

CASCADE NATURAL GAS CORPORATION

**RULE 21
DECOUPLING MECHANISM**

(C)

PURPOSE:

This Rule describes the revenue-per-Customer Decoupling Mechanism which annually applies a per therm credit or debit under Schedule 594, "Decoupling Mechanism Adjustment" to applicable Customers' bills for the purpose of truing up the annual difference between Margin Revenues and the Authorized Margin Revenues per Customer served as herein defined.

APPLICABILITY:

This Rule is applicable to all Customers served on Schedules 502, 503, 504, 505, 511, 570, and 577.

MARGIN REVENUES

Margin Revenue is the amount of Margin billed in a billing month, adjusted for unbilled margin revenues. Margin Revenue does not include amounts billed for the Basic Customer Charge, or Schedules 500, 594, 595, 596, and 598. The amount of Margin Revenue billed and net unbilled amounts is reduced by the 0.00417 percent to account for uncollectibles.

AUTHORIZED MARGIN REVENUE PER CUSTOMER

The Authorized Margin per month per customer is established in the tables below. Table 1 shows January through June, and Table 2 shows July through December.

Table 1

	Jan	Feb	March	April	May	June
502	\$9.63	\$8.26	\$7.43	\$4.70	\$2.78	\$1.49
503	\$35.50	\$30.25	\$25.61	\$18.32	\$12.42	\$7.87
504	\$113.86	\$100.81	\$69.71	\$59.50	\$42.79	\$32.21
505						
< 500 Therms	\$69.69	\$68.05	\$63.60	\$57.06	\$49.84	\$39.78
> 500 & < 4,000 Therms	\$204.77	\$200.33	\$179.31	\$146.82	\$122.17	\$99.94
>4,000 Therms	\$168.99	\$240.06	\$159.85	\$89.43	\$81.44	\$64.12
511						
< 20,000 Therms	\$1,493.82	\$1,373.65	\$2,776.83	\$960.53	\$692.66	\$532.29
> 20k & < 100K Therms	\$285.16	\$264.35	\$758.53	\$253.17	\$162.26	\$92.21
> 100,000 Therms	\$121,737.37	\$140,212.47	\$85,686.09	\$0.00	\$0.00	\$0.00
512	\$733.66	\$805.60	\$877.55	\$768.36	\$849.61	\$850.88
570						
< 30,000 Therms	\$1,125.02	\$1,136.01	\$1,156.12	\$1,107.98	\$1,132.78	\$1,161.68
> 30,000 Therms	\$823.07	\$828.86	\$573.16	\$556.06	\$491.32	\$313.68
577						
< 4,000 Therms	\$420.00	\$420.00	\$420.00	\$420.00	\$420.00	\$410.65
> 4,000 Therms	\$764.82	\$753.11	\$510.23	\$475.95	\$383.38	\$231.74

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BY Michael Parvinen

TITLE: **Director**
Regulatory Affairs

CASCADE NATURAL GAS CORPORATION

RULE 21
DECOUPLING MECHANISM (Continued)

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AUTHORIZED MARGIN REVENUE PER CUSTOMER (Continued)

Table 2

	July	Aug	Sept	Oct	Nov	Dec
502	\$0.93	\$0.74	\$0.71	\$1.25	\$3.68	\$10.02
503	\$6.60	\$4.96	\$5.48	\$7.44	\$13.75	\$33.88
504	\$28.07	\$22.89	\$25.42	\$31.94	\$41.76	\$107.08
505						
< 500 Therms	\$34.74	\$33.21	\$36.77	\$43.75	\$50.37	\$70.75
> 500 & < 4,000 Therms	\$87.30	\$78.10	\$97.59	\$124.87	\$135.50	\$205.96
>4,000 Therms	\$69.18	\$44.08	\$77.85	\$302.30	\$133.86	\$206.77
511						
< 20,000 Therms	\$399.24	\$446.91	\$334.84	\$498.48	\$701.03	\$1,483.92
> 20k & < 100K Therms	\$39.35	\$41.95	\$24.23	\$53.92	\$72.44	\$268.81
> 100,000 Therms	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$124,010.29
512	\$836.28	\$817.03	\$919.02	\$880.09	\$709.66	\$798.19
570						
< 30,000 Therms	\$1,144.36	\$1,119.85	\$1,130.25	\$1,146.27	\$1,135.76	\$1,133.71
> 30,000 Therms	\$252.46	\$213.10	\$207.09	\$231.52	\$329.46	\$688.11
577						
< 4,000 Therms	\$415.73	\$396.06	\$392.35	\$408.63	\$415.10	\$420.00
> 4,000 Therms	\$278.21	\$158.97	\$154.60	\$217.97	\$333.36	\$621.36

DECOUPLING CALCULATION:

On a monthly basis the Company will perform the following steps separately for each customer class that is applicable to the rate adjustment in this Rule:

- 1) Record Number of Customers per Customer Class
- 2) Determine Actual MarginRevenues
- 3) Determined Authorized Revenue by multiplying the number of Customers per Customer class (No. 1 above) times the Authorized Revenue for the corresponding month per Customer class as established in Tables 1 & 2 above.

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Michael ParvinenTITLE: **Director**
Regulatory Affairs

CASCADE NATURAL GAS CORPORATION

RULE 21
DECOUPLING MECHANISM (Continued)

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DECOUPLING CALCULATION (Continued)

- 4) Determine then record the Deferral Amount by subtracting the Authorized Margin Revenue (No. 3 above) from Actual Margin Revenue (No. 2 above).
- 5) Annually determine the new rate to be applied in Schedule 594 by taking the annual sum of monthly Deferral Amounts and dividing the total by forecasted volumes per Customer class.

SPECIAL CONDITIONS:

1) Earnings Test: The earnings test will be based on the Company's year-end Commission Basis Reports (CBR) stated on an average-of-monthly-averages basis, prepared in accordance with WAC 480-90-257. This report is prepared using actual recorded results of operations and rate base, adjusted for any material out-of-period, non-operating, nonrecurring, and extraordinary items or any other item that materially distorts reporting period earnings and rate base. These adjustments are consistent with the adjustments described in paragraph (2) (b) of WAC 480-90-257 a. The CBR includes normalizing adjustments, such as adjustments to reflect operations under normal conditions. For the earnings test, the decoupling accounting entries adjust revenues from a therm sales basis to a revenue per customer basis. The CBR will not include any annualizing or pro forma adjustments.

If the Company is earning more than 100 basis points above its authorized rate of return, one of the following will apply:

- The Deferral Amount subject for surcharge will be reduced by 50%; or
- The Deferral Amount will be increased by 50%

If the Company is earning less than its authorized rate of return no adjustment will be applied to either a surcharge or credit applied under this Rule.

- 2) Following the application of the Earnings Test, the amount of the incremental proposed rate increase under this Rule alone cannot impact the overall per therm rate charged for natural gas and transmission services more than 3%.
- 3) The Company shall apply interest on the deferred balance on a monthly basis using the interest rate published by FERC. This calculation will be consistent with the current deferred accounting procedures detailed in WAC 480-90-233.

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Regulatory Affairs

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CASCADE NATURAL GAS CORPORATION

**RULE 21
DECOUPLING MECHANISM (Continued)**

REPORTING:

The Company's annual true-up filing to revise the rate herein will include a work paper detailing monthly amounts deferred, the monthly customer count, and a reconciliation of amounts amortized and recovered in the prior twelve months.

TERM:

This Adjustment Mechanism shall remain for five years, with the final charge or credit billing on December 31, 2021.

GENERAL TERMS:

Service under this Rate Schedule is governed by the terms of this Rate Schedule, the General Rules and Regulations contained in this Tariff, any other Schedules that by their terms or by the terms of this Rate Schedule apply to service under this Rate Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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Regulatory Affairs