month will see a bill increase of \$1.11 per month or 1.98 percent more.
- **Conservation:** Cascade's collection of actual conservation costs from the previous twelve-month period will reflect an average residential customer using 56 therms per month will see a bill increase of \$0.21 per month or 0.37 percent more.

The following two items are related to the Tax Cut and Jobs Acts (TCJA) that reduced the federal income tax rate effective January 1, 2018.

- **Unprotected Excess Deferred Income Tax:** the average residential customer using 56 therms per month will see a bill increase of \$0.06 cents per month or 0.10 percent more.
- **Protected-Plus Excess Deferred Income Tax:** the average residential customer using 56 therms per month will see a bill decrease of \$0.01 cents per month or 0.01 percent less.

The WUTC will review each of these filings and has the authority to set final rates that may vary from Cascade's requests, either higher or lower, depending on the results of its investigation.

If the WUTC approves all proposals, the total increase for a typical residential customer using 56 therms per month will be 17.71 percent or \$9.93 more per month, bringing the total average monthly Cascade bill to \$56.05 from \$65.98.

The combined proposed rate changes for residential, commercial, and industrial customers are:

Type of Service	Current Rate**	Current Avg Bill *	Proposed Rate**	Proposed Avg Bill *	Dollar Change in Bill	Percent Change in Bill
Residential, Schedule 503	\$0.91169	\$56.05	\$1.08899	\$65.98	\$9.93	17.71%
Commercial, Schedule 504	\$0.84413	\$257.80	\$1.02590	\$310.51	\$52.71	20.45%
Industrial Firm, Schedule 505	\$0.78232	\$1,773.02	\$0.95610	\$2,168.02	\$395.00	22.28%
Com-Ind Dual Service, Schedule 511	\$0.73584	\$9,258.16	\$0.84946	\$10,889.30	\$1,631.14	17.62%
Industrial Interruptible, Schedule 570	\$0.68492	\$16,815.46	\$0.82443	\$20,207.29	\$3,391.83	20.17%
Transportation Service, Schedule 663	\$0.05987	\$10,905.00	\$0.06081	\$11,172.86	\$267.86	2.46%

* The average bill includes the monthly basic charge which has not changed with this filing.

** Due to tiered rate structures based on individual customer consumption, Rate Schedules 505, 511, 570, and 663 reflect average rates.

For additional information on the proposed rate changes, conservation tips, energy efficiency programs, energy assistance programs, and bill payment plans, visit Cascade Natural Gas's website at www.cngc.com; call 1-888-522-1130; or write to c/o Cascade Regulatory Department, 8113 W Grandridge Blvd, Kennewick WA 99336-7166.

You can contact the WUTC to submit comment or to be notified of the scheduled open meeting, at which time the proposal will be considered by the commission:

- On the WUTC website at www.utc.wa.gov, and click on Submit a Comment
- By email to: comments@utc.wa.gov
- By phone at: 1-888-333-9882
- In writing: WUTC
P.O. BOX 47250
Olympia, WA 98504-7250

Please include your name and mailing address, reference the name of company (Cascade Natural Gas Corporation) and Advice Nos. CNG/W21-06-01, CNG/W21-09-01, CNG/W21-09-02, CNG/ W21-09-03, CNG/W21-09-04, and CNG/W21-09-05.

The WUTC is committed to providing reasonable accommodations to participants with disabilities: Contact WUTC at 360-664-1132, 306-664-1243 or email humanresources@utc.wa.gov.

