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October 14, 2015

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

Re: Pipeline Replacement Cost Recovery Mechanism **update** in Accordance with Commission Policy Statement in Docket UG-120715. Original filing under Advice No. CNG/W15-05-01, Docket UG-151155

Dear Mr. King:

In accordance with the Commission's policy statement in Docket UG-120715 Cascade hereby submits its update to the Cost Recovery Mechanism with actual costs as of September 30, 2015, and estimated costs through October 31, 2015.

If there are any questions regarding this update please contact me at (509) 734-4593.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", with a long horizontal flourish extending to the right.

Michael Parvinen
Director, Regulatory Affairs

In the Community to Serve®

WN U-3

CASCADE NATURAL GAS CORPORATION

**COST RECOVERY MECHANISM (CRM)
ELEVATED RISK PIPELINE FACILITY REPLACEMENTS
SCHEDULE NO. 597**

APPLICABLE:

This adjustment applies to gas service rendered by the Company under the tariff of which this schedule is a part for service on and after the effective date hereof and shall be in addition to all rates and charges specified in this tariff.

MONTHLY RATES AND MINIMUM BILLS:

Each of the charges, except Demand and Customer Service Charges, are to be increased as shown:

- Schedule 502 - \$.01029 per therm
- Schedule 503 - \$.01029 per therm
- Schedule 504 - \$.01017 per therm
- Schedule 505 - \$.00817 per therm
- Schedule 511 - \$.00647 per therm
- Schedule 512 - \$.00705 per therm
- Schedule 541 - \$.01017 per therm
- Schedule 570 - \$.00155 per therm
- Schedule 577 - \$.00314 per therm

(I)

The delivery charge under Schedule No. 663 is to be increased by \$0.00086.

(I)

SPECIAL TERMS AND CONDITIONS:

The rates named herein are subject to increases set forth in Schedule No. 500.

CNG/W15-05-01

ISSUED October 14, 2015

EFFECTIVE November 1, 2015

ISSUED BY **CASCADE NATURAL GAS CORPORATION**

BY Michael Parvinen

TITLE

Director
Regulatory Affairs

Project	Location	Estimated Cost	30-Aug-15 Actual Cost	Description	Justification
1 CRM RPL ANACORTES BARE STEEL	MT. VERNON	\$1,869,744	\$240,475	PHASE III OF BARE STEEL REPLACEMENT PROJECT	BARE STEEL/PRE-CNG PIPE - IDENTIFIED HIGH (RED) RISK IN DIMP
2 CRM 3" BURLINGTON HP LINE REPL	MT. VERNON	\$0		ROW AND DESIGN - CONSTRUCTION IN 2016	PRE-CNG PIPE - IDENTIFIED HIGH (RED) RISK IN DIMP
3 CRM WENATCHEE RIV BRIDGE RPL	WENATCHEE	\$0	\$19,533	BORE TO REMOVE PIPE FROM RR BRIDGE	PRE-CNG PIPE - IDENTIFIED HIGH (RED) RISK IN DIMP
4 CRM 4" GRANVIEW HP LINE #9 RPL	YAKIMA	\$0	\$42,746	1 MILE OF 4" HP - PART OF MAOP VALIDATION	PRE-CNG PIPE - IDENTIFIED HIGH (RED) RISK IN DIMP
5 CRM BELLINGHAM BRIDGE CROSSINGS RMV	BELLINGHAM	\$523,456		REMOVAL OF 2 BRIDGE CROSSINGS	PRE-CNG PIPE - IDENTIFIED HIGH (RED) & MODERATE (ORANGE) RISK IN DIMP
6 CRM DAKOTA CREEK BRIDGE RELOCATE	BELLINGHAM	\$50,227		BORE TO REMOVE PIPE FROM RR BRIDGE	EXPOSED PIPE SUSCEPTIBLE TO CORROSION RISK - MODERATE (ORANGE)
7 CRM SUNNYSIDE 2" IP MAIN RPL	YAKIMA	\$1,688,163	\$1,292,533	REPLACE HOUSE PIPING WITH CNG PIPING	PROJECT WILL REPLACE HOUSE PIPING SERVING MULTIPLE BUILDINGS
8 CRM RPL LONGVIEW BARE STEEL	LONGVIEW	\$0	\$33,752	PHASE IV OF BARE STEEL REPLACEMENT PROJECT	BARE STEEL/PRE-CNG PIPE - IDENTIFIED HIGH (RED) RISK IN DIMP
9 CRM KELSO GRADE ST BRIDGE REPLACEMENT	LONGVIEW	\$475,969	\$6,124	REPLACEMENT OF PIPELINE SECTION WITH MULTIPLE LEAKS	EXPOSED PIPE SUSCEPTIBLE TO CORROSION RISK - MODERATE (ORANGE)
10 CRM BREWERTON HWY 3 CASING REMOVAL	BREWERTON	\$1,645,524	\$922,731	SHORTED CASING	PIPE IN CASING - MODERATE (ORANGE) RISK IN DIMP
11 CRM COLLEGE PLACE CRAS PROJECT	WALLA WALLA	\$0		EXPOSED PIPE ON BRIDGE	MODERATE (ORANGE) RISK IN DIMP
12 CRM SHELTON 4" IP BRIDGE REPLACE	ABERDEEN	\$0		EXPOSURE OVER CREEK	EXPOSED PIPE (CORROSION) IN ADDITION TO MODERATE (ORANGE) RISK IN DIMP
13 CRM VANICE CREEK EXPOSURE REPLACE	ABERDEEN	\$0		EXPOSURE OVER CREEK	EXPOSED PIPE (CORROSION) IN ADDITION TO MODERATE (ORANGE) RISK IN DIMP
14 CRM CAMP CREEK EXPOSURE REPLACE	ABERDEEN	\$98,608	\$106,899	EXPOSURE OVER CREEK - W/O# 213962	EXPOSED PIPE (CORROSION) IN ADDITION TO MODERATE (ORANGE) RISK IN DIMP
15 CRM RP-4" HP MAIN, LACONNER	MT. VERNON	\$106,899	\$626,154	REPLACE SECTION OF HP PIPELINE	EXPOSED PIPE (CORROSION) IN ADDITION TO MODERATE (ORANGE) RISK IN DIMP
16 CRM 8" BELLINGHAM LINE #1	BELLINGHAM	\$626,154		REPLACE SECTION OF HP PIPELINE	PRE-CNG PIPE - IDENTIFIED MODERATE (ORANGE) RISK IN DIMP
17 CRM 8" STL BOSE, BURLINGTON	MT. VERNON				PRE-CNG PIPE - IDENTIFIED HIGH (RED) RISK IN DIMP
18					
19					
20					
21					
22					
23					
24					
25 Total Estimated Replacement Cost		\$7,104,737	\$3,873,011		

	Schedule	Schedule	Schedule	Schedule	Schedule	Schedule	Schedule
26 Rate Base Allocation from UG-060256 Company COS	503	504	511	512	515	570	577
27 Percentage	\$10,213,281	\$70,606,899	\$4,565,375	\$26,846	\$8,230,589	\$941,665	\$32,230,617
	46.27%	32.28%	2.09%	0.01%	3.76%	0.25%	14.74%

	Schedule	Schedule	Schedule	Schedule	Schedule	Schedule	Schedule
28 Total Investment	503	504	511	512	515	570	577
29 Depreciation Expense - Rate 2.58%	\$183,302	\$70,606,899	\$4,565,375	\$26,846	\$8,230,589	\$941,665	\$32,230,617
30 Accumulated Depr. (Avg)	\$1,851	\$32,28%	\$26,846	\$26,846	\$26,846	\$26,846	\$26,846
31 Accum Tax Depreciation	\$266,428						
32 Deferred Tax	\$29,094						
33 Accum Def Tax (Avg)	\$14,547						
34 FIT	\$64,156						
35 Rate Base	\$83,855						
36 Authorized ROR from UG-060256	\$619,371						
37 NOI	\$33,292						
38 Total NOI	\$552,663						
39 Conversion Factor from Company Testimony in UG-060256	\$0,611,8025						
40 Revenue Requirement (Current Year Investment)	\$1,049,630						
41 Revenue Requirement (from Previous Year Invest)	\$1,561,215						
42 Total Revenue Requirement	\$2,610,845						

43 Allocation Rev Req to Schedules	\$1,208,147	\$842,809	\$54,495	\$320	\$842,809	\$6,466	\$1,234
44 Weather Normalized 2014 Volumes	\$118,476,678	\$82,859,441	\$8,427,477	\$45,435	\$12,020,026	\$4,183,160	\$392,533

45 Rate Charge	\$0.01020	\$0.05968	\$0.01017	\$0.00705	\$0.02647	\$0.00155	\$0.00314
46 502 and 503 Combined Rev. Req.	\$1,222,551						
47 502 and 503 Combined Weather Norm. Vol.	\$118,539,721						
48 Combined 502 and 503 Rate Schedule	\$0.01029						
49 2014 Commission Basis Total Revenue	\$247,453,357						
50 Percentage Increase in Revenue	0.25%						

	Schedule	Schedule	Schedule	Schedule	Schedule	Schedule	Schedule
51	503	504	511	512	515	570	577
52	\$10,213,281	\$70,606,899	\$4,565,375	\$26,846	\$8,230,589	\$941,665	\$32,230,617
53	46.27%	32.28%	2.09%	0.01%	3.76%	0.25%	14.74%
54	\$183,302	\$70,606,899	\$4,565,375	\$26,846	\$8,230,589	\$941,665	\$32,230,617
55	\$1,851	\$32,28%	\$26,846	\$26,846	\$26,846	\$26,846	\$26,846
56	\$266,428						
57	\$29,094						
58	\$14,547						
59	\$64,156						
60	\$83,855						
61	\$619,371						
62	\$33,292						
63	\$552,663						
64	\$0,611,8025						
65	\$1,049,630						
66	\$1,561,215						
67	\$2,610,845						
68	\$1,208,147	\$842,809	\$54,495	\$320	\$842,809	\$6,466	\$1,234
69	\$118,476,678	\$82,859,441	\$8,427,477	\$45,435	\$12,020,026	\$4,183,160	\$392,533
70	\$0.01020	\$0.05968	\$0.01017	\$0.00705	\$0.02647	\$0.00155	\$0.00314
71	\$1,222,551						
72	\$118,539,721						
73	\$0.01029						
74	\$247,453,357						
75	0.25%						