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CNG/W16-08-02

August 23, 2016

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: UG-160972 Cascade Natural Gas PGA and TTA Annual **Replacement** Filing

Dear Mr. King:

Cascade Natural Gas Corporation ("Cascade") hereby encloses for filing the following proposed tariff sheet containing a requested effective date of September 1, 2016:

Thirty-Fifth Rev. Sheet No. 595

The purpose of the Temporary Technical Adjustment (TTA) filing is to pass on changes in the amount of adjustments affecting customer rates as a result of deferral account amortizations and charges to the prospective purchased gas costs. TTA Schedule No. 595 combines prior period rate adjustments and new rate adjustments designed to amortize current outstanding deferral account balances (including accrued interest) as well as the prospective changes to expected gas costs, the Purchase Gas Adjustment (PGA) component.

The rates contained in the attached Schedule 595 will credit the remaining deferral balance of (\$9,153,686). The annual revenue change reflected in this filing is a decrease of (\$6,263,833) to customers, or a decrease in annual revenue (3.03%). The average residential customer using 49 therms per month will see a decrease of (\$1.50). Below is a table summarizing the proposed changes reflected in the deferral amortization portion of the TTA filing:

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Service	Sch. No.	Rate Change	Proposed Rate Per Therm	Percent Change
Dry Out	502	(\$0.03072)	(\$0.03702)	(3.15%)
Residential	503	(\$0.03072)	(\$0.03702)	(3.19%)
Commercial	504	(\$0.03072)	(\$0.03702)	(3.44%)
Industrial	505	(\$0.03072)	(\$0.03702)	(4.02%)
Industrial Lg Vol	511	(\$0.03072)	(\$0.03702)	(4.21%)
Compressed Nat. Gas	512	(\$0.03072)	(\$0.03702)	(3.61%)
Interruptible	570	(\$0.03072)	(\$0.03702)	(4.92%)
Interruptible Inst.	577	(\$0.03072)	(\$0.03702)	(8.18%)
Distribution	663	\$0.00007	\$0.00000	0.22%

The purpose of the Purchase Gas Adjustment (PGA) portion of this filing is to pass on rate adjustments designed to reflect the cost of gas in the Company's current gas supply portfolio.

The proposed PGA tariffs will result in an estimated annual revenue decrease of approximately (\$11.6) million or a decrease in annual revenue of (6.23%). The average residential customer using 49 therms per month will see a decrease of (\$2.79).

Service	Sch. No.	Commodity Change per therm	Demand Change per therm	Total Rate Change	Proposed Rate Per Therm	Percent Change
Dry Out	502	(\$0.03969)	(\$0.01705)	(\$0.05674)	\$0.49304	(5.81%)
Residential	503	(\$0.03969)	(\$0.01730)	(\$0.05699)	\$0.49569	(5.92%)
Commercial	504	(\$0.03969)	(\$0.01705)	(\$0.05674)	\$0.49304	(6.35%)
Industrial	505	(\$0.03969)	(\$0.01582)	(\$0.05551)	\$0.47993	(7.27%)
Industrial Lg Vol	511	(\$0.03969)	(\$0.01582)	(\$0.05551)	\$0.47993	(7.60%)
Compressed Nat. Gas	512	(\$0.03969)	(\$0.01705)	(\$0.05674)	\$0.49304	(6.67%)
Interruptible	570	(\$0.03969)	(\$0.01458)	(\$0.05427)	\$0.46687	(8.69%)
Interruptible Inst.	577	(\$0.03969)	(\$0.01458)	(\$0.05427)	\$0.46687	(14.45%)

The PGA filing details the commodity and demand units and costs of Cascade's core market gas supply portfolio including company purchased supplies, pipeline transportation and peaking resources. The cost of gas, which includes pipeline, reservation and storage costs, is down slightly from last year.

The impact of both the PGA and TTA changes combined result in a revenue decrease of (\$17,906,577) or (8.66%). The overall impact to an average residential customer using 49 therms per month will be (\$4.29).

In accordance with WAC 480-90-198, the Company declares that notice to customers was made in accordance with WAC 480-90-195. Cascade issued bill inserts to customers during August 2016 explaining the PGA process and Cascade will publish on its webpage the anticipated rate decrease. A copy of the August 2016 bill insert has been included with this filing. The proposed change will affect all of Cascade's Washington customers. Cascade serves approximately 180,313 residential, 25,386 commercial and 460 industrial customers in the state of Washington.

If you have any questions, please direct them to me at (509) 734-4593.

Sincerely,



Michael Parvinen
Director, Regulatory Affairs

Attachments