

*Exh 19*

CASCADE NATURAL GAS CORPORATION

Docket UG-951415

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WUTC <i>UG-950326-</i>		
DOCKET NO. <i>-951415</i>		
EXHIBIT # <i>19</i>		
ADMIT	W/D	REJECT
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CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #283

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

**RE: Dispatching Service Charge Associated with Rate Schedule No. 681: Optional Firm Gas Supply.:**

*Please provide a detailed explanation of how Cascade derived the rate of \$500.00 per month for dispatching service under rate schedule no. 681. Additionally, please provide the following regarding the dispatching service charge associated with schedule 681:*

- A. Please include all backup documentation, including worksheets, used to calculate the rate.*
- B. Please provide an explanation of why Cascade has not proposed to change this rate.*

Response:

The \$500 Dispatching Service Charge was first introduced in the Company's November 2, 1988 Tariff filing as one of the charges in the new Optional Firm Gas Supply Schedule Nos. 486/586 (which changed to 681 on December 1, 1989). The charge was to recoup the Company's expenses for increased monitoring and dispatching requirements of the customer's daily use of gas as well as nominating their gas supply requirements. This \$500 Dispatching Service charge was also included on the Optional Combination Firm and Interruptible Service Schedule Nos. 460/560, the Combination Interruptible and Spot market Service (Optional) Schedule Nos. 473/573, the limited Transportation

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Services of Customer Owned Gas Schedule Nos. 483/583 and the Optional Best Efforts Spot Market Gas Supply Supplemental Schedule Nos. 487/587 that were included in that filing. Customers receiving transportation service were to be charged the \$500 per month under only one of the various schedules the customer was receiving service. Most customers receive the charge under Rate Schedule No. 663.

- A. Cascade has not located the workpapers that was used to develop that charge. Attached is a copy of the November 2, 1988 filing.
- B. As part of the Rate Schedule No. 663 rate charges, the \$500 Dispatching Service Charge does not appear to be out of line with the cost of providing dispatching services, therefore the Company has not proposed to change that charge.

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #296

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

RE: Customers Taking Service under Rate Schedule 687: Optional Best Efforts  
Balancing Service.

- A. *Please identify each customer that took service under rate schedule 687 during the test year. If some customers took service under schedule 687 for only a portion of the test year, please state the months the customers took service under that schedule. In order to maintain confidentiality of the customers, please identify each customer by some code (eg., customer 1, 2, 3, etc....) and provide a legend to that code on a separate sheet.*
- B. *Please identify the Daily Balancing Standby Level of volumes contracted by each customer identified above, during each month of the test year.*

Response:

- A. Cascade does not have any customers taking service under Rate Schedule No. 687.
- B. Cascade does not have any customers taking service under Rate Schedule No. 687.

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #297

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

*RE: Daily Balancing Standby Charges Collected from Customers Taking Service on Rate Schedule No. 687; Optional Best Efforts Balancing Service.*

*Please identify the amount of revenue Cascade collected from Rate Schedule No. 687 customers in Daily Balancing Standby Charges during each month of the test year. Additionally, please provide the following:*

- A. Please identify the total therms provided each month under Rate Schedule No. 687.*
- B. Please identify the portion of the total therms included in A above, which were provided by system diversity, which carry no charge under the tariff.*
- C. Please explain how the Company accounts for revenue collected from Schedule 684 687(sic) Gas Supply Charges.*

Response:

- A. Cascade did not provide any therms under this schedule.
- B. No system diversity was provided under this schedule.
- C. No revenues were collected under this schedule.

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #298

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

*RE: Costs Associated with Customers Taking Service under Rate Schedule No. 687:  
Optional Best Efforts Balancing Service.*

*Please identify costs associated with providing the balancing service provided under this rate schedule, for each month during the test year. Additionally please provide the following, related to balancing costs associated with providing service to Schedule 687 customers:*

- A. Please provide a detailed explanation of how the Company determined these costs, including all back-up documentation and worksheets used to determine the costs.*
- B. Please provide a detailed explanation of how the Company accounts for these costs.*

Response:

There were no costs associated with providing service under this schedule.

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #299

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

*RE: Daily Balancing Standby Rates Proposed For Rate Schedule No. 687: Optional Best Efforts Balancing Service.*

*Please provide a detailed explanation of how Cascade derived the rate of \$0.02525 per therm of Daily Balancing Standby Level per month. Additionally, please include the following regarding the daily balancing standby rates for schedule 687:*

- A. *Please include all backup documentation, including worksheets, used to calculate the rate.*
- B. *Additionally, please explain if this rate would be applied as a demand charge or a commodity charge; i.e., is the charge assessed only on the therms actually taken, or on the Daily Balancing Standby Level, without regard to the actual number of therms used?*

Response:

- A. Cascade has been unable to find the workpapers that developed this charge. This rate schedule, along with Schedule 688 and the corresponding Oregon schedule nos. 187 & 188 were developed in the spring of 1989 in compliance with Oregon PUC Order No. 89-406, which issued in OPUC Docket No. UG-23, In the Matter of an Investigation into Natural Gas Transportation Services.
- B. The \$0.02525 charge was to be applied as a demand charge.

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #300

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

***RE: Daily Balancing Standby Rates Proposed For Rate Schedule No. 687; Optional Best Efforts Balancing Service.***

*Please provide a detailed explanation of how Cascade derived the rate of \$0.02525 per therm of Daily Balancing Standby Level per month. Please include all backup documentation, including worksheets, used to calculate the rate.*

Response:

See response to D/R 299.



CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #301

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

***RE: Balancing with System Diversity For Rate Schedule No. 687: Optional Best Efforts Balancing Service.***

*Please provide a detailed explanation of how Cascade decides whether it can provide balancing service without affecting the costs or reliability of the services provided to the rest of Cascade's system.*

Response:

Attached is a copy of the Testimony in OPUC Docket No. UG-86 (Cascade's Compliance Filing to OPUC Order No. 89-406) that explains how it would have worked, if Cascade had any customers receiving service on that Schedule.

1 additional embedded fixed costs will, in all probabilit-  
2 ity, be removed from these schedules. However, until  
3 that cost study is completed, it is impossible to  
4 quantify these additional costs with any precision.

5 Q. What other optional service schedules has Cascade  
6 included in Exhibit CSDE \_ (JTS-2)?

7 A. Cascade is offering an Optional Best Efforts Balancing  
8 Service Supplemental Schedule No. 187. This schedule  
9 will provide a customer with a service to balance actual  
10 takes to the gas that was nominated by or for him. In  
11 order to minimize or avoid penalties for daily imbal-  
12 ances, this service will revolve around the Company's  
13 ability to utilize it's system diversity and its storage  
14 inventories as well as its access to pipeline Interrupt-  
15 ible Overrun Services ("IOS") supply. The system  
16 diversity arises due to the fact that, on any given day,  
17 some customers' takes will be below their forecasted  
18 nominations and others' takes will be above their fore-  
19 casted nomination. These deficiencies and excesses tend  
20 to offset each other. The Company will utilize as a  
21 first source, this diversity to minimize most of the  
22 customer's daily imbalance and to minimize the amount of  
23 storage or IOS-1 supplies that are needed to cover  
24 individual customer's daily imbalances. This use is  
25 conditioned upon the fact that such utilization of  
26 system diversity does not affect the cost or the relia-

1 bility of the services provided to the rest of the  
2 system.

3 The second source of balancing service will be the  
4 Company's access to storage facilities. Natural gas  
5 injected into or withdrawn out of storage shall be  
6 considered as temporarily banked or borrowed gas, and  
7 such transactions shall be reversed within 30 days from  
8 the date of the transaction. During times when system  
9 diversity is not large enough to accommodate a custom-  
10 er's imbalance and the time of the year is right that it  
11 will be possible to withdraw from or inject into storage  
12 without disturbing the primary intent of storage, that  
13 is, to protect Firm System Supply customers, storage  
14 facilities will be used for balancing purposes.

15 IOS-1 service will be used if neither system  
16 diversity nor storage services are available. In such  
17 an event, the Company will attempt to buy IOS-1 gas from  
18 Northwest Pipeline to cover the customer's imbalance.  
19 Any IOS-1 gas delivered to a customer for balancing  
20 purposes shall be considered a "final transaction" and  
21 not subject to later reversal.

22 Of course, if neither system diversity nor storage  
23 nor IOS-1 is available on any given day, customers shall  
24 be exposed to the normal Load Balancing Penalty under  
25 the applicable supplemental schedule.

26 As indicated in the title, this schedule is purely

1 optional on the part of the customer. Any customer who  
2 feels that he is able to estimate his gas requirements  
3 within the load balancing penalty provisions of plus or  
4 minus 5% of daily nominations (or whatever that penalty  
5 may ultimately end up to be), may very well not elect  
6 the Optional Best Efforts Balancing Services under this  
7 schedule.

8 Q. Why is Cascade's balancing provision on an optional  
9 "best efforts" basis?

10 A. This schedule is "best efforts" because it is dependent  
11 upon the availability of the three balancing resources  
12 which I have described to help alleviate imbalance  
13 problems. System diversity is dependent upon certain  
14 customers under nominating when other customers are over  
15 nominating. The availability of storage facilities  
16 depends upon the status of the inventory in storage and  
17 the time of the year. IOS-1 gas supplies from Northwest  
18 Pipeline are best efforts by nature. If none of these  
19 supplies are available in sufficient quantities to cover  
20 the customer's imbalances for any given day, then the  
21 customer would be subject to the load balancing penal-  
22 ties as stated in the applicable optional supply sched-  
23 ule on that day.

24 Q. Has Cascade also proposed an optional storage service in  
25 Exhibit CSDE \_ (JTS-2)?

26 A. Yes, Cascade also has included in its compliance filing

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #302

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

**RE: Withdrawal Charge Rate Proposed For Rate Schedule No. 687: Optional Best Efforts Balancing Service.**

*Please provide a detailed explanation of how Cascade derived the rate of \$0.01495 per therm for a withdrawal charge. Please include all backup documentation, including worksheets, used to calculate the rate.*

Response:

Cascade has been unable to find the workpapers that developed this charge. This rate schedule, along with Schedule 688 and the corresponding Oregon schedule nos. 187 & 188 were developed in the spring of 1989 in compliance with Oregon PUC Order No. 89-406, which issued in OPUC Docket No. UG-23, In the Matter of an Investigation into Natural Gas Transportation Services.

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #303

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

***RE: Injection Charge Rate Proposed For Rate Schedule No. 687: Optional Best Efforts  
Balancing Service.***

*Please provide a detailed explanation of how Cascade derived the rate of \$0.02705 per therm for an injection charge. Please include all backup documentation, including worksheets, used to calculate the rate.*

Response:

Cascade has been unable to find the workpapers that developed this charge. This rate schedule, along with Schedule 688 and the corresponding Oregon schedule nos. 187 & 188 were developed in the spring of 1989 in compliance with Oregon PUC Order No. 89-406, which issued in OPUC Docket No. UG-23, In the Matter of an Investigation into Natural Gas Transportation Services.

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #304

Date prepared: 3/14/96

Preparer: Jon T. Stoltz

Telephone: (206) 624-3900

**RE: Commodity Charge Rate Proposed For Rate Schedule No. 687: Optional Best Efforts Balancing Service.**

*Please provide a detailed explanation of how Cascade derived the rate of \$0.25239 per therm for a commodity charge. Please include all backup documentation, including worksheets, used to calculate the rate.*

Response:

Cascade has been unable to find the workpapers that developed this charge. This rate schedule, along with Schedule 688 and the corresponding Oregon schedule nos. 187 & 188 were developed in the spring of 1989 in compliance with Oregon PUC Order No. 89-406, which issued in OPUC Docket No. UG-23, In the Matter of an Investigation into Natural Gas Transportation Services.

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #311

Date prepared: 3/15/96

Preparer: Lynda V. Goodrich

Telephone: (206) 624-3900

*RE: Nomination on Northwest Pipeline*

*Please explain the company's procedure for nominating deliveries on Northwest Pipeline. Please be sure to include a discussion of how the Company combines delivery nominations to the pipeline for core and non-core customers*

Response:

The requested information is attached.



Cascade Natural Gas Corporation  
WUTC Data Request #311  
1995 Washington Analysis of 1994 Test Period

Cascade coordinates and schedules the core and non-core supplies, utilizing the various transportation agreements at our disposal. The supplies are scheduled in accordance with budgetary and operational considerations. All of the third party supplies for endusers are received from the various suppliers via facsimile. Together, all of these nominations are transmitted to the pipelines in the format they require. Northwest Pipeline (NWP) nominations are sent in shipper-to-transporter and transporter-to-transporter formats utilizing their nomination software, Northwest Passage.

Core demand is forecaster based on historical flow, along with residential growth and weather considerations. From this analysis a determination is made of the supply packages required to meet core demand. Non-core customers are required in accordance with Cascade rate schedules 183 and 683 (Operating Obligations and Conditions to provide their estimated daily usage for the upcoming month.

All non-core parties are participating in at least one of several types of supply portfolio options available to them. The majority of the non-core customers utilize a third party to transport supplies to Cascade's distribution system. Others are supplied via Cascade-purchased supplies. Naturally, due to the un-bundling of services, Cascade has a number of customers who utilize a combination of Cascade and third party supplies and transportation.

The estimate of usage under the various portfolios is analyzed with data on weather for the upcoming month, planned balancing in relation to pipeline over/under takes, anticipated maintenance, and existing contractual supply requirements. Taking into consideration those customer seeking to be supplied via Cascade's spot portfolio and the analysis indicated above, a total spot purchase volume is determined.

Third parties (hereafter referred to Customer Owned suppliers) providing supply and/or transport services for non-core customers must follow an additional set of procedures. Cascade established

these procedures to allow sufficient time for the analysis of load vs. supply, preparation and timely transmission of nominations to Northwest Pipeline.

Currently, Cascade requires Customer Owned suppliers to send a supply and balancing nomination for each of their customers. Nominations for the first day of the month are due to Cascade by 9:00 AM (PST) three working days prior to the first calendar day of each month.

Subsequent supply and balancing nomination changes are due 32 hours prior to the start of the gas day. Currently, that deadline is 12:00 AM PST. For example, nominations for February 16, 1996 would need to be received by Cascade no later than 12:00 AM PST February 15, 1996. As most suppliers aren't staffed at midnight, suppliers moving gas to Cascade's distribution system would, using this example, send these nominations during the preceding afternoon of February 14, 1996.

Nominations for gas days which fall on Sundays and Mondays are due to Cascade no later than 10:00 AM PST each preceding Friday.

As a courtesy to our customers, Cascade accepts nominations after the stated deadlines, but only on a case-by-case basis. This flexibility can only be extended when it does not adversely affect Cascade's ability to analyze the impact of the late nomination to its' system needs and still meet all deadlines with the upstream pipelines.

Nomination changes are allowed during the current gas day provided the change is communicated to Cascade prior to any upstream pipeline's renomination deadline. Currently, the renomination deadline for all of Cascade's upstream pipelines is 10:00 AM PT. Therefore, renominations during flow day are due to Cascade no later than 8:00 a.m. PST.

NWP's nomination system requires certain data elements. Consequently, the nomination information given to Cascade by the Customer Owned supplier must contain sufficient data to create the shipper/transporter transactions for input into this system. These data elements are described below:

#### *PIPELINE*

*PIPELINE TRANSPORTATION AGREEMENT*

*RECEIPT POINT* (Actual mainline physical entry point to the pipeline)

*UPSTREAM CONTRACT* (Actual contract source behind the receipt point)

*RECEIPT VOLUME* (Mainline receipt volume in MMBtu, inclusive of transportation fuel)

*DELIVERY POINT* (Physical exchange point. Must be meter station specific, if Customer Owned)

*DOWNSTREAM CONTRACT* (Cascade requires all nominating parties to use a supplier/customer identification of Cascade's choosing. The supplier information is coded to provide an element of confidentiality for the supplier. For example, 8901/ABC would be Supplier X Customer Owned supply for ABC Company.)

*DELIVERED VOLUME* (volume delivered in MMBtu at Cascade city gate)

And, stated separately:

*BALANCING VOLUME* (In relation to the volume scheduled for transportation, the amount of gas, stated in MMBtu, in excess/deficit to the gas requirement needs at the customer's facility)

The balancing nomination is submitted on a separate report from the supply nomination. The balancing nomination is reviewed by Cascade personnel whom inform the supplier in the event the balancing nomination cannot be accepted as submitted. Cascade reviews with the supplier the reasons for the rejection and the possible changes to the nomination to allow the desired balancing.

The Customer Owned nominations are also reviewed to determine compliance with applicable distribution system contracts.

All supplies are analyzed looking at the forecasted load against the confirmed supplies by major portfolio classification. If a significant shortfall exists in a particular classification, a determination is made as to whether additional supply resources

are required (if available), or whether an entitlement/allocation of a portion or the entire system is required. Supply adjustments are made in accordance with budgetary considerations.

Cascade core and non-core supplies aligned against available transportation agreements. Factors considered include maximizing firm transport for the core, transportation rate, contractual primary and alternate path restrictions, and operational considerations. Released capacity is reviewed to determine if core demand requires a recall of released capacity.

NWP currently bills on conjunctive basis, however, constraints on system are identified by zone. Cascade's distribution system is located in six of these zones. Cascade monitors its flow in the specific zones and matches core and non-core supplies accordingly in an attempt to minimize any negative impact of potential pipeline constraints.

NWP provides a daily report which identifies constraint and current nomination volumes for the major receipt and delivery points on their system. This report is analyzed daily to monitor their system for potential constraints. Whenever possible, Cascade core and non-core supply nominations are re-aligned from potential constraint points prior to the volumetric tolerance of the original nominated point.

Once Cascade has analyzed constraints, imbalances and transportation availability the nominations are prepared. As stated earlier, NWP's nomination system requires certain data elements. Cascade scheduling personnel work with their counterparts at the various core and non-core suppliers to confirm the receipt and upstream contract location of the supplies to be nominated. Of all the data elements only the downstream contract can be used by the shipper/transporter to make any type of internal identification of the supply package. Cascade uses an alpha-numeric string in downstream contract to identify Customer Owned supplier and the enduser. A similar logic is used to identify suppliers plus the various types of core and non-core supplies.

Unless the transportation agreement restricts the nomination to a specific primary path, or the nomination is for a Customer Owned party, Cascade nominates core and non-core supplies to the zones

rather than specific meter stations based on the methodology described in the previous paragraph.

The pipeline receives the nominations and matches the volumes and transportation contracts to the corresponding data they have received from their upstream pipelines. Each of the pipelines also check various contractual and operational limitations to ensure the integrity of their individual system is sufficient to meet the gas demands of their shippers. At staggered times during the day, the various pipelines send Cascade a confirmation of the authorized supplies for the day. NWP sends their confirmation electronically using both data and report formats.

CASCADE NATURAL GAS CORPORATION

Docket No. UG-951415

1995 WASHINGTON ANALYSIS OF 1994 TEST PERIOD

Request #312

Date prepared: 3/13/96

Preparer: King C. Oberg/Lynda V. Goodrich

Telephone: (206) 624-3900

*RE: Overtakes/Undertakes on Northwest Pipeline*

*When determining overtakes/undertakes on Northwest Pipeline, please indicate if the pipeline determines its balance based on daily nominations or Maximum Deliverability.*

Response:

Each day, Cascade nominates Northwest Pipeline transportation service for the upcoming gas day. Northwest confirms the service via electronic transfer of a document ("download") to Cascade prior to the start of the affected gas day. The pipeline balance is then determined, after completion of the gas day, from the difference between the download and the actual volumes delivered to Cascade as measured at each delivery point.