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October 13, 2017

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

Re: Cascade Natural Gas **Revised** PGA and TTA Annual Filing

Dear Mr. King:

Cascade Natural Gas Corporation (“Cascade”) hereby encloses for filing the following proposed tariff sheet containing a requested effective date of November 1, 2017:

Thirty-Seventh Rev. Sheet No. 595, Canceling Thirty-Sixth Rev. Sheet No. 595

The Purchased Gas Adjustment (PGA) portion of this application 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 purpose 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 tariffs will result in an estimated annual revenue decrease of approximately (\$8.8) million or a decrease in annual revenue of (3.85%). The average residential customer using 58 therms per month will see a decrease of (\$2.05).

Service	Sch. No.	Commodity Change per therm	Demand Change per therm	Total Rate Change	WACOG Proposed Rate Per Therm	Percent Change
Dry Out	502	(\$0.03452)	(\$0.00080)	(\$0.03532)	\$0.45772	(4.28%)
Residential	503	(\$0.03452)	(\$0.00082)	(\$0.03534)	\$0.46035	(3.99%)
Commercial	504	(\$0.03452)	(\$0.00080)	(\$0.03532)	\$0.45772	(4.42%)
Industrial	505	(\$0.03452)	(\$0.00074)	(\$0.03526)	\$0.44467	(5.28%)
Industrial Lg Vol	511	(\$0.03452)	(\$0.00074)	(\$0.03526)	\$0.44467	(5.61%)
Compressed Nat. Gas	512	(\$0.03452)	(\$0.00080)	(\$0.03532)	\$0.45772	(4.75%)
Interruptible	570	(\$0.03452)	(\$0.00068)	(\$0.03520)	\$0.43167	(6.76%)
Interruptible Inst.	577	(\$0.03452)	(\$0.00068)	(\$0.03520)	\$0.43167	(8.29%)

The second part of this filing is the Temporary Technical Adjustments (TTA) portion. These adjustments pass on changes in the amounts, affecting customer rates as a result of deferral account amortizations and charges to the prospective purchased gas costs. Temporary Technical Adjustment 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 PGA component.

The rates contained in the attached Schedule 595 will debit the remaining deferral balance of \$11,070,805. The annual revenue change reflected in this filing is an increase of \$22,998,112 to customers, which reflects an increase in annual revenue 10.12%. The average residential customer using 58 therms per month will see an increase of \$5.38. Below is a table summarizing the proposed changes reflected in the deferral amortization portion of the filing:

<u>Service</u>	<u>Sch. No.</u>	<u>Rate Change</u>	<u>Proposed Rate Per Therm</u>	<u>Percent Change</u>
Dry Out	502	\$0.09273	\$0.05571	11.24%
Residential	503	\$0.09273	\$0.05571	10.48%
Commercial	504	\$0.09273	\$0.05571	11.61%
Industrial	505	\$0.09273	\$0.05571	13.89%
Industrial Lg Vol	511	\$0.09273	\$0.05571	14.75%
Compressed Nat. Gas	512	\$0.09273	\$0.05571	12.46%
Interruptible	570	\$0.09273	\$0.05571	17.82%
Interruptible Inst.	577	\$0.09273	\$0.05571	21.85%

The impact of the PGA and TTA changes combined is a revenue increase of \$14,238,548 or an overall 6.27% increase. The impact to an average residential customer using 58 therms per month will be \$3.33.

As directed by the WUTC in the March 13, 2017 Policy and Interpretive Statement in Docket UG-132019, included as an attachment to this filing is the Company's 2017-18 Hedging Plan. The information contained in the plan is confidential pursuant to WAC 480-07-160(2)(c) as the plan contains valuable commercial information.

In addition to the supporting materials submitted as part of this combined filing, the Company will separately submit all workpapers in electronic format.

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 2017 explaining the PGA process and Cascade will publish on its webpage the anticipated rate

decrease. A copy of the August 2017 bill insert has been included with this filing. The proposed change will affect all of Cascade's Washington customers. Cascade serves approximately 182,718 residential, 25,666 commercial and 454 industrial customers in the state of Washington.

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

Sincerely,

/s/ Michael Parvinen

Michael Parvinen
Director, Regulatory Affairs
Cascade Natural Gas Corporation
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Kennewick, WA 99336-7166
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Attachments

UG-____ CNGC Advice W17-09-01 PGA Trf Sheet 595 09-29-2017
UG-____ CNGC Advice W17-09-01 PGA Bill Insert 09-29-2017
UG-____ CNGC Advice W17-09-01 PGA Exhibit A 09-29-2017
UG-____ CNGC Advice W17-09-01 PGA Hedging Plan 09-29-2017(R)
UG-____ CNGC Advice W17-09-01 PGA Hedging Plan 09-29-2017(C)
UG-____ CNGC Advice W17-09-01 PGA WP 09-29-2017
UG-____ CNGC Advice W17-09-01 PGA Gas Cost WP 09-29-2017(R)
UG-____ CNGC Advice W17-09-01 PGA Gas Cost WP 09-29-2017(C)