



In the Community to Serve®

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

CNG/W11-10-01

October 31, 2011

Mr. Dave Danner
Secretary and Executive Director
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-9022

Dear Mr. Danner:

Cascade Natural Gas Corporation ("Cascade") encloses for filing the following tariff sheets:

Forty-Seventh Rev. Sheet No. 502, Canceling Forty-Sixth Rev. Sheet No. 502
Fifty-Second Rev. Sheet No. 503, Canceling Fifty-First Rev. Sheet No. 503
Thirty-Sixth Rev. Sheet No. 504, Canceling Thirty-Fifth Rev. Sheet No. 504
Thirty-Fifth Rev. Sheet No. 505, Canceling Thirty-Fourth Rev. Sheet No. 505
Fifty-First Rev. Sheet No. 511, Canceling Fiftieth Rev. Sheet No. 511
Thirty-Second Rev. Sheet No. 512, Canceling Thirty-First Rev. Sheet No. 512
Forty-Ninth Rev. Sheet No. 541, Canceling Forty-Eighth Rev. Sheet No. 541
Forty-Sixth Sheet No. 570, Canceling Forty-Fifth Rev. Sheet No. 570
Forty-Third Rev. Sheet No. 577, Canceling Forty-Second Rev. Sheet No. 577

The proposed tariffs contain a December 1, 2011 effective date and will result in an estimated annual revenue decrease of approximately \$16.5 million.

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 overall impact of this rate activity is to decrease residential customer rates by \$0.07169 per therm, decrease commercial customer rates by \$0.07199 per therm, decrease firm industrial customer rates by \$0.07349 per therm and decrease interruptible customers by \$0.07497 per therm.

Exhibit 1 of the Purchased Gas Adjustment 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.

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 September 2011 explaining the PGA process. Cascade will publish on its webpage the anticipated rate reduction. Additionally, the Company will issue bill inserts to all of its customers following final disposition of this filing. A copy of the September 2011 bill insert and a draft of the post-approval notification have been included with this filing. Cascade serves approximately 170,160 residential, 24,334 commercial and 354 industrial customers in the state of Washington.

We make warm neighbors



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

Sincerely,

Mike Parvinen/pa

Mike Parvinen
Manager
Regulatory Affairs

Attachments

MP/pa

We make warm neighbors

Cascade Natural Gas Corporation
 WASHINGTON 11/12 PURCHASED GAS COST TRACKING APPLICATION
DEVELOPMENT OF EMBEDDED SUPPLY & PIPELINE TRANSPORTATION RATES

	UNITS	8/1/2010 RATE	AMOUNT	CURRENT COST OF GAS	
				COMMODITY	DEMAND
COMP PURCH RESERV FEE	287,905	\$9.61705	\$2,768,799		\$2,768,799
COMP PURCH COMMODITY	219,398,319	\$0.55784	\$122,389,011	\$122,389,011	
GTN T-1	104,745	\$1.33723	\$140,068		\$140,068
GTN COMMODITY	26,054,990	\$0.00017	\$4,514	\$4,514	
TF-1 DEMAND	1,508,950	\$13.86416	\$20,920,320		\$20,920,320
TF-1 DEMAND (KITSAP)	254,000	\$10.39812	\$2,641,122		\$2,641,122
TF-1 DEMAND (WEYEHAUSER)	50,000	\$13.86416	\$693,208		\$693,208
TF-1 COMMODITY	219,398,319	\$0.00319	\$699,881	\$699,881	
LS-1 DEMAND	543,753	\$1.11763	\$607,714		\$607,714
LS-1 CAPACITY	5,118,103	\$0.14272	\$730,430		\$730,430
LS-1 COMMODITY	5,118,103	\$0.56047	\$2,868,555	\$2,868,555	
LS-1 LIQUEFACTION	5,118,103	\$0.06411	\$328,122	\$328,122	
LS-1 VAPORIZATION	5,118,103	\$0.00418	\$21,414	\$21,414	
TF-2 TRANSPORTATION CAPACITY	13,959	\$13.86416	\$193,527		\$193,527
TF-2 TRANSPORTATION COMMODITY	5,118,103	\$0.00300	\$15,354	\$15,354	
SGS-1 DEMAND	152,151	\$0.56612	\$86,135		\$86,135
SGS-1 CAPACITY	5,501,833	\$0.02044	\$112,457		\$112,457
SGS-1 COMMODITY	5,501,833	\$0.50835	\$2,796,845	\$2,796,845	
TF-2 TRANSPORTATION CAPACITY	15,007	\$13.86416	\$208,055		\$208,055
TF-2 TRANSPORTATION COMMODITY	5,501,833	\$0.00300	\$16,505	\$16,505	
Net Capacity Release Revenues			(\$5,252,267)		(\$5,252,267)
Storage Mitigation			\$0		\$0
DAILY BALANCING NON-CORE CREDIT	660,245,232	(\$0.00020)	(\$132,049)		(\$132,049)
	230,018,255		\$152,857,720	\$129,140,200	\$23,717,520
SALES/TRANSPORT VOLUMES				230,018,255	230,018,255
PROPOSED AVERAGE RATE				\$0.56143	\$0.10311

Cascade Natural Gas Corporation
 WASHINGTON 11/12 PURCHASED GAS COST TRACKING APPLICATION
 DEVELOPMENT OF PROPOSED SUPPLY & PIPELINE TRANSPORTATION RATES

	UNITS	CURRENT RATE	AMOUNT	CURRENT COST OF GAS		EMBEDDED DIFFERENCE
				COMMODITY	DEMAND	
COMP PURCH RESERV FEE	285,862	\$11.96612	\$3,420,657		\$3,420,657	\$651,858
COMP PURCH COMMODITY	204,788,912	\$0.46954	\$ 96,157,065	\$96,157,065		(\$26,231,946)
PGT T-1	104,237	\$1.43780	\$149,872		\$149,872	\$9,804
PGT COMMODITY	29,919,773	\$0.00017	\$5,184	\$5,184		\$670
TF-1 DEMAND	1,644,344	\$13.86416	\$22,797,450		\$22,797,450	\$1,877,129
TF-1 DEMAND (KITSAP)	254,000	\$10.39812	\$2,641,122		\$2,641,122	\$0
TF-1 DEMAND (WEYEHAUSER)	50,000	\$13.86416	\$693,208		\$693,208	\$0
TF-1 COMMODITY	204,788,912	\$0.00319	\$653,277	\$653,277		(\$46,604)
LS-1 DEMAND	541,116	\$1.11763	\$604,768		\$604,768	(\$2,946)
LS-1 CAPACITY	5,090,007	\$0.14272	\$726,420		\$726,420	(\$4,010)
LS-1 COMMODITY	5,090,007	\$0.47395	\$2,412,409	\$2,412,409		(\$456,146)
LS-1 LIQUEFACTION	5,090,007	\$0.06411	\$326,320	\$326,320		(\$1,801)
LS-1 VAPORIZATION	5,090,007	\$0.00418	\$21,297	\$21,297		(\$118)
TF-2 TRANSPORTATION CAPACITY	13,891	\$13.86416	\$192,589		\$192,589	(\$938)
TF-2 TRANSPORTATION COMMODITY	5,090,007	\$0.00300	\$15,270	\$15,270		(\$84)
SGS-1 DEMAND	151,413	\$0.56612	\$85,717		\$85,717	(\$418)
SGS-1 CAPACITY	5,471,630	\$0.02044	\$111,840		\$111,840	(\$617)
SGS-1 COMMODITY	5,471,630	\$0.44039	\$2,409,650	\$2,409,650		(\$387,195)
TF-2 TRANSPORTATION CAPACITY	14,934	\$13.86416	\$207,046		\$207,046	(\$1,009)
TF-2 TRANSPORTATION COMMODITY	5,471,630	\$0.00300	\$16,415	\$16,415		(\$91)
Net Capacity Release/Storage Mitigation			(\$5,263,257)		(\$5,263,257)	(\$10,990)
					-	\$0
DAILY BALANCING NON-CORE CRE	619,928,975	(\$0.00020)	(\$123,986)		(\$123,986)	\$8,063
	<u>215,350,549</u>		\$128,260,333	\$102,016,887	\$26,243,446	(\$24,597,389)
SALES/TRANSPORT VOLUMES				215,350,549	215,350,549	
PROPOSED AVERAGE RATE				\$0.47372	\$0.12186	\$0.59558
CURRENT AVERAGE RATE IN RATES				\$0.56143	\$0.10311	\$0.66454
GROSS RATE CHANGE				(\$0.08771)	\$0.01875	(\$0.06896)
REVENUE ADJUSTMENT FACTOR				1.04535	1.04535	1.04535
TOTAL PROPOSED ADJUSTMENT				(\$0.09169)	\$0.01960	(\$0.07209)
ANNUAL GAS COST CHANGE DETERMINATION				(23,028,871)		

CASCADE NATURAL GAS CORPORATION
2011 PGA Gas Demand Cost Allocation

PGA Exhibit
Schedule 1 of 1
Page 3 of 6

	Current	Proposed
Demand Costs	\$ 23,717,520	\$ 26,243,446
Commodity Costs	129,140,200	102,016,887

Rate Schedule	503	502, 504, 512 & 541	505/511	570/577	Total
Current Demand Rates	0.10470	0.10312	0.09531	0.08752	
% change (same for each sch)	18.27068%	18.27068%	18.27068%	18.27068%	
Proposed Demand Increment	\$ 0.12383	\$ 0.12196	\$ 0.11272	\$ 0.10351	
Proposed Demand Costs Collected	\$ 13,935,711	\$ 10,072,892	\$ 1,736,061	\$ 498,781	\$ 26,243,446
Proposed Change in Demand	0.01913	0.01884	0.01741	0.01599	
Revenue Adjustment Factor	1.04535	1.04535	1.04535	1.04535	
Proposed Rate Adjustment	\$ 0.02000	\$ 0.01970	\$ 0.01820	\$ 0.01672	
Proposed Volumes	112,539,596	82,591,277	15,401,021	4,818,655	215,350,549

Note: Demand Cost Allocation Methodology From UG-951415

Cascade Natural Gas Corporation
WASHINGTON 2010 PURCHASED GAS ADJUSTMENT APPLICATION
BASED UPON THE TWELVE MONTHS ENDED 7/31/11
State of Washington

Line No.	Description (a)	Rate Schedule (b)	Average # of Bills (c)	Actual Therms Sold (d)	Actual Revenue (e)	Restated Revenue *a (f)	Per Therm Gas Cost Change (g)	Amount of Change (h)
CORE MARKET RATE SCHEDULES								
1	Dry Out	502	433	340,028	351,698	352,977	(0.07199)	(24,478)
2	Residential	503	170,244	119,307,841	125,187,629	125,921,371	(0.07169)	(8,552,899)
3	Commercial	504	24,476	85,494,253	84,660,101	85,135,518	(0.07199)	(6,154,530)
4	Industrial Firm	505	352	9,980,551	8,700,799	8,722,958	(0.07349)	(733,447)
5	Large Volume	511	84	8,751,381	7,452,447	7,473,626	(0.07349)	(643,118)
6	Compressed Natural Gas	512	1	40,892	39,586	39,691	(0.07199)	(2,944)
7	Gas A/C	541	43	105,327	106,579	106,920	(0.07199)	(7,582)
8	Industrial Interruptible	570	10	4,357,804	3,242,016	3,276,368	(0.07497)	(326,694)
9	Institutional	577	3	460,851	368,368	372,384	(0.07497)	(34,549)
10	Subtotal Core		195,646	228,838,928	230,109,223	231,401,813		(16,480,241)

*a Core and R/S 663 revenues are restated at base rates at 11/01/2010

Cascade Natural Gas Corporation
TYPICAL MONTHLY THERM USAGE AND COST BY CLASS
State of Washington

Line No.	Description (a)	Typical Monthly Therm Use (b)	Avg Bill @ 11/1/10 Rates (c)	Present Filing Changes (d)	Proposed Typical Bill (e)	Percent Change (f)
1	Residential (503)	58	\$59.31	(\$4.16)	\$55.15	-7.01%
2	Commercial (504)	291	\$278.25	(\$20.95)	\$257.30	-7.53%
3	Industrial (505)	N/A*	\$0.87400	(\$0.07349)	\$0.80051	-8.41%
4	Industrial Lg Vol (511)	N/A*	\$0.85399	(\$0.07349)	\$0.78051	-8.61%
5	Interruptible (570)	N/A*	\$0.75184	(\$0.07497)	\$0.67687	-9.97%
6	Institutional Interruptible (577)	N/A*	\$0.80804	(\$0.07497)	\$0.73307	-9.28%

* The large variation among customers in the Industrial and Interruptible customer classes renders average consumption numbers meaningless, therefore only per therm figures have been listed.

**DERIVATION OF PROPOSED RATE ADJUSTMENT
 State of Washington**

Line No.	<u>Description</u>	503 Residential <u>Customers</u>	502/504/512/541 Commercial <u>Customers</u>	505/511 Firm Indust <u>Customers</u>	570/577 Interruptible <u>Customers</u>
1	WACOG Effective November 1, 2010	\$0.69721	\$0.69556	\$0.68739	\$0.67922
	<u>Proposed Incremental Change</u>				
2	Residential	(\$0.07169)			
3	Commercial		(\$0.07199)		
4	Industrial Firm			(\$0.07349)	
5	Interruptible - CORE				(\$0.07497)
6	NON-CORE Customers				
7	Total Proposed Rate	<u>\$0.62552</u>	<u>\$0.62357</u>	<u>\$0.61390</u>	<u>\$0.60425</u>

Community Matters

In this Issue

- ▶ Properly Sealed Ducts
- ▶ Tips for Conservation
- ▶ Cascade in the Community



September 2011 ▲ Washington ▲ In the Community to Serve®

What is a PGA?

In the natural gas industry, PGA means Purchased Gas Adjustment.

Simply stated, a PGA is a method designed to pass the actual costs of gas supplies to customers. Each year, the Company makes the best possible projection of the cost of gas supplies for the coming year. Any differences between the gas costs included in the Company's overall rates and the actual cost of supplies, are calculated and passed back to customers in the next PGA filing.

If actual gas costs are lower than originally projected, customers will see lower rates. If gas costs are higher, rates will go up. Whether the change in rates is an increase or a decrease, a PGA filing does not affect the Company's profits.

Cascade Natural Gas encourages you to use energy wisely and continue your conservation efforts.

Low Cost / No Cost Energy Saving Tips

Use your drapes: Close drapes on hot summer days, but leave them open on winter days to absorb sunlight. Always close drapes at night to keep the heat in.

Conserve water, save heat: Turn your water heater down to 120°F to reduce your heating bills and install low-flow showerheads to save water.

Ensure proper airflow: Insulate ducts, change furnace filters, and make sure vents and ducts flow freely.

Don't block heating registers: Move furniture away from registers to allow heat to circulate.

Tips for the savvy conservation consumer

As the warm days of summer begin to wind down, many households across our community are considering the benefits of making critical energy efficiency improvements in anticipation of the heating season. The decision to weatherize your home – to add insulation, seal ducts and make other important upgrades – is a wise choice that can lead to long-term savings and benefits for your home and budget. And it is a decision best implemented with the support of a highly trained and competent energy efficiency contractor.



Choosing the right contractor can feel overwhelming, but it's not too daunting if you do some homework in advance. Whenever you are contemplating using a contractor for home improvement jobs, we suggest you keep the following guidelines in mind to ensure you get the greatest return for your investment and to avoid potential scams:

- Always verify the accreditations of your contractors. Consider checking with the Better Business Bureau and verify they have a Washington state contractor's license through the Washington State Department of Labor and Industries.
- Take your time and get multiple bids – we suggest at least three to ensure you are getting the best deal possible.
- Be cautious of offers for "free" or highly discounted measures in conjunction with utility rebate programs – the conservation rebates offered by Cascade Natural Gas Corporation (CNGC) are a means of offsetting the cost of an eligible conservation measure and will never exceed the cost of the project.
- Consider using a CNGC Conservation Trade Ally.

Continued on page 2

Contacting Cascade

1-888-522-1130

- ▶ Emergencies – 24 hours a day.
 - ▶ Customer service and billing inquiries – 7 a.m.-7 p.m. Monday-Friday.
- Contact us via email at customerservice@cngc.com or visit us at www.cngc.com.

DRAFT

To Our Washington Customers:

December 2011

On November ____, 2011, the Washington Utilities & Transportation Commission approved Cascade's Purchased Gas Adjustment (PGA) Filing. As a result, natural gas used on and after December 1, 2011, is being billed to you at decreased rates. The average change to the rate schedules is as follows:

CUSTOMER CLASS	CHANGE
Rate Schedule 503	-7.01%
Rate Schedule 504	-7.53%
Rate Schedule 505	-8.41%
Rate Schedule 511	-8.61%
Rate Schedule 570	-9.97%
Rate Schedule 577	-9.28%

The overall effect of the rate change on the monthly bill of a residential customer with consumption of 58 therms will be a decrease of \$4.16. For small commercial customers, with an average consumption of 291 therms, bills will decrease by \$20.95. Additional customer information regarding bill payment options and bill assistance programs is available at www.cngc.com/customer.