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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

COST MANAGEMENT SERVICES,
INC.,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

No. UG-061256

SECOND SUPPLEMENTAL
DECLARATION OF JON T. STOLTZ

Jon T. Stoltz declares as follows:

1. I am Senior Vice President – Gas Supply and Regulatory for Cascade Natural Gas Corporation ("Cascade") and I make this second supplemental declaration in response to Complainant Cost Management Services, Inc.'s ("CMS") Motion Requesting That The Commission Take Official Notice of a Regulatory Filing Made by Cascade on December 21, 2006 (the "Motion").

2. The regulatory filing of Cascade of which CMS requests the Commission take official notice is a December 21, 2006 letter from me to the Commission indicating that

SECOND SUPPLEMENTAL DECLARATION
OF JON T. STOLTZ – 1

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1 Cascade does not plan to make a Purchased Gas Adjustment filing in 2006 (the "Filing").
2
3 The Filing includes a summary detailing the commodity and demand costs for Cascade's
4
5 core market gas supply portfolio for the 12 months ending June 30, 2006. The Commission
6
7 considers only Cascade's costs to serve the core market in connection with Purchased Gas
8
9 Adjustments. Cascade's costs to serve the non-core market are not relevant to that price
10
11 adjustment mechanism.

12
13 3. The Filing also includes information relating to Cascade's sales of gas supply
14
15 to non-core customers. That data is not relevant to the calculation of the Purchased Gas
16
17 Adjustment, but is included for informational purposes only.

18
19 4. Line 28 of the spreadsheet included as page 3 to the Filing (labeled
20
21 Attachment A, page 3 of 3, to CMS's Motion) indicates that Cascade had \$990,084 in
22
23 revenue from "Noncore Gas Supply" in the 12 months ending June 30, 2006, which was
24
25 attributed to Rate Schedule Nos. 681 and 682 (not 681 and 683 as stated in CMS's Motion).
26
27 This revenue was from the unbundled sale of gas supply of the sort that is at issue in this
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29 proceeding. This revenue was largely from one customer, who used to be served under Rate
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31 Schedule No. 681 when that rate schedule was effective. This customer is currently served
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33 under a contract, but specifically requested that the terms be the same as applied under Rate
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35 Schedule No. 681. That is why the revenue was attributed to that rate schedule even though
36
37 it was no longer in effect. Technically, this revenue should have been attributed to Rate
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39 Schedule No. 687, consistent with Cascade's practice as described in my prior declarations
40
41 in this proceeding. Line 28 also includes a small amount of revenue from the sale of spot
42
43 market gas to non-core customers, which sales were made under Rate Schedule No. 682
44
45 when it was effective. The reference to Rate Schedule Nos. 681 and 682 in line 28 was an
46
47 inadvertent error since those schedules are now canceled. This part of the spreadsheet did

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1 not receive the scrutiny that it should have received, because the figures relating to non-core
2 sales have no relevance to calculation of the Purchased Gas Adjustment.
3

4
5 5. Line 29 of the same spreadsheet is labeled "Gas Supply – Cust Owned" and
6 lists Rate Schedule No. 683. Line 29 indicates \$67,897,867 in revenue from these sales.
7
8 This revenue is also from the unbundled sale of gas supply to non-core customers of the sort
9 that is at issue in this proceeding. This revenue is from a number of customers who are
10 currently served under contracts. Again, this revenue should have been attributed to Rate
11 Schedule No. 687, consistent with Cascade's practice as described in my prior declarations
12 in this proceeding. The references to "Cust Owned" and to Rate Schedule No. 683 in line 29
13 were inadvertent errors. The gas Cascade sold to non-core customers is not considered
14 "customer owned" gas; rather, that term refers to gas supply that non-core customers
15 purchase from suppliers other than Cascade for which Cascade provides distribution and
16 related services, but not gas supply. Nor were these sales made under Rate Schedule No.
17 683, which has been canceled. This part of the spreadsheet did not receive the scrutiny that
18 it should have received, because the figures relating to non-core sales have no relevance to
19 calculation of the Purchased Gas Adjustment.
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33 6. The revenue reflected in line 29 of the spreadsheet is for the same type of gas
34 supply sales and services included in my testimony in Cascade's recent rate case, which was
35 there attributed to Rate Schedule No. 687. For the test year utilized in Cascade's current
36 rate case, October 1, 2004 through September 30, 2005, Cascade accounted for
37 \$30,404,867.18 in revenue from gas supply and related activities under Rate Schedule No.
38 687. Stipulated Facts, ¶ 17; Exhibit 17. For the 12 months ending June 30, 2006, Cascade
39 had a total of \$68,887,951 in revenue from similar sales and services (sum of lines 28 and 29
40 in the Filing), that are also correctly attributable to Rate Schedule No. 687. The revenue is
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SECOND SUPPLEMENTAL DECLARATION
OF JON T. STOLTZ – 3

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1 higher for this period than for the test year utilized in the rate case because of increased
2
3 volumes and a substantial increase in the cost of gas for the 12 months ending June 30,
4
5 2006.

6
7 I CERTIFY UNDER PENALTY OF PERJURY under the laws of the State of
8
9 Washington that the foregoing is true and correct.

10
11 DATED at Seattle, Washington, this __8th__ day of January, 2007.

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Jon T. Stoltz

SECOND
SUPPLEMENTAL DECLARATION OF JON
T. STOLTZ – 4

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32032-0004/LEGAL12948465.1

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served this **SECOND SUPPLEMENTAL DECLARATION OF JON T. STOLTZ IN SUPPORT OF CASCADE'S MOTION FOR SUMMARY DETERMINATION** upon all parties of record in this proceeding by causing a copy to be sent by electronic mail and by first class mail, postage prepaid to:

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Washington Utilities and
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Dated this 9th day of January, 2007.

PERKINS COIE LLP

By 
James M. Van Nostrand, WSBA #15897
Lawrence H. Reichman, OSB #86083

Attorneys for Cascade Natural Gas Corporation