



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166  
TELEPHONE 509-734-4500 FACSIMILE 509-737-7166  
www.cngc.com

VIA ELECTRONIC MAIL

July 28, 2017

Records Center  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504

**Re: UG-160967, Informational Filing  
July 2017 Line Extension Data**

On July 29, 2016, Cascade Natural Gas Corporation's (Cascade or Company) submitted Advice No. W16-07-01, docketed as UG-160967, which the Commission approved with an effective date of September 1, 2016.

The filing revised the Company's line extension policy to offer an upfront allowance based on the perpetual net present value (PNPV) of the revenues generated from that customer.

A PNPV allowance is the annual basic service charge and distribution revenue for the average residential or average commercial customers, as applicable, divided by 7.35%, which is the Company's rate of return as approved in Commission Order No. 04 issued in UG-152286. This methodology provides an upfront allowance for residential customers not to exceed \$3,255 and an allowance of no more than \$12,350 for commercial customers.

When the Commission approved the Company's filing, they expressed an interest in receiving line extension data to track the impact of the policy changes. The table below provides a history of the number of new services added per quarter, the total length of new service lines and mains installed, the overall cost, and the average cost per foot of pipe.

<b>Year-Quarter</b>	<b>Number of Services</b>	<b>Total Service Footage</b>	<b>Total Main Footage</b>	<b>Total Footage</b>	<b>Cost</b>	<b>Cost Per Foot</b>
<b>2014 Q3 July thru September</b>	471	26,821	35,754	62,575	\$573,663.87	\$9.17
<b>2014 Q4 October thru December</b>	552	34,805	40,937	75,742	\$946,773.45	\$12.50
<b>2015 Q1 January thru March</b>	523	32,106	32,051	64,157	\$818,538.39	\$12.76
<b>2015 Q2 April thru June</b>	561	30,706	56,432	87,138	\$1,594,264.57	\$18.30
<b>2015 Q3 July thru September</b>	529	27,913	40,772	68,685	\$977,336.95	\$14.23
<b>2015 Q4 October thru December</b>	751	43,354	45,809	89,163	\$1,441,120.47	\$16.16
<b>2016 Q1 January thru March</b>	630	32,314	41,385	73,699	\$1,034,005.55	\$14.03
<b>2016 Q2 April thru June</b>	735	36,056	26,084	62,140	\$913,930.95	\$14.71
<b>2016 Q3 July thru September</b>	647	34,350	27,431	61,781	\$986,557.67	\$15.97
<b>2016 Q4 October thru December</b>	745	41,415	18,508	59,923	\$843,103.54	\$14.07
<b>2017 Q1 January thru March</b>	525	30,540	34,163	64,703	\$1,468,571.60	\$22.70
<b>2017 Q2 April thru June</b>	644	37,935	20,000	57,935	\$1,533,194.46	\$26.46
<b>Grand Total</b>	<b>7,313</b>	<b>408,315</b>	<b>419,326</b>	<b>827,641</b>	<b>\$13,131,061.47</b>	<b>\$15.87</b>

Most notable in this report is the increase in the average cost for an installed foot of pipe from \$14.07 in 2016-Q4 to \$22.70 in 2017-Q1 and \$26.46 in 2017-Q2. The Company reviewed the related work orders and found no anomalous charges that would have artificially raised the average. The Company believes the overall costs for materials have risen, but, again, it will be worth watching this to see if it continues.

As stated in Cascade's initial informational filing of October 13, 2016, the Company submits semi-annual informational filings by the end of January and July of each year. Each filing provides an additional two quarters of line extension information.

If you have any questions regarding this report, please contact Jennifer Gross at (509) 734-4635.

Sincerely,

*/s/ Michael Parvinen*

Michael Parvinen  
Director, Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W Grandridge Blvd  
Kennewick, WA 99336-7166  
michael.parvinen@cngc.com