

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

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	UNITS	8/1/2011		CURRENT COST OF GAS	
		RATE	AMOUNT	COMMODITY	DEMAND
CANADIAN UPSTREAM RESV COSTS	285,862	\$11.96612	\$3,420,657		\$3,420,657
DOMESTIC UPSTREAM NON-DIRECT RESV COSTS	0	\$0			\$0
SUPPLY DEMAND CHARGES	0	\$0			\$0
COMPANY CONTRACT COMMODITY	204,788,912	\$0.54357	\$111,317,851	\$111,317,851	
GTN T-1	104,237	\$1.43780	\$149,872		\$149,872
GTN T-1 (Malin)	0	\$0	\$0		\$0
GTN T-3 (Expansion)	0	\$0	\$0		\$0
GTN 2003 Expansion	0	\$0	\$0		\$0
GTN COMMODITY	20,019,773	\$0.00017	\$5,184	\$5,184	
TF-1 DEMAND	1,644,344	\$13.86416	\$22,797,450		\$22,797,450
TF-1 DEMAND (KITSAP)	254,000	\$10.39812	\$2,641,122		\$2,641,122
TF-1 DEMAND (WEYERHAUSER)	50,000	\$13.86416	\$693,208		\$693,208
TF-1 COMMODITY	204,788,912	\$0.00319	\$653,277	\$653,277	
LS-1 DEMAND	541,116	\$1.11763	\$604,768		\$604,768
LS-1 CAPACITY	5,090,007	\$0.14272	\$728,420		\$728,420
LS-1 COMMODITY	5,090,007	\$0.47395	\$2,412,409	\$2,412,409	
LS-1 LIQUEFACTION	5,090,007	\$0.06411	\$326,320	\$326,320	
LS-1 VAPORIZATION	5,090,007	\$0.00418	\$21,297	\$21,297	
TF-2 TRANSPORTATION CAPACITY	13,891	\$13.86416	\$192,589		\$192,589
TF-2 TRANSPORTATION COMMODITY	5,090,007	\$0.00300	\$15,270	\$15,270	
SGS-1 DEMAND	151,413	\$0.56612	\$85,717		\$85,717
SGS-1 CAPACITY	5,471,630	\$0.02044	\$111,840		\$111,840
SGS-1 COMMODITY	5,471,630	\$0.44039	\$2,409,850	\$2,409,850	
TF-2 TRANSPORTATION CAPACITY	14,934	\$13.86416	\$207,046		\$207,046
TF-2 TRANSPORTATION COMMODITY	5,471,630	\$0.00300	\$16,415	\$16,415	
SGS-JPEXP DEMAND	0	\$0	\$0		\$0
SGS-JPEXP CAPACITY	0	\$0	\$0		\$0
SGS-JPEXP STORAGE COMMODITY	0	\$0	\$0	\$0	
TF-2 TRANSPORTATION CAPACITY	0	\$0	\$0		\$0
TF-2 TRANSPORTATION COMMODITY	0	\$0	\$0	\$0	
SGS-JP3 DEMAND	0	\$0	\$0		\$0
SGS-JP3 CAPACITY	0	\$0	\$0		\$0
SGS-JP3 STORAGE COMMODITY	0	\$0	\$0	\$0	
TF-2 TRANSPORTATION CAPACITY	0	\$0	\$0		\$0
TF-2 TRANSPORTATION COMMODITY	0	\$0	\$0	\$0	
SGS-TBD1 DEMAND	0	\$0	\$0		\$0
SGS-TBD1 CAPACITY	0	\$0	\$0		\$0
SGS-TBD1 STORAGE COMMODITY	0	\$0	\$0	\$0	
TF-2 TRANSPORTATION CAPACITY	0	\$0	\$0		\$0
TF-2 TRANSPORTATION COMMODITY	0	\$0	\$0	\$0	
SGS-TBD2 DEMAND	0	\$0	\$0		\$0
SGS-TBD2 CAPACITY	0	\$0	\$0		\$0
SGS-TBD2 STORAGE COMMODITY	0	\$0	\$0	\$0	
TF-2 TRANSPORTATION CAPACITY	0	\$0	\$0		\$0
TF-2 TRANSPORTATION COMMODITY	0	\$0	\$0	\$0	
Net Capacity Release Revenues			(\$5,263,257)		(\$5,263,257)
Storage Mitigation			\$0		\$0
DAILY BALANCING NON-CORE CREDIT	619,928,975	(\$0.00020)	(\$123,988)		(\$123,988)
	215,350,549		\$143,421,119	\$117,177,673	\$26,243,446
SALES/TRANSPORT VOLUMES				215,350,549	215,350,549
PROPOSED AVERAGE RATE				\$0.47372	\$0.12168

Cascade Natural Gas Corporation
 WASHINGTON 12/13 PURCHASED GAS COST TRACKING APPLICATION
 DEVELOPMENT OF PROPOSED SUPPLY & PIPELINE TRANSPORTATION RATES

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	UNITS	CURRENT RATE	AMOUNT	CURRENT COST OF GAS		EMBEDDED DIFFERENCE
				COMMODITY	DEMAND	
CANADIAN UPSTREAM RESV COS1	180,352	\$16.81807	\$3,033,165		\$3,033,165	(\$387,492)
DOMESTIC UPSTREAM NON-DIREC	9,824	\$13.67500	\$133,384		\$133,384	\$133,384
SUPPLY DEMAND CHARGES	137,393	\$0.44551	\$61,210	\$61,210		
COMPANY CONTRACT COMMODIT	204,698,824	\$0.39539	\$ 80,935,304	\$80,935,304		\$ (30,382,647)
GTN T-1	104,225	\$1.43170	\$149,219		\$149,219	(\$653)
GTN T-1 (Main)	0	\$0.00000	\$0		\$0	
GTN T-3 (Expansion)	0	\$0.00000	\$0		\$0	
GTN 2003 Expansion	0	\$0.00000	\$0		\$0	
GTN COMMODITY	25,753,210	\$0.00017	\$4,462	\$4,462		(\$722)
TF-1 DEMAND	1,659,893	\$13.82730	\$22,951,830		\$22,951,830	\$154,380
TF-1 DEMAND (KITSAP)	607,850	\$10.37047	\$6,303,691		\$6,303,691	\$3,662,569
TF-1 DEMAND (WEYHAUSER)	50,000	\$13.82730	\$691,365		\$691,365	(\$1,843)
TF-1 COMMODITY	204,698,824	\$0.00317	\$648,895	\$648,895		(\$4,382)
LS-1 DEMAND	541,055	\$1.11471	\$603,119		\$603,119	(\$1,649)
LS-1 CAPACITY	5,098,087	\$0.14235	\$725,713		\$725,713	(\$707)
LS-1 COMMODITY	5,098,087	\$0.56324	\$2,871,439	\$2,871,439		\$459,030
LS-1 LIQUEFACTION	5,098,087	\$0.09411	\$326,838	\$326,838		\$518
LS-1 VAPORIZATION	5,098,087	\$0.00418	\$21,330	\$21,330		\$33
TF-2 TRANSPORTATION CAPACITY	13,967	\$13.82730	\$193,131		\$193,131	\$542
TF-2 TRANSPORTATION COMMODI	5,098,087	\$0.00300	\$15,294	\$15,294		\$24
SGS-1 DEMAND	151,396	\$0.56466	\$85,487		\$85,487	(\$230)
SGS-1 CAPACITY	5,480,317	\$0.02044	\$112,018		\$112,018	\$178
SGS-1 COMMODITY	5,480,317	\$0.38421	\$2,105,574	\$2,105,574		(\$304,076)
TF-2 TRANSPORTATION CAPACITY	15,015	\$13.82730	\$207,611		\$207,611	\$565
TF-2 TRANSPORTATION COMMODI	5,480,317	\$0.00300	\$16,441	\$16,441		\$26
SGS-JPEXP DEMAND	270,527	\$3.08535	\$834,670		\$834,670	\$834,670
SGS-JPEXP CAPACITY	3,173,838	\$0.08468	\$268,760		\$268,760	\$268,760
SGS-JPEXP STORAGE COMMODIT	3,173,836	\$0.42300	\$1,342,545	\$1,342,545		\$1,342,545
TF-2 TRANSPORTATION CAPACITY	8,695	\$13.82730	\$120,234		\$120,234	\$120,234
TF-2 TRANSPORTATION COMMODI	3,173,838	\$0.00300	\$9,522	\$9,522		\$9,522
SGS-JP3 DEMAND	95,770	\$0.56466	\$54,077		\$54,077	\$54,077
SGS-JP3 CAPACITY	2,812,420	\$0.02044	\$57,486		\$57,486	\$57,486
SGS-JP3 STORAGE COMMODITY	2,812,420	\$0.26999	\$759,335	\$759,335		\$759,335
TF-2 TRANSPORTATION CAPACITY	7,705	\$13.82730	\$106,543		\$106,543	\$106,543
TF-2 TRANSPORTATION COMMODI	2,812,420	\$0.00300	\$8,437	\$8,437		\$8,437
SGS-TBD1 DEMAND	0	\$0.56466	\$0		\$0	\$0
SGS-TBD1 CAPACITY	0	\$0.02044	\$0		\$0	\$0
SGS-TBD1 STORAGE COMMODITY	0	\$0.00000	\$0	\$0		\$0
TF-2 TRANSPORTATION CAPACITY	0	\$13.82730	\$0		\$0	\$0
TF-2 TRANSPORTATION COMMODI	0	\$0.00300	\$0	\$0		\$0
SGS-TBD2 DEMAND	0	\$0.56466	\$0		\$0	\$0
SGS-TBD2 CAPACITY	0	\$0.02044	\$0		\$0	\$0
SGS-TBD2 STORAGE COMMODITY	0	\$0.00000	\$0	\$0		\$0
TF-2 TRANSPORTATION CAPACITY	0	\$13.82730	\$0		\$0	\$0
TF-2 TRANSPORTATION COMMODI	0	\$0.00300	\$0	\$0		\$0
Net Capacity Release Revenues			(\$3,395,465)		(\$3,395,465)	\$1,667,792
Storage Mitigation						\$0
DAILY BALANCING NON-CORE CRE	607,885,399	(\$0.00020)	(\$121,577)		(\$121,577)	\$2,409
	215,277,228		\$122,241,069	\$89,126,628	\$33,114,440	(\$21,241,260)
SALES/TRANSPORT VOLUMES			221,263,484	221,263,484		
PROPOSED AVERAGE RATE			\$0.40281	\$0.14966		\$0.55247
CURRENT AVERAGE RATE IN RATES			\$0.47372	\$0.12186		\$0.59558
GROSS RATE CHANGE			(\$0.07091)	\$0.02780		(\$0.04311)
REVENUE ADJUSTMENT FACTOR			1.04535	1.04535		1.04535
TOTAL PROPOSED ADJUSTMENT			(\$0.07413)	\$0.02906		(\$0.04507)
ANNUAL GAS COST CHANGE DETERMINATION				(21,172,839)		

CASCADE NATURAL GAS CORPORATION
2012 PGA Gas Demand Cost Allocation

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	Current	Proposed
Demand Costs	\$26,243,446	\$ 33,114,440
Commodity Costs	117,177,673	89,126,628

Rate Schedule	503	502, 504, 512 & 541	505/511	570/577	Total
Current Demand Rates	0.12383	0.12196	0.11272	0.10351	
% change (same for each sch)	22.55751%	22.55751%	22.55751%	22.55751%	
Proposed Demand Increment	\$ 0.15176	\$ 0.14947	\$ 0.13815	\$ 0.12686	
Proposed Demand Costs Collected	\$ 17,129,419	\$ 14,035,936	\$ 1,357,310	\$ 591,775	\$ 33,114,440
Proposed Change in Demand	0.02793	0.02751	0.02543	0.02335	
Revenue Adjustment Factor	1.04535	1.04535	1.04535	1.04535	
Proposed Rate Adjustment	\$ 0.02920	\$ 0.02876	\$ 0.02658	\$ 0.02441	
Proposed Volumes	112,869,558	93,903,984	9,825,130	4,664,813	221,263,484

Note: Demand Cost Allocation Methodology From UG-951415

Cascade Natural Gas Corporation
WASHINGTON 2012 PURCHASED GAS ADJUSTMENT APPLICATION
BASED UPON THE TWELVE MONTHS ENDED 7/31/12
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	524	359,957	345,203	364,910	(0.04537)	(16,330)
2	Residential	503	171,270	117,008,669	111,918,626	119,121,190	(0.04493)	(5,256,704)
3	Commercial	504	24,459	82,728,201	73,939,304	79,155,367	(0.04537)	(3,753,028)
4	Industrial Firm	505	352	9,943,150	7,657,782	8,189,740	(0.04755)	(472,755)
5	Large Volume	511	79	8,019,197	6,008,580	6,436,243	(0.04755)	(381,278)
6	Compressed Natural Gas	512	1	44,177	37,550	39,945	(0.04537)	(2,004)
7	Gas A/C	541	18	25,197	25,156	26,531	(0.04537)	(1,143)
8	Industrial Interruptible	570	9	4,243,663	2,739,637	2,962,768	(0.04972)	(210,977)
9	Institutional	577	3	440,295	308,388	331,733	(0.04972)	(21,890)
10	Subtotal Core		196,713	222,812,506	202,980,226	216,628,427		(10,116,109)

*a Core and R/S 663 revenues are restated at base rates at 11/01/2011

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 @ 11/1/11 Rates (c)	Present Filing Changes (d)	Proposed Typical Bill (e)	Percent Change (f)
1	Residential (503)	57	\$51.48	(\$2.56)	\$48.92	-4.97%
2	Commercial (504)	282	\$235.82	(\$12.79)	\$223.03	-5.43%
3	Industrial (505)	N/A*	\$0.82366	(\$0.04755)	\$0.77611	-5.77%
4	Industrial Lg Vol (511)	N/A*	\$0.80260	(\$0.04755)	\$0.75506	-5.92%
5	Interruptible (570)	N/A*	\$0.69816	(\$0.04972)	\$0.64845	-7.12%
6	Institutional Interruptible (577)	N/A*	\$0.75343	(\$0.04972)	\$0.70372	-6.60%

* 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.	Description	503 Residential Customers	502/504/512/541 Commercial Customers	505/511 Firm Indust Customers	570/577 Interruptible Customers
1	WACOG Effective November 1, 2011	\$0.62552	\$0.62357	\$0.61390	\$0.60425
<u>Proposed Incremental Change</u>					
2	Residential	(\$0.04493)			
3	Commercial		(\$0.04537)		
4	Industrial Firm			(\$0.04755)	
5	Interruptible - CORE				(\$0.04972)
6	NON-CORE Customers				
7	Total Proposed Rate	\$0.58059	\$0.57820	\$0.56635	\$0.55453

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, Cascade Natural Gas Corporation 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.

Based on current projected gas cost, Cascade Natural Gas is anticipating a reduction to rates in its PGA filing. Cascade Natural Gas encourages you to use energy wisely and continue your conservation efforts.



In the Community to Serve®



DRAFT

To Our Washington Customers:

November 2012

On October _____, 2012, the Washington Utilities & Transportation Commission approved Cascade's Purchased Gas Adjustment (PGA) Filing. As a result, natural gas used on and after November 1, 2012, is being billed to you at decreased rates. The average change to the rate schedules is as follows:

CUSTOMER CLASS	CHANGE
Rate Schedule 503	-4.97%
Rate Schedule 504	-5.43%
Rate Schedule 505	-5.77%
Rate Schedule 511	-5.92%
Rate Schedule 570	-7.12%
Rate Schedule 577	-6.60%

The overall effect of the rate change on the monthly bill of a residential customer with an average consumption of 57 therms will be a decrease of \$2.45. For small commercial customers, with an average consumption of 282 therms, bills will decrease by \$12.79. Additional customer information regarding bill payment options and bill assistance programs is available at www.cngc.com/customer.