

CASCADE NATURAL GAS CORPORATION

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UBI Number: 578012249

RATES, RULES, AND REGULATIONS
FOR
NATURAL GAS SERVICE
IN
WASHINGTON

Including service to the communities of:

ADAMS, BENTON, CHELAN, COWLITZ, DOUGLAS, FRANKLIN, GRANT, GRAYS HARBOR, ISLAND, KITSAP,
MASON, SKAGIT, SNOHOMISH, WALLA WALLA, WHATCOM AND YAKIMA COUNTIES

CNG/W17-07-01
Issued July 31, 2017

Effective for Service on and after
September 1, 2017

Issued by **CASCADE NATURAL GAS CORPORATION**

By: 

Michael Parvinen

Director, Regulatory Affairs

CASCADE NATURAL GAS CORPORATION

WN U-4

Original Sheet No. ii

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LEGEND OF SYMBOLS

The table below defines the margin codes used to delineate a revision to a tariff sheet.

Margin Code	Meaning
D	Discontinued rate, service, regulation, or condition
N	New rate, service, regulation, or condition
I	A rate increase
R	A rate reduction
C	Changed condition or regulation
K	The material has been transferred to another sheet in the Tariff. When used a footnote will identify the new sheet number where the text is located.
M	The material has been transferred from another sheet in the tariff. When used a footnote will identify the former sheet number where the text was located.
T	A change in text for clarification

**RULE 1
GENERAL**

The Company shall furnish natural gas in compliance with the following rules and regulations contained in this Tariff, and all subsequent revisions as approved by the Washington Utilities and Transportation Commission. These rules and regulations shall apply to service to all customer classes.

No officer, employee, agent, or representative of the Company has the right to waive, alter, or amend in any manner these rules and regulations, or any part thereof.

Copies of the rules and regulations are available to customers on the Company's webpage: www.cngc.com

Service is subject to the availability of adequate capacity and, if applicable, gas supply.

The natural gas supplied by Cascade may vary by location. The total gross heating value of the gas deliverable shall not be less than 985 BTUs.

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**RULE 2
DEFINITIONS**

DEFINITIONS

When used in this Tariff the following terms shall have the meanings defined below:

1. Applicant - A person, firm, or corporation that (a) applies for service; (b) reapplies for service at a new or existing location after service has been disconnected; or (c) has not met the requirements for becoming a customer as established in Rule 2.
2. BTU - British Thermal Unit
3. British Thermal Unit - The standard unit for measuring a quantity of thermal energy. One BTU equals the amount of thermal energy required to raise the temperature of one pound of water one degree Fahrenheit and is exactly defined as equal to 1,055.05585262 joules. 100,000 BTUs is equivalent to one therm.
4. Commission - The Washington Utilities and Transportation Commission, otherwise referred to as WUTC or the Commission.
5. Company - Cascade Natural Gas Corporation (Cascade) or its assigned agents acting through its duly authorized officers or employees within the scope of their respective duties.
6. Core Customer – A core customer is one for whom the Company purchases and serves natural gas.
7. Customer - Any person, firm, corporation or other entity that has applied for, been accepted, and is currently receiving gas and, or distribution service from the Company.
8. Curtailment - An event when the Company must interrupt 0 to 100% of a customer's service in accordance with Rule 17. The amount of service reduction required and the length of time for any curtailment event is dependent upon the severity and geographical scope of the circumstances requiring the curtailment.
9. Customer Classifications:
 - A. Residential - Service to a single family dwelling, a two family (duplex) dwelling or an individual dwelling unit in a multiple family dwelling building for residential purposes including space heating, water heating, and cooking.
 1. Dwelling - A building designed exclusively for housing that contains permanent facilities for sleeping, bathing, and cooking. A dwelling may be a one family home, a duplex, a multiplex, but not hotel or motel units that have no permanent kitchens.

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**RULE 2
 DEFINITIONS**

DEFINITIONS (continued)

Customer Classifications (continued)

- B. Commercial - Service to a customer engaged in selling, warehousing, or distributing a commodity, in some business activity or in a profession, or in some form of economic or social activity (office, stores, clubs, hotels, etc.) and for purposes that do not come directly under another classification of service.
 - C. Industrial - Service to a customer engaged in a process which creates or changes raw or unfinished materials into another form or product. (Factories, mills, machine shops, mines, oil wells, refineries, pumping plants, creameries, canning and packing plants, shipyards, etc., i.e., in extractive, fabricating or processing activities).
 - D. Interruptible Gas - An interruptible gas service customer is considered "non-firm", receives a reduced rate on natural gas service because this class of customers is the first curtailed when gas supply or distribution is constrained for reasons other than force majeure, and is required to have a back-up system for use when curtailment occurs. An interruptible customer is a "core" customer because the Company purchases this customer's gas.
 - E. Transportation - Transportation customers purchase their own natural gas and procure only distribution services from the Company.
10. Gas Day - A twenty-four hour period beginning daily at 7:00 a.m. Pacific Clock Time (PCT), which is Pacific Standard Time or Daylight Savings Time in Kennewick, Washington, whichever is effective at the time of reference. The Company's Gas Day coincides with the Gas Day established in Northwest Pipeline's tariff, which may change from time to time, upon approval of the Federal Energy Regulatory Commission (FERC).
11. Firm Service - The provision of natural gas service on a firm basis where the Company will exercise reasonable diligence to supply and deliver continuous service to customers not receiving interruptible service. See Order of Priority in Rule 17.
12. Month - The period of time between and including the date of the current meter read and the date of the prior meter read which is the period upon which the Customer's monthly bill is based. A billing month may be contained within a single calendar month, or may encompass a portion of two separate calendar months.

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**RULE 2
DEFINITIONS**

DEFINITIONS (continued)

13. Non-Core Customer – A non-core customer is one for whom the Company provides distribution service but does not purchase that customer’s natural gas; instead, that customer procures its natural gas from a third party.
14. Premise - All of the real property and personal property in use by a single customer on a parcel of land which comprises the site upon which customer facilities are located and to which natural gas service is provided.
15. Tariff - This Tariff, including all schedules, rules, regulations, and rates as they may be modified or amended from time to time.
16. Therm - A unit of heating value equivalent to 100,000 BTUs.
17. WACOG - The Weighted Average Commodity Cost of System Supply Gas (WACOG) reflected in Cascade's tariffs shall be as established by gas cost tracking or other similar filings.

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**RULE 3
ESTABLISHING SERVICE**

A. REQUIREMENTS FOR ESTABLISHING SERVICES

To establish natural gas service with the Company, an applicant must do all of the following:

- 1) Provide the Company with the following:
 - a) Name of the responsible party;
 - b) Name on the account if different
 - c) Address;
 - d) Telephone number;
 - e) Co-customer's name and telephone number, if applicable;
 - f) The type of service requested (such as residential or commercial);
 - g) The type of gas fired equipment at the premise; and
 - h) Proof of identification by providing at least one the following:
 - i. A valid Social Security Number;
 - ii. A State issued Driver's License;
 - iii. A State issued identification card (including identification cards issued by a State Department of Corrections);
 - iv. A passport;
 - v. A United States Military Identification card;
 - vi. A United States issued Resident Alien Card; or
 - vii. Tribal identification.
- 2) Establish creditworthiness per the terms established in Rule 4 before service is initiated.

COMPLIANCE TO RULES AND REGULATIONS

By establishing an account with Cascade, a customer agrees to comply with all the applicable rules and regulations as established in this Tariff as revised from time to time.

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**RULE 4
CUSTOMER DEPOSITS AND OTHER SECURITY**

ESTABLISHING CREDITWORTHINESS

An applicant or customer may establish creditworthiness by either providing the information that demonstrates a deposit is not required or by paying a deposit or providing another acceptable form of security.

DEPOSIT CRITERIA

1) Residential Deposit Criteria

A deposit may be required if any of the following are true:

- a) The applicant is not able to demonstrate continuous employment during the prior twelve months and is neither currently employed nor has a regular source of income;
- b) Another party in the dwelling owes a past due balance with the utility;
- c) The applicant, customer or another party in the dwelling has previously tampered with, diverted or stolen utility service;
- d) The customer or applicant has received three or more delinquency notices in the prior twelve months; or
- e) The applicant was previously a customer who has had his/her gas service disconnected for nonpayment.

2) Non-Residential Deposit Criteria

A deposit may be required if any of the following are true:

- a) The non-residential applicant was previously exempted from paying a deposit based upon false information given at the time of application;
- b) The non-residential applicant is involved in a bankruptcy action, liquidation, bulk sale or financial reorganization; or
- c) The non-residential applicant is adding incremental demand at a premise with an existing service account.

3) Additional or Subsequent Deposits for Residential or Non-Residential Customers

An additional or subsequent deposit may be required as a condition of continued service if any of the following are true:

- a) If the customer remodels, adds gas appliances or moves, and the anticipated usage will be at least twenty percent greater than that upon which the prior deposit was based;
- b) The customer gave false information to establish an account and/or credit status;
- c) The customer has stolen service, tampered with the meter, or diverted service;
- d) The non-residential customer is involved in a bankruptcy action, liquidation, bulk sale or financial reorganization;
- e) The non-residential customer is past due on commitments to creditor such as real estate mortgages or lease agreements, commercial loans, other utility bills and trade accounts; or
- f) The non-residential customer has a past due balance of thirty days or more.

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**RULE 4
CUSTOMER DEPOSITS AND OTHER SECURITY**

DEPOSIT CRITERIA (continued)

Additional or Subsequent Deposits for Residential or Non-Residential Customers (continued)

If a customer owes a deposit or an additional deposit after service is established, the Company will inform the customer of the requirement in writing. The Company communication will include the reason the customer owes a deposit or an additional deposit.

DEPOSIT AMOUNT DUE

A deposit required under these rules shall not exceed one-sixth the amount of the estimated billing for one year at rates then in effect. This estimate shall be based upon the use of service at the premise during the prior year or upon the type and size of the customer's equipment that will use the service.

PAYMENT ARRANGEMENTS AND OTHER SECURITY1. Residential

- a) A residential applicant or customer may pay fifty percent of the deposit prior to the initiation of service, with the remaining fifty percent due in two equal payments over the next two months
- b) A residential applicant or customer who indicates an inability to pay may satisfy the deposit requirement in either of the following ways:
 - i. Prepay for services based on the Company's best estimate of that customer's usage for a month times current applicable rates; or
 - ii. Provide a surety agreement signed by a responsible party who is a current customer and is able to establish credit without owing a deposit. If the customer being secured with the surety agreement is disconnected for nonpayment, the surety must require the responsible party to pay the lesser of either the amount due as stated on the customers' disconnection notice or one-sixth of estimated annual billings.

2. Non-Residential

An applicant for nonresidential service who is required to pay a deposit may pay the deposit in full prior to receiving service. An applicant for nonresidential service may also fulfill the deposit requirement with an irrevocable letter of credit, surety bond (performance bond), or some other form of guarantee acceptable to the Company.

(continued)

**RULE 4
CUSTOMER DEPOSITS AND OTHER SECURITY**

GENERAL TERMS AND CONDITIONS

Paying a deposit does not excuse a customer from complying with Cascade's Tariff or other regulations on file with the Commission, such as the obligation to pay bills promptly.

Where a payment of a deposit is made together with a payment for gas service, the amount paid shall first be applied toward payment of the amount due for deposit.

RECEIPT FOR DEPOSIT

Upon payment of a deposit, Cascade shall furnish a receipt showing the date, name of the applicant or customer, the service address, the amount of deposit, a statement that the deposit will accrue interest at the rate prescribed by the Commission, and an explanation of the conditions under which the deposit will be refunded.

INTEREST

If the deposit is held beyond one year, accrued interest will be paid through a credit to the customer's account. If held less than one year, interest will be prorated. Cascade shall keep a detailed record of each deposit received until the deposit is credited or refunded.

A DEPOSIT BALANCE UPON MOVING

In the event the customer moves to a new address within Cascade's service area, the deposit plus accrued interest will be applied to any amount past due on the account. The remainder, if any, will either be reimbursed to the customer or transferred to the new account.

RETURNED DEPOSITS

A deposit plus will be returned to the customer as a credit to his/her account if the customer has paid for service for twelve months, a disconnection process has not been started, and the customer has received no more than two delinquency notices.

If the customer is terminating service, the deposit plus interest will be applied toward the customer's outstanding debit and any remaining balance will be returned to the customer.

UNCLAIMED DEPOSITS

Unless otherwise specified by the customer, Cascade shall mail deposit refunds to the customer's last known address. A valid claim for a refund received within one year of the date service was terminated shall be promptly honored. Funds held beyond one year will be disposed of in accordance with RCW 63.29.080

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**RULE 5
DISCONNECTION AND RECONNECTION OF SERVICE**

DISCONNECTION OF SERVICE

1. The Company may or shall discontinue service for any of the following reasons:
 - a. At the customer's request. The customer must give the Company three days' notice;
 - b. If Company has found that the customer has tampered with or stolen the Company's property, stolen gas service, or has committed fraud;
 - c. Non-payment of gas;
 - d. For use of gas for any other property or purpose than that described in the application;
 - e. For willful waste of gas through improper or imperfect piping, appliances, or otherwise;
 - f. For tampering with any part of any service line or meter or any other apparatus of Company. A meter tampering charge for the actual costs of damages, repairs or any additional or unusual costs or services directly related to the interference, plus the amount of unbilled gas determined to have been lost plus the applicable reconnect charges will be applied to the customer's account;
 - g. If the customer has vacated the premise;
 - h. For refusing to grant Company employees or agents reasonable access to the property for the purpose of inspection of service lines or appliances, or reading, maintaining or removal of meters;
 - i. For use of gas in violation of any city ordinance, or state or federal statute applicable to the area served, or violation of rules and regulations;
 - j. For resale of gas to others;
 - k. For non-payment of any proper charges, including deposits;
 - l. For fraudulently obtaining or using service;
 - m. For use of equipment which adversely affects the utility's service to its other customers;
 - n. For failure of customer to eliminate any hazardous condition found to exist in his/her facilities (i.e. piping, venting, appliances, etc.);
 - o. For payment of a delinquent balance with a check that is dishonored by a bank or financial institution;
 - p. For failure to stay current on an agreed upon payment plan; or
 - q. To perform maintenance work or address a safety issue.

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**RULE 5
DISCONNECTION AND RECONNECTION OF SERVICE**

DISCONNECTION OF SERVICE (continued)

2. Except in case of danger to life or property, service will not be disconnected on a Saturday, Sunday, legal holiday, or on any other day on which service cannot be reestablished on the same or following day. Service may not be disconnected while a customer is pursuing any remedy or appeal through the Commission or utility supervisor, provided any amounts not in dispute are paid when due.

NOTIFICATION OF DISCONNECTION OF SERVICE FOR NONPAYMENT

Except as otherwise allowed per WAC 480-90-128(1) and (2), the Company will provide the customer with no less than two notices prior to involuntary disconnection for nonpayment. The first will be a mailed written notice with a stated disconnection date that is no less than eight business days after the date of mailing. The second notice will be mailed no less than five calendar days prior to the disconnection date.

Advance notice of disconnection is not required when disconnection is for meter tampering, diverting service, other theft of service, or for hazardous or unsafe conditions.

When a customer makes a payment subsequent to the issuance of a notice to disconnect service due to nonpayment, whether payment is made to prevent a disconnection of service or to reactivate service that was disconnected, and the payment is not honored by the bank or other financial institution, the account will be deemed unpaid. The Company will attempt to notify the customer in person, by telephone, or by written notice of the payment failure and the Customer will have one business day to correct the failure. If a valid payment is not received, service to the customer may be disconnected after the due date of the previously issued five-day notice and without further written notice. This process may proceed separately from the normal notice process described herein.

FIELD VISIT CHARGE

A Field Visit Charge as established in Schedule 200 may be charged whenever Cascade is required to visit a customer's address for the purpose of disconnecting or reconnecting service, and due to the customer's action, is unable to complete the disconnection or reconnection.

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**RULE 5
DISCONNECTION AND RECONNECTION OF SERVICE**

MEDICAL CERTIFICATE

A customer may notify the Company of a medical emergency and receive five days grace on a disconnection for nonpayment. If the gas service was disconnected for nonpayment before the notice was given to the Company, the Company will restore service on the same day, unless notification occurs after hours at which point reconnection will occur before 12:00 p.m. the next business day. Service will remain on for five days during which time the customer is expected to provide the Company with a certificate signed by a qualified medical professional and enter into a time payment agreement. The certificate must be in writing and indicate the resident's location, an explanation of how the medical condition would be aggravated by disconnection, the length of time the condition is expected to last, and the signature, printed name, title, and phone number of the qualified medical professional. A medical certificate does not excuse a customer from paying delinquent or ongoing charges. A medical certificate is valid no longer than 60 days and a customer is entitled to the benefits of a medical certificate no more than twice in a 120-day period.

SERVICE RECONNECTION

Service shall be restored either within 24 hours or a mutually agreed upon time after the cause of service disconnection is removed, including the customer has paid in full all charges due including any deposit. The Commission may order service restored pending resolution of any bona fide dispute.

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**RULE 6
BILLINGS AND PAYMENTS**

GENERAL

A customer will be billed for gas consumed as indicated by meter readings. Bills will be issued as promptly as possible after reading dates. Meters are read approximately every 30 days on about the same date each month. Variances occur due to weekends and holidays.

Bills show the meter reading dates, the current meter reading, the number of cubic feet, therms or other units of measurement of gas consumed, the applicable rate schedule, the amount of the bill including any applicable local taxes, the delinquent date, and the phone number for the Company's call center.

PRIORITY OF PAYMENT

The Company will allocate payments from customers in the following order:

- 1) Past due deposits or installments;
- 2) Required deposits currently due;
- 3) Past due regulated charges for gas services;
- 4) Current regulated charges for gas services;
- 5) Past due charges for optional services by oldest date first; and
- 6) Current charges for optional services.

ESTIMATED BILLS

If for any reason whatsoever, the Company's employees cannot gain access to read the meter, an estimated bill will be rendered.

Estimated bills will be determined using the average consumption of the same month for the prior three years, if available. If the account has no available usage, the estimate will be based on the best available information such as square footage of the dwelling and appliances in use.

PRORATED BILLS

A bill may be prorated when: 1) billing rates change within a meter read cycle; 2) an opening bill has an initial meter read cycle that is less than 26 days or more than 35 days; 3) a closing bill has a final meter read cycle that is less than 26 days or more than 35 days; or 4) a re-bill includes more than one billing period on a single bill statement. Except where a change in billing rates occurs, a long or short bill that results from a change in meter read cycle will not be prorated.

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**RULE 6
BILLINGS AND PAYMENTS**

TAMPERING OR UNAUTHORIZED USE

In case of tampering or unauthorized use, a Tampered Meter Charge as established in Schedule 200 shall be charged to the customer as well as charges or probable consumption as determined by the maximum quantity of gas estimated to have been consumed by the various customer-owned appliances.

BUDGET PAYMENT PLAN

The budget payment plan for payment of gas bills averages a residential customer's annual monthly charges for gas so that the customer does not experience the extreme fluctuations in price from month to month as weather, and therefore, usage changes. The plan is available to residential customers whose accounts carry a balance due of no more than the prior two months' billings, and if the customer has not been removed from the plan for non-payment within the previous six months. At the Company's discretion, a customer may be allowed on the budget payment plan with greater than the prior two months' billing owed or may be reinstated on the plan even though removal from the plan has occurred within the previous six months. The budget payment plan is available to nonresidential customers at the Company's discretion.

At the request of the residential customer, the Company will estimate the customer's annual billing for gas service, based on the previous twelve months' usage. The estimated amount will then be divided by twelve and rounded to the next full dollar. This amount shall be the monthly budget payment amount the customer will pay, in lieu of the regular monthly billing, for each month of the budget payment plan period. At the end of the plan year, outstanding debit or credit balances will be rolled into the estimated usage for the following plan year and will be reflected in that year's monthly budget payment plan amount. Credit balances will be refunded to the customer if the customer specifically requests a refund.

The Company will re-estimate the amount of the customer's bills for service periodically based on current usage, and/or rate changes for the ensuing period and will so advise the customer.

If the customer requests to leave the plan, any debit balance will be due and payable under the regular terms of payment for gas service; credit balances may be applied to future gas bills or, if the customer so requests, refunded to the customer.

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**RULE 6
BILLINGS AND PAYMENTS**

BUDGET PAYMENT PLAN (continued)

During each budget payment plan period the customer shall be entitled to receive gas service so long as customer pays each monthly budget payment plan installment by the billing due date. If a customer fails to comply with the terms of this plan, the budget payment plan will be discontinued and the customer will be billed monthly on the basis of actual usage. If a customer fails to comply with the terms of this plan and has a debit balance, customer may be subject to disconnection of service under Rule 5.

For each billing period the customer will receive a bill showing the amount of gas used during the billing period, the charge for such gas used, the balance of account and the amount of the current month's budget payment plan installment.

Any Company-furnished estimates for the budget payment plan shall not be construed as a guarantee or assurance that the total actual charges will not exceed the estimates. The Company may at any time submit a revised estimate to the customer and require that the customer pay the revised monthly budget payment plan installment as a condition to the continuation of the budget payment plan for that customer.

Such estimates, or any revision thereof shall apply only to the premises then occupied by the customer. If the customer vacates such premises and moves to a premise that will be served by Cascade, the amount of the budget payment will be re-estimated and the customer will be advised of the change. If the customer will not desire natural gas service from Cascade at the new premise, the budget payment plan shall immediately terminate and any amount payable from the customer will be due and payable under the regular terms of payment for gas service, and conversely, the Company will refund any refund due to the customer.

LATE PAYMENT CHARGE

Bills are past due and delinquent if unpaid after the due date on the bill, which is no less than fifteen days after the bill mailing date. The bill cycle beginning date for the next month's bill cycle shall be shown on the customer bill. The Late Payment Charge is a percentage as established in Schedule 200 that is applied to any unpaid balance brought forward on the subsequent month's bill.

RETURNED PAYMENT CHARGE

The Company will charge Returned Payment Charge as established in Schedule 200 for any form of payment that is returned to the Company as unpaid.

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**RULE 6
BILLINGS AND PAYMENTS**

BILL CORRECTIONS

Bill corrections, when rendered for reasons other than tampering, theft, interference with the Company's property or fraudulent use of gas service, shall be issued within sixty days from the date the Company learned about the billing error. The corrected billing amount will be based on the rates and rate schedules in effect during the period covered by the corrected bill.

Under-billings

The Company will not correct an under-billing for a timeframe that exceeds six months. A correction may not be issued if the amount under-billed is \$50 or less.

Over-billings

Corrections for over-billings shall not to exceed six years.

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Original Sheet No. 7.1

**RULE 7
METERS AND METER TESTING PROCEDURES**

GENERAL

Each customer must furnish a convenient location for the Company's gas meter. The location must be as near as possible to the point where the service pipe enters the building and where the meter will be readily accessible for reading, inspecting, turning on and off, and removing for testing, as necessary.

The customer will incur no charges for the installation of billing meters. When a customer desires, for his/her convenience, the installation of more than one meter set at one premise for one class of service, the Company may install such other meters providing physical conditions or excessive installation costs make the installation of a master meter impractical. In such cases, each meter so located on one premise for one class of service shall be billed as a separate meter having separate minimum charges. However, where practical, the Company will install a master meter.

Individual meter sets will not be combined for billing purposes; provided that under circumstances where the Company determines, for purposes of minimizing or avoiding additional metering investment, that it is necessary to utilize more than one meter to serve a customer's facilities, and said facilities are located within a contiguous structure, not divided by other properties, streets, roads, alleys, or other thoroughfares, the Company may combine such measurement for billing purposes.

The customer shall use the gas delivered hereunder for his own purposes only and shall not, under any circumstances, resell or share with others any gas delivered hereunder. Services shall be through one or more meters, at the option of the Company. No extension whatsoever of customer-owned piping shall be made for the purpose of supplying gas to adjacent property, or other persons or concerns residing or operating on premises of customer.

METER TEST PROCEDURES

The maximum permissible error in the registration of meters placed in service is $\pm 2.0\%$. Meters shall be adjusted to register as nearly correct as practicable within the $\pm 2.0\%$ error allowance prior to being placed in service.

Except for meters which are in the Company's statistical sampling program, the test interval for meters is specified in WAC 480-90-348.

The Company may elect to keep diaphragm type meters with a rated capacity of up to 3,000 ft./hr. in service for intervals beyond those specified in WAC 480-90-348, provided the meter performance meets the criteria of the Company's statistical sample program as approved by the Commission.

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**RULE 7
METERS AND METER TESTING PROCEDURES**

The Company's statistical sampling program will meet the requirements set forth in Part IV ("In-Service Performance"), of the 1992 version of American National Standards Institute (ANSI) publication B109.1 and B109.2, and shall be based on generally accepted statistical methods within the industry for predicting the sampling distribution of the proportion of a population, with 90% degree of confidence. More specifically, the sampling program shall determine from a random sample of sufficient size that, nine times out of ten, as many as 80% of the meters in a meter group (population) are within the percent accuracy limits of 98.0% and 102.0% (i.e. accuracy requirement), and with no more than 10% of the meters in a group exceeding 102.0% accuracy (i.e. not fast requirement). If it is determined that fewer than 80% of the meters in a group meet the accuracy requirement or more than 10% of the meters in a meter group exceed the not fast requirement, corrective action will be taken.

Corrective action shall consist of either a selective removal program to raise the accuracy performance of the group to acceptable standards or the removal of the entire group from service. The rate of removal will be such that the required corrective action is completed as soon as practicable but not to exceed a period of two years after the year testing was performed. However, with Commission approval, the period for removal may be extended an additional two years in any year which the total number of meters required for removal exceeds four percent of the number of meters in the Statistical Sample Program.

In order to ensure the accuracy of its meter proving equipment, the Company shall comply with Part VII ("Test Methods and Equipment"), of the 1992 version of ANSI publication B109.1 and B109.2.

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**RULE 8
EXTENSION OF DISTRIBUTION FACILITIES**

EXTENSIONS OF DISTRIBUTION FACILITIES

If, in the Company's sole opinion, no significant barriers exist, the Company will install, own, and maintain distribution facilities necessary to provide gas service to an applicant who meets the requirements to become a customer and complies with the requirements established in this Rule.

Distribution facilities enabling the provision of gas service to a customer include the Company's gas main located in the street or right-of-way and the service line, which is the underground pipe running from the Company's main to a Company-installed meter that abuts the customer's dwelling or facility. The path of the service line and the location of the meter shall be at the Company's sole discretion.

LINE EXTENSION COSTS

When the allowance is greater than or equal to the line extension costs, the distribution facilities will be installed at no additional cost to the customer. If the allowance is less than the line extension costs, then prior to the installation of service, the customer must pay the total of line extension costs less the allowance, multiplied by Federal income taxes, as follows:

$$\text{Amount Due} = (\text{Line Extension Costs} - \text{Allowance}) * \text{Federal Income Taxes}$$

Line extension costs are the sum of all estimated costs of furnishing and installing the distribution facilities necessary to provide gas service or additional gas supply to a qualified gas customer.

Allowance

The Company will provide customers with an allowance to be applied to the costs incurred for installing the service line and, or main extension. Specific allowance caps for each customer class are stated below, but, in general, the maximum potential allowance per service installed is the sum of annual basic service charges and annual distribution margin divided by 7.35%, the Company's approved rate of return per Commission Order No. 04 issued in UG-152286.

RESIDENTIAL (Rate Schedule 503)

Residential customers taking service on Rate Schedule 503 shall receive an allowance not to exceed **\$3,255**.

COMMERCIAL (Rate Schedule 504)

Commercial customers taking service on Rate Schedule 504 may receive an allowance not to exceed **\$12,350**.

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**RULE 8
EXTENSION OF DISTRIBUTION FACILITIES**

INTERRUPTIBLE, INDUSTRIAL, LARGE VOLUME, AND TRANSPORTATION (Rate Schedules 505, 511, 570, 663)

Interruptible, industrial, large volume, and transportation customers taking service on Rate Schedules 505, 511, 570, or 663 may receive an allowance not to exceed the sum of annual basic service charges plus estimated annual distribution margin (twelve consecutive months of billing revenue minus gas costs) the Company expects it will receive from the customer based on current rates, divided by 7.35%, the Company's approved rate of return per Commission Order No. 04 issued in UG-152286.

Prior to receiving an allowance, an interruptible, industrial, large volume, or transportation customer must complete a customer load summary that, to the best of the customer's ability, accurately defines the gas fired equipment to be installed, and the estimated days and hours of equipment operation. The Company, in its sole opinion, will determine the customer's estimated annual usage, which may not conform to the customer's expectations.

The Company may offer interruptible, industrial, large volume and transportation customers the opportunity to pay line extension costs over time through a facility charge that will be billed as a flat monthly rate over an agreed upon period of time. When line extension costs are being financed through the Company, the Company may require the customer to provide an irrevocable letter of credit in the amount not to exceed the line extension costs and for the timeframe not to exceed the payback period.

GENERAL CONDITIONS

The following applies to all applicants or customers requesting new gas service:

- 1) The applicant shall grant the Company the right to enter and exit the Customer's property, and to remove (and replace) or otherwise disturb lawns, shrub or other property on the applicant's premises as reasonably necessary for the purpose of installing an extension. The Company's agents and employees shall have access at all reasonable times for reading, inspecting, constructing, reconstructing, repairing, and removing the Company's meters, metering equipment and natural gas facilities.
- 2) All necessary right-of-way assignments, easements, and permits across other properties will be secured at no cost to the Company before the Company constructs the line extension.

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**RULE 8
EXTENSION OF DISTRIBUTION FACILITIES**

GENERAL CONDITIONS (continued)

- 3) In no instance will a customer be credited an allowance that exceeds the line extension costs to install the necessary distribution facilities.
- 4) As a condition for obtaining service, the Company may require a residential or commercial customer to complete a customer load summary defining the load requirement that the customer expects to have online by a specified date.
- 5) The Company will not grant an immediate allowance if the Company, in its sole judgment, determines that the customer's load will not be in service for five years.

TRANSITIONAL SERVICE LINE AND MAIN REFUND POLICIES

The terms and conditions established in the tariff and customer agreements for the service line and/or main extension, such as a main refunding contract or a customer/developer commitment contract, where such contract was executed prior to September 1, 2016, will be upheld for the duration of the term referenced in the service agreement.

MODIFICATIONS

When an existing customer requests to have his/her distribution facilities modified to accommodate an increased load requirement, the customer will receive an allowance to be applied against the total costs of modifying the distribution facilities. The allowance will be no more than the expected incremental increase to annual distribution margin (twelve consecutive months of billing revenue minus gas costs) based on current rates, divided by 7.35%, the Company's approved rate of return per Commission Order No. 04 issued in UG-152286.

A change to a service line, meter or any Company-owned facilities, where the change is made to suit the customer, shall be at the Customer's expense. See Schedule 200 for labor rates.

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**RULE 10
CUSTOMER-OWNED FACILITIES**

The customer shall install, own, and maintain at his/her expense all house piping, equipment, appliances, and appliance connections located behind the Company's billing meter, including any service piping concealed within walls or any other inaccessible locations within buildings or that has reentered the ground after leaving the meter.

House piping shall be installed in accordance with all applicable ordinances of the city, town or other such governing body as may have jurisdiction in the locality in which the installation is being made. Lacking other rules or ordinances for house piping, the International Mechanical Code shall apply.

The customer shall in all cases notify immediately the Company of any gas leakage on his or her premises. Any loss or damage through leaks beyond Company furnished facilities is at the customer's risk and expense. In the event of gas leakage, no allowance will be made from the amount of gas registered by the meter, nor will the Company be responsible for any damage caused by the escape of gas. The Company's responsibility ceases at the meter except where, pursuant to special contract between the Company and the customer, facilities are owned by the Company on the customer's premises.

Meters will not be connected with piping known by the Company to be defective, and the Company reserves the right to discontinue service in the event it, at any time, finds the customer-owned piping or appliances on customer's premise defective or in an unsafe condition. The Company does not, however, assume responsibility for inspecting the customer's appliance and piping, nor does it assume liability for such defective or hazardous conditions as may exist therein.

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**RULE 13
COMPANY RESPONSIBILITY**

The Company will use reasonable diligence in furnishing as uniform a supply of gas as practicable to its firm service customers. In the event Company's supply of gas is insufficient at any time or any location to meet the full requirements of all customers served under firm service rate schedules, the Company may be required to curtail service to customers in accordance with Rule 17, Order of Priority for Gas Service. However, should the supply of gas fail or be temporarily interrupted by reason of accident or otherwise, the Company will--upon notice-make reasonable efforts to restore such supply.

Notwithstanding, the Company may interrupt its service to make necessary alterations and repairs, but only for such time as may be reasonable or unavoidable. Except for emergency related interruptions, the Company shall give customers reasonable notice of its intention to interrupt service and shall endeavor to arrange such interruption so as to minimize any inconvenience to customers.

Under the conditions stated above or when the Company deems an emergency warrants interruption or limitation in the service being rendered, such interruption or limitation shall not constitute a breach of contract and shall not render the Company liable for damages suffered thereby or excuse a customer from further fulfillment of the contract.

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**RULE 14
CUSTOMER RESPONSIBILITY**

The Company shall have the right to enter the customer's premise at all reasonable hours for the purpose of inspecting the customer's facilities to ensure the customer is served on the appropriate rate schedule; for installing, removing, testing or replacing the Company's apparatus or property; for reading meters and for the entire removal of the Company's property in event of termination of service for any reason.

The Company shall at all times retain ownership of installed meters and service pipes. All Company property installed in or upon the customer's premise, used and useful in supplying service, is placed in the customer's protection. All reasonable care must be exercised to prevent loss of or damage to such property; ordinary wear is an exception. The customer will be held liable for any loss of property or damage thereto, and shall pay the Company the cost of necessary repairs or replacements.

Any changes made in service or meter installations to suit the customer must be at the customer's expense.

Interference with the meter or its connections, service, mains or other Company property by anyone except employees or authorized agents of the Company is strictly prohibited. No one except the Company employees are allowed to make any repairs or adjustments to any Company-owned equipment including meters. In case of emergency, other authorized parties may shut off the flow of gas at meters.

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**RULE 15
FORCE MAJEURE**

Neither the Company nor the customer shall be liable for damage to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, temporary failure of gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of one of the parties to this contract or some person or concern not a party thereto, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

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**RULE 17
ORDER OF PRIORITY FOR GAS SERVICE**

GENERAL

The Company will exercise reasonable diligence to supply and deliver continuous natural gas service to all customers receiving firm service, as defined in Rule 2.

Should the Company's supply of gas or capacity be insufficient at any time or any location, for reasons other than force majeure (as defined in Company's Rule 15) to meet the full requirements of all customers, the Company will curtail service to customers in the inverse order of priority listed hereinafter. Such curtailment, when required, will be imposed to protect continuity of service first, to firm service customers, and more generally, to customers having a higher service priority.

ORDER OF PRIORITY

1. Residential customers (Schedule 503)
2. Commercial customers (Schedule 504)
3. General Industrial customers (Schedule 505)
4. Large Volume customers (Schedule 511)
5. Special contracts customers
6. General distribution system transportation service customers (Schedule 663)
7. Interruptible natural gas service customers (Schedule 570)

ADMINISTRATION OF CURTAILMENT

When the Company requires a curtailment, whether system-wide or in a specific geographical location on the distribution system, due to either gas supply or capacity failures, the curtailment shall be imposed first on customers in the affected area in the lowest order of priority category at the rate of 100% of each customer's requirements (excepting minor requirements for essential services as approved by Company) on a customer-by-customer basis and will then proceed to customers in the next lowest order of priority category, and so on, until sufficient volumes have been curtailed to bring remaining requirements into balance with available system supply.

The Company shall have the right to inspect the customer's gas consuming facilities and to review operating schedules for such facilities to determine customer's requirements and proper position in the order of priority. If the customer refuses such inspection, the customer will be assigned the lowest priority consistent with otherwise verifiable information.

Customer classifications referenced in the order of priority are defined in Company's Rule 2.

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**RULE 17
ORDER OF PRIORITY FOR GAS SERVICE**

CURTAILMENT NOTICE

The Company shall give as much advance notice as reasonably possible for each curtailment order. In each curtailment order, the Company's curtailment and restoration notices, respectively, shall be given by telephonic communications, electronic communication, or personal contact by Company personnel to the customer's designated representative, and such order shall specify both the volumes to be curtailed and/or restored and the time that curtailment and/or restoration of customer's requirement is to be effective.

AUTHORIZED USAGE

The Authorized Usage of gas a customer may consume during a curtailment period may be an hourly amount determined by dividing the total authorized volumes for a given curtailment period by 24.

UNAUTHORIZED USAGE CHARGES

An unauthorized usage charge may be imposed for all natural gas usage that exceeds the amount the Company authorized the customer to use during a curtailment period. The Unauthorized Usage Charge will be the higher of either \$1 per therm or 150% of the highest midpoint price for the day at NW Wyoming Pool, NW south of Green River, Stanfield Oregon, NW Canadian Border (Sumas), Kern River Opal, or El Paso Bondad supply price points (as published in "Gas Daily"), converted from dollars per dekatherms to dollars per therm by dividing by ten.

DISCONNECTION OF SERVICE

If a customer does not comply with the terms of the curtailment, the Company may disconnect that customer's service to enforce full compliance to the curtailment order. In the event of such disconnection, the customer requesting reconnection of service after the curtailment event must pay the actual cost incurred for reconnection of service prior to having service restored.

FORCE MAJUERE

In the event it should become necessary to curtail service due to force majeure conditions, the Company may curtail without notice or without reference to the priorities established herein. See Rule 15.

COMPANY'S LIABILITY

The Company shall not be liable to any customer for any claims, costs, loss, damage, including but not limited to damage to equipment or property arising out of, in connection with, or incident to the Company's curtailment of gas.

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RULE 18
LIMITATION OF SERVICE TO APPLICANTS

Firm service will be available to a customer if the Company determines, in its sole judgment, that adequate supply and capacity are available to accommodate a Customer's service requirements. If the Company determines firm service is not available to a customer, interruptible service may be an option.

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**RULE 19
PURCHASE GAS COST ADJUSTMENT MECHANISM**

APPLICABLE

The purchased gas cost adjustment (PGA) mechanism applies to the calculation of all Rate Schedules in this Tariff for which system supplies are purchased by the Company.

PURPOSE

The purposes of this rule are: a) to define the procedures for periodic tracking revisions in rates due to changes in the Company's cost of purchased gas; and b) to define the procedures for the deferral of differences experienced between the Company's actual cost of purchased gas and the cost of purchased gas incorporated in the rates and charges specified in its gas sales rate schedules.

REVISIONS TO BASE RATES DUE TO CHANGES IN THE FORECASTED GAS COSTS

1. The Company shall file annually (PGA Filing) with the Commission to update all Sales Rate Schedules for forecasted changes in the Weighted Average Cost of Gas (WACOG).
2. The WACOG includes the following related charges:
 - a) Commodity charges and commodity-related fixed charges under the Company's contracts for gas purchases from gas suppliers; and
 - b) Pipeline transportation charges and storage charges
3. The demand and commodity costs included in the embedded WACOG will be determined on the basis of the Company's projected volumetric commodity purchase requirements for the prospective twelve-month period. These projected costs will be based on reasonable and consistent methods of forward price forecasting and reflect anticipated material contract changes.

DEFERRAL OF PURCHASED GAS COST DIFFERENCES

1. The Company will maintain purchased gas cost adjustment deferral accounts as sub-accounts of Account No. 191, Unrecovered Purchased Gas Costs. Monthly entries will be made to reflect the difference between the Company's actual cost of purchased gas and the cost of purchased gas collected from volumes consumed by ratepayers, priced at rates and charges as established in the Company's most recent PGA filing.
2. Actual purchased gas costs entered into the adjustment account will be the actual gas commodity costs, demand costs and reservation charges experienced by the Company. Imbalance penalties paid to service or gas suppliers and any refunds or credits received for prior periods will be included in the actual costs of the month in which such amounts are paid or received.

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**RULE 19
PURCHASE GAS COST ADJUSTMENT MECHANISM**

RECONCILING ACTUAL GAS COSTS WITH GAS COSTS EMBEDDED IN BASE RATES (continued)

3. Commodity gas cost deferrals will be calculated by multiplying the average commodity cost embedded in sales rates, (before taxes), times the applicable sales volumes for the month and then subtracting this result from the actual commodity costs incurred.
4. Demand cost deferrals will be calculated by multiplying the demand cost for each rate schedule, stated on a per unit of sales basis, (before taxes), embedded in the Company's sales rates times the applicable sales volumes for the month and then subtracting this result from the actual demand charges incurred.
5. Each month 100 percent of the purchased gas cost differentials shall be debited to the purchased gas cost adjustment deferral accounts if positive, or credited to the accounts if negative. A credit balance to the deferral accounts at the end of an adjustment period indicates a subsequent temporary rate decrease (refund), while a debit balance to the deferral accounts represents a temporary rate increase (surcharge).
6. The Company shall impute interest on the deferred balance of the purchased gas cost adjustment accounts on a monthly basis utilizing the interest rate published quarterly by FERC. This calculation will be made consistent with the current deferred accounting procedures detailed in WAC 480-90-233.
7. The Company will include in the annual tracking filing a temporary adjustment amount designed to amortize any balance in the purchased gas cost deferral accounts. Temporary surcharges and/or refund increments will be applied to the Sales rate schedules over the following twelve months or any other appropriate amortization period.

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**RULE 21
 DECOUPLING MECHANISM**

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 503, 504, 505, 511, 512, and 570.

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 adjustment schedules, such as Schedules 500, 593, 594, 595, 596, and 597. The amount of Margin Revenue billed and net unbilled amounts are 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
503	\$36.58	\$26.43	\$23.93	\$15.45	\$8.29	\$6.93
504	\$134.57	\$99.54	\$87.06	\$58.72	\$34.56	\$30.95
505	\$482.13	\$409.38	\$385.00	\$279.73	\$203.39	\$183.36
511	\$2,052.36	\$1,654.49	\$2,050.96	\$1,269.90	\$774.85	\$845.59
570	\$2,832.75	\$2,847.21	\$2,331.29	\$2,320.20	\$1,672.26	\$1,390.20
Table 2	July	Aug	Sept	Oct	Nov	Dec
503	\$5.31	\$4.52	\$4.97	\$7.51	\$12.52	\$26.90
504	\$26.28	\$23.98	\$26.09	\$32.44	\$45.66	\$93.01
505	\$147.47	\$156.24	\$202.81	\$345.65	\$298.13	\$416.58
511	\$557.61	\$789.13	\$739.65	\$840.04	\$1,129.43	\$1,829.11
570	\$1,133.72	\$1,330.01	\$1,043.21	\$1,353.84	\$1,912.36	\$2,197.21

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**RULE 21
DECOUPLING MECHANISM**

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 Margin Revenues.
- 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.
- 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.

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. 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.

One of the following will apply:

- If the CBR earned return exceeds the Company's authorized rate of return, the Deferral Amount that will be amortized as a surcharge will be decreased by 50%.

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**RULE 21
DECOUPLING MECHANISM**

EARNINGS TEST (continued)

- If the CBR earned return exceeds the Company's authorized rate of return, the Deferral Amount that will be amortized as a rebate will be increased by 50%.
- If the CBR earned return is less than the Company's authorized rate of return, no adjustment will be applied to the Deferral Amount whether it will be amortized as a surcharge or a rebate.

The September 1, 2016, through December 31, 2016, Deferral Amount will be subject to the CBR filed April 30, 2017, for the 2016 fiscal year. This amount will be amortized in a filing effective November 1, 2017, that will be submitted concurrently with the 2017 PGA and temporary technical adjustments;

The subsequent decoupling deferral period, January 1, 2017, through December 31, 2017, will be amortized for rebate or surcharge in a filing effective November 1, 2018, and will be subject to the CBR filed April 30, 2018, for the 2017 fiscal year. The 12-month cycle of deferring then collecting after 11 months will continue for the duration of the mechanism.

SPECIAL CONDITIONS

- 1) Following the application of the Earnings Test, the amount of an 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%.
- 2) 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.

REPORTING

- 1) Annual 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.
- 2) Independent Audit
Cascade will procure an independent audit of its decoupling program following three years of implementation. The scope of the independent audit may be informed by the independent audits conducted by PSE and Avista of their decoupling mechanisms.

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Issued by **CASCADE NATURAL GAS CORPORATION**

By: 

Michael Parvinen

Director, Regulatory Affairs

**RULE 21
DECOUPLING MECHANISM**

TERM

This Adjustment Mechanism shall remain effective for five years, with the final Deferral Amount being recorded for September 2021 and the final Schedule 594 charge or credit billing on December 31, 2022.

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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Original Sheet No. 200.1

**SCHEDULE 200
 MISCELLANEOUS CHARGES**

APPLICABILITY

This schedule sets forth the provisions for various charges throughout these rules and regulations. The name and amount of the charges are listed below. The rules or rate schedules to which each charge applies are in parenthesis.

- I. Reconnection Charge (Rule 5)
 - a. Standard, 8 a.m. and 5 p.m., Monday through Friday, excluding holidays \$28.00
 - b. After Hours between 5 p.m. and 9 p.m., Monday through Friday or Saturday, Sunday or holidays \$70.00

A reconnection charge will be required for reestablishment of service at the same address for the same person taking service, if service was disconnected at the customer's request or if it was disconnected involuntarily for reasons other than for Company initiated safety or maintenance.

- II. Field Visit Charge- (Rule 5) \$12.00
 A field visit charge may be assessed whenever Cascade visits a customer's address for the purpose of disconnecting service or reconnecting service and due to the customer's action is unable to complete the disconnection or reconnection.

- III. Late Payment Charge – (Rule 6) 1.0%
 The late payment charge of 1.0% is determined by the Commission based upon a survey of prevailing market rates. The Late Payment Charge is applied to a customer's monthly bill when the customer owes a prior balance of \$200 or more.

- IV. Returned Payment Charge - (Rule 6) \$21.00
 A returned check fee may apply for any payment returned unpaid.

- V. Modifying an Existing Service Line – (Rule 8)
 - a. Time of Construction Crew
 - An individual employee \$70.00 per hour
 - A Crew \$220.00 per hour
 - b. Cost of materials required to open and close service connection trench, including asphalt replacement, if any.

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**SCHEDULE 200
MISCELLANEOUS CHARGES**

- VI. Tampered Meter Charge (Rule 6) actual costs
A Tampered Meter Charge will be applied when a customer tampers with any part of the service line, meter or any other Company apparatus. The charge will be the actual costs of damages, repairs or any additional or unusual costs or services directly related to the interference, plus any unbilled gas usage as determined by the Company and the applicable reconnection charge.

- VII. Pilot Light Service Charge \$24.00
A Pilot Light Service Charge may be applied to a customer's account when the customer requests the Company turn-on or turn-off a pilot light or gas insert during regular business hours.

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Original Sheet No. 300.1

**SCHEDULE 300
 RESIDENTIAL CONSERVATION PROGRAM**

AVAILABILITY

This program is available to residential customers served on Schedule 503, who meet the requirements contained in the eligibility section below.

PROGRAM DESCRIPTION

This program is designed to increase energy efficiency in gas-heated residential households within Cascade's service territory by providing financial incentives for the installation of approved energy efficiency measures in qualifying residential dwellings. . Additional information about Cascade's conservation incentive programs is available on the Company's website at <http://www.cngc.com>.

ELIGIBILITY

To qualify for incentives under this schedule, customers must install one or more of the qualifying measures as listed in the Measures/Incentive Table below.

To qualify for incentives when installing additional insulation, baseline insulation levels in existing structures must meet the following criteria:

	Existing Insulation Level
Ceiling/Attic	R-18 or less
Floor	R-11 or less
Wall	R-4 or less

Customers currently using high-efficiency natural gas HVAC or water heating equipment are not eligible for the high efficiency equipment measures.

MEASURES/INCENTIVES

The following measures are deemed cost-effective and may be recommended under this program.

Whole Home Packages ¹	Description	Incentive Amount
Energy Star Certified Home	National Program Requirements Version 3.1 (Rev. 08) ¹	\$2,000.00
Built Green Washington Certified Home	Certified from one to five stars ¹	\$2,000.00

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**SCHEDULE 300
 RESIDENTIAL CONSERVATION PROGRAM**

MEASURES/INCENTIVES (continued)

Stand Alone Measures	Description	Incentive Amount
High Efficiency Gas Furnace	95% AFUE ¹	\$400.00
High Efficiency Combination Radiant Heat	90% AFUE Combination domestic hot water and hydronic space heating system using pre-approved tankless water heater ^{1&2}	\$2,500.00
Condensing High Efficiency Tankless Water Heater	.91 EF	\$250.00
High Efficiency Gas Hearth (Fireplace) with Intermittent Ignition	80% AFUE	\$300.00
High Efficiency Gas Hearth (Fireplace) with Intermittent Ignition	70% FE	\$250.00
Wall Insulation ¹	Equal to or greater than R-11 or to fill cavity	\$0.75/sf.
Ceiling Insulation ¹	Equal to or greater than R-38	\$0.75/sf.
Floor Insulation ¹	Equal to or greater than R-30 or to fill cavity ³	\$0.75/sf.
High Efficiency Water Heater ²	.67 Energy Factor or greater	\$45.00
Energy Savings Kits ²	Low flow showerhead(s) plus aerators	Free
High Efficiency Exterior Door	Equal to or less than U 0.21	\$100.00
Whole Home Air Sealing ¹	Min. 400 CFM50 reduction using pre and post blower door testing	\$100.00
Ceiling/Attic Insulation Tier II ¹	Equal to or greater than R-49	\$1.00/sf.
Programmable Thermostat ¹	Natural gas must be primary heat source	\$10
Condensing Boiler ¹	95% AFUE	\$500
Bundles	Bundle A: Any two weatherization measures covering a minimum of 1,000 sf. Bundle B: Air sealing and any two insulation measures covering a minimum of 1,000 sf.	Bundle A: \$250 Bundle B: \$500

¹ To qualify for rebate, dwelling must use natural gas as primary heat source.
² To qualify for rebate, dwelling must utilize natural gas for water heating.
³ To fill cavity, R-value must be R-19 or greater.
⁴ Bundles subject to change in consultation with the Cascade Conservation Advisory Group (CAG).

PROGRAM COST RECOVERY

The program's administrative and delivery costs will be deferred and amortized annually through Schedule 596, Conservation Program Adjustment.

SPECIAL CONDITIONS

1. All installations of weatherization and equipment must comply with all codes and permit requirements applicable in the state of Washington and must be properly inspected, if required, by appropriate agencies.

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**SCHEDULE 300
RESIDENTIAL CONSERVATION PROGRAM**

SPECIAL CONDITIONS (continued)

2. Customer must submit required documentation of purchase and installation to the Company under the terms and instructions on the current rebate form.
3. The Company reserves the right to verify installation prior to payment of any rebates

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**SCHEDULE 301
LOW INCOME WEATHERIZATION INCENTIVE PROGRAM**

AVAILABILITY

This program is available to Department of Commerce approved Low Income Weatherization providers and other Low Income Agencies providing weatherization services (Agencies) to income-eligible residential dwellings served by Cascade Natural Gas.

PROGRAM DESCRIPTION

This program is designed to increase energy efficiency in low-income households within Cascade's service territory by providing rebates to Agencies for the installation of approved energy efficiency measures in qualifying residential dwellings following the completion of a home energy evaluation performed by a qualifying Agency.

ELIGIBILITY

In order to qualify for the Weatherization Incentive Program (WIP) and Enhanced Weatherization Incentive Program (E-WIP) benefits, the customer must be a residential customer of Cascade Natural Gas, must be certified as low-income by a qualified Low-Income Weatherization provider in Washington State, and must live in a dwelling where the primary heat source is fueled by natural gas. Combined WIP and E-WIP rebates may cover the full cost of weatherization measures for customers.

In order to receive rebates for the installed cost of weatherization measures under E-WIP, the Agency delivering weatherization services must meet the requirements above and must also have in place a current, signed Memorandum of Understanding (MOU) with Cascade Natural Gas with individualized targets for the number of homes anticipated to be served by that Agency for the calendar year. This target shall be developed in coordination with the Agency and shall be adjusted on an annual basis.

ENERGY EFFICIENCY MEASURES

The following measures qualify for rebate under both the WIP and E-WIP programs:

- Ceiling insulation
- Wall insulation
- Floor insulation
- Water heater insulation
- Duct sealing
- Duct insulation
- Infiltration reduction
- Low-flow faucet aerators
- Low-flow showerheads
- Natural gas furnaces (95% AFUE or greater)¹
- Furnace tune-up and filter replacement
- Direct vent space heater (90% AFUE or greater)
- Natural gas water heaters (0.91 EF or greater tankless)
- Natural gas water heaters (0.64 EF or greater storage)

¹ Unless Department of Commerce specifications specifically recommend a lower efficiency unit, and documentation is provided to the Company to verify this is the case.

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**SCHEDULE 301
LOW INCOME WEATHERIZATION INCENTIVE PROGRAM**

ENERGY EFFICIENCY MEASURES (continued)

These measures will qualify for a rebate payment to the Agency when: (a) the measures are identified as cost effective under the appropriate climate zone and housing type under the Washington State Department of Commerce Weatherization Priority List, or (b) each measure is identified as having a savings-to-investment ratio of 1.0 or higher according to the Agency's energy audit in the dwelling in which a measure is being installed. Participating Agencies shall use TREAT energy modeling software when conducting audits. Agency shall provide a copy of TREAT or Priority List report along with its completed rebate application, and other documentation as specified on the Company's current rebate application form in order to qualify for incentives.

REBATE CALCULATION & PAYMENT

Cascade will provide a rebate to participating Agencies for the installation of the measures listed above. The following formula will be used to calculate the rebate under the standard WIP:

$$\text{Projected Annual Therm Savings of Measure(s)} \times 100\% \text{ of the Avoided Cost per Therm}$$

The rebate will not exceed 100% of the Avoided cost of the annual therm savings.

The avoided cost per therm for 30-year measures is \$8.09 which is based on the Company's most recent Integrated Resource Plan, which is the 2012 IRP.

Agencies participating in the E-WIP program shall receive a rebate payment in the amount of the total installed cost of the approved weatherization measure/s. Installed cost shall include incidental repair work necessary to the installation of a qualified measure, provided advanced review and approval is provided to the Company prior to payment. Agency shall demonstrate total install costs by providing the Company with all requisite documentation including contractor invoices, where available, or an otherwise itemized list of work performed and cost incurred.

Agencies will be provided with one audit fee of \$550 and one inspection of \$300 per dwelling for homes treated under both the WIP and E-WIP programs. Cascade will annually review the amounts paid for audits and inspections to ensure they are sufficient to cover Agencies' costs.

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**SCHEDULE 301
LOW INCOME WEATHERIZATION INCENTIVE PROGRAM**

GENERAL PROVISIONS

The low-income weatherization investment costs associated with this program will be accounted for and recovered through an annual deferral amortization. All installations of weatherization must comply with all codes and permit requirements applicable in the state of Washington and must be properly inspected, if required, by appropriate agencies. The Company reserves the right to verify installation prior to payment of any rebates. Rebates are qualified for payment under the terms of the most recent rebate application form and are subject to update. Under all circumstances rebates for an individual project shall be capped at \$10,000.

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**SCHEDULE 302
 COMMERCIAL/INDUSTRIAL CONSERVATION PROGRAM**

AVAILABILITY

This program is available to commercial and industrial customers served on Schedules 504, 505, 511, and 570.

PROGRAM DESCRIPTION

This program is designed to increase energy efficiency in commercial/industrial facilities within Cascade's service territory by providing rebates for the installation of certain energy efficiency measures in qualifying facilities.

MEASURES AND INCENTIVES

The following measures are deemed cost-effective and may be recommended under this program. Energy efficiency measures not listed may still be eligible for custom incentives providing the incremental costs of the measure do not exceed 1.33 times the lifetime discounted therm savings. Incentives for site-specific program measures will be based on 25% of the avoided cost savings of the measures, not to exceed 50% of the incremental cost of the measure.

Measure	Description	Efficiency Type For Qualification	Unit Incentive
HVAC Unit Heater	High-Efficiency Non-Condensing with Electronic Ignition	Minimum 86% Thermal Efficiency	\$1.50/kBtu/hr
HVAC Unit Heater	High Efficiency Condensing	Minimum 92% Thermal Efficiency	\$3.00/kBtu/hr
Warm Air Furnace	High Efficiency Condensing Furnace	Minimum 91% Thermal Efficiency	\$3.00/kBtu/hr
Radiant Heating	Direct Fired Radiant Heating	None	\$10.00/kBtu/hr
Insulation	Attic Insulation (retrofit only)	Tier One: Minimum R-30 Tier Two: Minimum R-45	Tier One: \$1.10/sq. ft. Tier Two: \$1.25/sq. ft.
Insulation	Roof Insulation (retrofit only)	Tier One: Minimum R-21 Tier Two: Minimum R-30	Tier One: \$1.35/ sq. ft. Tier Two: \$1.60/ sq. ft.
Insulation	Wall Insulation (retrofit only)	Tier One: Minimum R-11 ¹ Tier Two: Minimum R-19	Tier One: \$1.10/ sq. ft. Tier Two: \$1.25/ sq. ft.
Domestic Hot Water Tanks	Condensing Tank	Minimum 91% Thermal Efficiency	\$2.50/kBtu/hr
Domestic Hot Water Tankless Water Heater	Energy Star	.82 EF	\$60.00/gpm
Boiler	High Efficiency Condensing Boiler with Electronic Ignition	Minimum 90% Thermal Efficiency and 300 kBtu input	\$4.00/kBtu/hr

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**SCHEDULE 302
 COMMERCIAL/INDUSTRIAL CONSERVATION PROGRAM**

MEASURES AND INCENTIVES (continued)

Measure	Description	Efficiency Type For Qualification	Unit Incentive
Boiler Vent Damper	Boiler Vent Damper	Minimum 1,000 kBtu input	\$1,000.00/vent damper
Boiler Steam Trap ²	Steam Trap fitted to Steam Boiler (retrofit only)	Min 300 kBtu input and steam pressures at 7psig or greater	\$125.00
3 Pan Gas Steamer	Connectionless Energy Star or CEE/FSTC Qualified	>=38% Cooking Efficiency; <=2,083 Btu/hr/pan Idle Rate	\$850.00
6 Pan Gas Steamer	Connectionless Energy Star or CEE/FSTC Qualified	>=38% Cooking Efficiency; <=2,083 Btu/hr/pan Idle Rate	\$1,200.00
Gas Fryer	Energy Star	None	\$600.00
Gas Convection Oven	Energy Star	>=42% Cooking Efficiency; <=13,000 BTU/hr Idle Rate	\$500.00
Double Rack Oven	FSTC Qualified	>=50% Cooking Efficiency; <=3,500 Btu/hr/ Idle Rate D Rack	\$2,000.00
Gas Griddle	Energy Star	>=38% Cooking Efficiency; <=2650 Btu/hr-sq ft Idle Rate	\$500.00
Door Type Dishwasher Low Temp Gas	Energy Star	<=.6 kw Idle Rate<=1.18 gallon/rack	\$800.00
Multi-Tank Conveyor Low Temp Dishwasher Gas Main w/ Electric Booster	Energy Star	<=2.0 kw Idle Rate <=.50 gallon/rack	\$2,000.00
Clothes Washer	Commercial Gas Washer	1.8 MEF	\$180.00
Motion Control Faucet	Motion Control Faucet	Flow Rate 1.8 gpm Maximum	\$105.00
Recirculation Controls	Continuous Operation DHW Pump (retrofit only)	Add Time lock Control to DHW circulation pump	\$100
Ozone Injection Laundry ³	Venturi Injection or Bubble Diffusion – Minimum 125 lb Total Washer/Extractor Capacity	Pre-Approved by CNG	\$2,500
Energy Savings Kit A	Kitchen PRSV & Bath Aerators	<= 1.0 gpm /0.75 gpm Flow Rate	Free (Value of \$55)
Energy Savings Kit B	Low Flow Showerhead Kit	<= 1.85 gpm Flow Rate	Free (Value of \$25)

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**SCHEDULE 302
 COMMERCIAL/INDUSTRIAL CONSERVATION PROGRAM**

MEASURES AND INCENTIVES (continued)

Gas Conveyor Oven	Natural Gas Conveyor Oven	>42% tested baking efficiency	\$600
Demand Control Ventilation	For Packaged HVAC Units equipped with Gas Fired Furnace Sections and Direct Expansion Cooling Sections	≥ 5 ton (60,000 btu/hr) and ≤ 20 ton (240,000 btu/hr) Meets Northwest Joint Utility Advanced Rooftop Control (ARC) Guidelines for DCV Control	\$12/nominal ton capacity
Piping Insulation	Insulation of piping conveying hot fluids generated from gas fired equipment (Retrofit Only)	Tier 1: >140F and <200F 1.5 inch thick insulation Tier 2: >=200F 2.5" inch thick insulation	Tier 1: \$4.50 per linear foot Tier 2: \$9.00 per linear foot
Bundles ⁴	Applications that contain multiple rebate eligible measures may qualify for an additional Bundle rebate	Bundle A: 2 insulation measures, minimum 1,000 sq ft Bundle B: 2 Kitchen Equipment measures Bundle C: 3 Kitchen Equipment measures	Bundle A: \$500 Bundle B: \$150 Bundle C: \$300

¹ Minimum value of R-11 applies only where existing walls have no internal insulation cavities.
² To qualify for rebate, steam trap size must be <2", minimum 25 psig trap design pressure. This measure will only be allowed where the customer agrees to have the trap regularly maintained and replaced every seven years.
³ Qualifying customers with Commercial laundries that utilize gas heated hot water.
⁴ Kitchen Equipment defined as dishwashers, steamers, ovens fryers and griddles. Bundles subject to change in consultation with Conservation Advisory Group.

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**SCHEDULE 302
COMMERCIAL/INDUSTRIAL CONSERVATION PROGRAM**

PROGRAM SPECIFICATIONS

1. All high efficiency HVAC, water heating, and or cooking equipment must either be a new installation or must be replacing standard efficiency natural gas equipment. Buildings currently using high efficiency equipment are not eligible for this program.
2. Insulation measures must be installed in an existing building heated by natural gas without insulation in the portion being treated.
3. Eligible measures must be installed during the effective dates of this program to receive a rebate
4. Customers requesting site-specific energy efficiency measures must submit estimated costs and natural gas savings associated with the project. Natural gas savings are to be calculated using standard engineering practices. The Company will review the natural gas savings calculations, and reserves the right to modify energy savings estimates.
5. Mixed-purpose facilities that include buildings on both Residential Rate Schedule 503 and qualifying Rate Schedules 504, 505, 511, or 570, as part of the same Cascade customer account, shall also be eligible for custom conservation incentives as described in this schedule.
6. All installations and equipment must comply with all codes and permit requirements applicable in the state of Washington and must be properly inspected, if required, by appropriate agencies. The Company may establish specifications regarding any measures and modifications to be affected and may conduct inspections to ensure that such specifications are met.
7. The customer must submit to the Company the required documentation demonstrating the purchase and installation of the measure. Submissions must comply with the terms and instructions on the Company's current rebate form.
8. The Company reserves the right to verify installation prior to payment of any rebates.
9. The Company reserves the right to alter, amend, or cancel this program at any time.

PROGRAM COST RECOVERY

The administrative and program delivery costs associated with this program will be accounted for and recovered through an annual deferral amortization.

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**SCHEDULE 303
 WASHINGTON ENERGY ASSISTANCE FUND (WEAF) PROGRAM**

AVAILABILITY

To residential customers served on Schedule 503, household members of a dwelling served on Schedule 503, and applicants for residential service who will use a WEAFF grant to establish service within no more than five business days. An applicant for service under this Schedule must demonstrate his/her household income is less than or equal to 150% of federal poverty guidelines.

PROGRAM YEAR

The program year is October 1 through September 30.

PROGRAM ADMINISTRATION

The program will be administered and delivered through designated agencies (Agencies) that meet the following criteria:

- 1) The Agency meets the criteria for a "Qualifying Organization" as defined in RCW 82.16.0497. As of the effective date of this tariff, Qualifying Organizations in Cascade's service territory are as listed below :

Qualifying Organization
Community Action Connections
Blue Mountain Action Council
Community Action Council of Lewis, Mason & Thurston Counties
Coastal Community Action Council
Chelan-Douglas Community Action Council
Kitsap Community Resources
Lower Columbia Community Action Program
Northwest Community Action Program
Opportunities Industrialization Center of WA
Opportunity Council
Community Action of Skagit County
Snohomish County Human Services Department

- 2) The Company has determined the Agency is capable of meeting performance obligations under this program. The Company may evaluate this annually based on various factors including past performance; and

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**SCHEDULE 303
WASHINGTON ENERGY ASSISTANCE FUND (WEAF) PROGRAM**

PROGRAM ADMINISTRATION (continued)

- 3) The Agency has executed a contract with the Company establishing roles and responsibilities consistent with this Schedule. Failure to comply with requirements in the contract may result in termination from the role of program administrator.

WEAF FUNDING

Eligible WEAF customers may receive a WEAF grant or grants totaling no more than \$500 WEAF per household per program year.

In no instance will the Company accept a WEAF grant or grants when the customer's account has an existing credit equal to or greater than \$300 where that credit is solely from a charitable grant or grants such as WEAF, LIHEAP, and Winter Help.

A qualifying customer who has received a WEAF grant who moves and re-establishes service within the Company's Washington service territory within ten business days may have the credit balance from the grant(s) transferred to the account for the new service address.

In no instance shall WEAF grants or credits on an account attributed to a WEAF grant be paid in cash to a customer or any other household member.

ADMINISTRATION FEES

The Company will pay Agencies an administrative fee of \$75 per household qualified for a WEAF grant. One fee per household will be paid per program year.

PROGRAM COSTS

Program costs will be collected through Schedule 593. The Schedule 593 rate will be set annually to ensure collections for the program year budget plus any unspent funding from the prior year are no more than the amount listed below:

Program Year	Max. Budget
2016 – 2017	\$1,047,000
2017 – 2018	\$1,100,000
2018 – 2019	\$1,156,000
2019 – 2020	\$1,215,000
2020 – 2021	\$1,276,000

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**SCHEDULE 303
WASHINGTON ENERGY ASSISTANCE FUND (WEAF) PROGRAM**

ANNUAL REPORTING

By January 15, the Company will file with the Commission an annual report on WEAF program performance that will detail total dollars spent, dollars awarded to customers, dollars spent on delivery Agencies' administrative costs, number of households served per Agency, average award per household per Agency, and program dollars spent on marketing that is done by the Company or the Agencies. The report will also include a discussion on how the program's performance compares to prior years.

ADVISORY GROUP

An Advisory Group comprised of key stakeholders including Public Counsel, Commission Staff, the Energy Project, Cascade Staff, and representatives from the Community Action Agencies shall discuss and advise the Company on program related matters such as the evaluation of the program's performance, ongoing administrative concerns, the annual program budget and potential alternative program designs. The advisory group will meet via teleconference or in person no less than twice yearly. The advisory group may provide guidance and suggestions but their input does not preclude the Company from submitting proposals or tariff changes to the Commission that do not have the support of the advisory group or a majority of its participants.

GENERAL TERMS

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

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Original Sheet No. 500.1

**SCHEDULE 500
 MUNICIPAL TAXES**

APPLICABILITY

This schedule applies a municipal's tax rate to all bills issued within the specific municipality. The tax rate is applied to all bills for gas service and equipment rental, as well as bills for contracted services where the contract specifically refer to this schedule.

MUNICIPAL TAX RATE

The table below lists the tax each municipality charges Cascade for the gross revenues generated in their jurisdiction, the ordinance where the tax was adopted, and the limitations on the tax, if any apply.

Municipality	Ordinance No.	Tax Rate on gas service	Tax rate on Rental Equipment	Limitations
Aberdeen	5632	6%	6%	None
Anacortes	2659	6%	-	None
Arlington	1357	6%	-	None
Bellingham ⁽¹⁾	9376	6.383% 1.01%	6.383%	<ul style="list-style-type: none"> • Higher rate applied to first \$250,000 per month, customer. • Lower rate applied to billing portion >\$250,000, per month
Blaine	1791	6%	6%	None
Bremerton	4346	6%	6%	None
Burlington	459 & 1243	3%	3%	None
Castle Rock	2009-17	6%	6%	Not applied to billing portion >\$500 where gas is used for manufacturing
College Place	888	6%	6%	None
East Wenatchee	2008-13	6%	6%	None
Elma	685, 856, 1134	6%	-	None
Everson	355	6%	6%	None
Ferndale	1277	6%	6%	None
Grandview	1650	7.5%	7.5%	None
Granger	581	6%	6%	None
Hoquiam	88-14	6%	6%	None

(1) The rate established by Ordinance is 6% up to \$250,000 plus 1% over \$250,000; however, the City of Bellingham's definition of gross revenue includes tax, and, therefore, the billable rate must be adjusted to include the effect of applying the tax rate to the other taxes.

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CASCADE NATURAL GAS CORPORATION

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Original Sheet No. 500.2

**SCHEDULE 500
 MUNICIPAL TAXES**

MUNICIPAL TAX RATE (continued)

Kalama	779	6%	-	Not applied to billing portion >\$1,000 where gas is used for manufacturing
Kelso	3020	6%	6%	None
Kennewick	2806,3303, 3612	8.5%	8.5%	None
La Conner	712	6%	6%	None
Longview	2227	6%	6%	Not applied to billing portion >\$1,000 where gas is used for manufacturing
Lynden	1177	6% 1% 0.5%	6%	<ul style="list-style-type: none"> • 6% applied to first \$5,000 billed per month, per customer • 1% applied to portion billed per month, per customer between \$5,000 and \$50,000 • 0.5% applied to portion >\$5,000 billed per month, per customer
Marysville	1975	5%	-	None
McCleary	563	6%	6%	None
Montesano	942	6%		None
Moses Lake	1930	6%	6%	Does not apply to portion billed per customer, per year >\$100,00
Mount Vernon	3240	6% 4%	6% 4%	<ul style="list-style-type: none"> • Higher rate applied to portion billed per customer, per month, up to \$5,000 • Lower rate applied to portion billed, per customer, per month >\$5,000
Moxee	438	6%	6%	Applied to first \$3,000 billed, per customer, per month
Nooksack	291, 365	6%	6%	None
Othello	1099	6%	6%	None
Oak Harbor	792, 967	6%	6%	None
Pasco	2707	8.5%	-	None

(continued)

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Original Sheet No. 500.3

**SCHEDULE 500
 MUNICIPAL TAXES**

MUNICIPAL TAX RATE (continued)

Poulsbo	80-20	6%	-	None
Port Orchard	012-17	6%	-	None
Prosser	1512	6%	6%	None
Quincy	552, 05-161	4%	4%	None
Richland	35-96	8.5% 1%	8.5% 1%	<ul style="list-style-type: none"> • Higher rate applied to portion billed per customer, per month up to \$35,000 • Lower rate applied to portion billed per customer, per month > \$35,000
Sedro Woolley	978	6%	-	None
Selah	939	6%	-	Applied to portion billed per customer, per month, up to \$2,000
Shelton	1646-0805	6%	6%	None
Stanwood	704	6%	-	None
Sumas	1682	1%	-	Applied to portion billed per customer, per month, up to \$500
Sunnyside	1368	6%	6%	None
Swinomish Indian Tribe	185	3%	3%	None
Toppenish	85-36, 95-8	8.5%	8.5%	None
Union Gap	2107	6%	6%	None
Walla Walla	A-3295	6%	6%	None
Wapato	903, 948	6%	6%	None
Wenatchee	2858	6%	6%	None
West Richland	6-03	8.5%	8.5%	None
Woodland	1171	6%	-	None

(continued)

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Original Sheet No. 500.4

**SCHEDULE 500
 MUNICIPAL TAXES**

MUNICIPAL TAX RATE (continued)

Yakima	2005-06, 2005-56	6% 2%	6% 2%	<ul style="list-style-type: none"> Higher rate applied to first \$8,000, per customer, per month Lower rate applied to amount >\$8,000, billed per customer, per month
Yakima Indian Nation	T-177-02	3%	3%	None
Zillah	488	6%	-	Does not apply to gas purchased from industrial sales rate and used for manufacturing

FEDERALLY RECOGNIZED INDIAN NATION TAX CREDIT

In accordance with WAC 458-20-192 (7)(b), the rates and charges specified in this Tariff shall be reduced for all Federally Recognized Indian Nation tribal and member accounts, located and service provided within the boundaries of a Federally Recognized Indian Nation. Each applicable customer must apply on an individual account basis to Cascade to receive this tax credit.

The Federally Recognized Indian Nation Tax Credit is designed to offset the Washington State Public Utility Tax, which is a part of the rates charged for core market natural gas service.

- State Public Utility Tax Credit 3.852%

STATE UTILITY TAX EXEMPTION CREDIT

To the extent the Washington Department of Revenues authorizes exemptions of public utility tax collection from certain customer groups, the rates and charges specified in this Tariff shall be reduced by a State Utility Tax credit. Each applicable customer must apply on an individual account basis to Cascade to receive this tax credit.

The State Utility Tax Credit is designed to offset the Washington State Public Utility Tax, which is a part of the rates charged for core market natural gas service.

- State Public Utility Tax Credit 3.852%

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P.U.C. WN U-4

Original Sheet No. 502.1

**SCHEDULE 502
 BUILDING CONSTRUCTION TEMPORARY HEATING AND DRY-OUT SERVICE**

APPLICABILITY

Service under this schedule is temporary, for a term not to exceed six months, and is to be used for the heating and dry-out of a building that is under construction and is not yet occupied. Service under this schedule must be supplied at a permanent point of delivery for future use in permanently installed gas heating equipment. Service under this Schedule shall not be offered after July 30, 2017.

RATE

Basic Service Charge	\$14.00	per month
Margin	\$0.09183	
WACOG	\$0.65883	
Total	\$0.75066	per therm

MINIMUM CHARGE

Minimum monthly bill: \$14.00

TAX ADDITIONS

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

TERMS OF PAYMENT

Each monthly bill shall be due and payable within fifteen days from the date of rendition.

GENERAL TERMS

Service under this rate schedule is governed by the terms of this schedule, the Rules 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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P.U.C. WN U-4

Original Sheet No. 503.1

**SCHEDULE 503
 RESIDENTIAL SERVICE**

APPLICABILITY

Service under this schedule is available to residential customers.

RATE

Basic Service Charge	\$6.00	per month
Margin	\$0.30497	
WACOG	\$0.49569	
Total	\$0.80066	per therm

RATE ADJUSTMENTS

Service under this schedule is subject to various adjustments including Schedules 593, 594, 595, 596 and 597.

MINIMUM CHARGE

Minimum monthly bill: \$6.00

TERMS OF PAYMENT

Each monthly bill shall be due and payable within fifteen days from the date of rendition.

TAX ADDITIONS

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this rate schedule is governed by the terms of this schedule, the Rules 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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P.U.C. WN U-4

Original Sheet No. 504.1

**SCHEDULE 504
 GENERAL COMMERCIAL SERVICE**

APPLICABILITY

Service under this schedule is available to commercial customers.

RATE

Basic Service Charge	\$15.00	per month
Margin	\$0.23313	
WACOG	\$0.49304	
Total	\$0.72617	per therm

RATE ADJUSTMENTS

Service under this schedule is subject to various adjustments including Schedules 593, 594, 595, 596 and 597.

MINIMUM CHARGE

Minimum monthly bill: \$15.00

TERMS OF PAYMENT

Each monthly bill shall be due and payable within fifteen days from the date of rendition.

TAX ADDITIONS

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this rate schedule is governed by the terms of this schedule, the Rules 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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P.U.C. WN U-4

Original Sheet No. 505.1

**SCHEDULE 505
 GENERAL INDUSTRIAL SERVICE**

APPLICABILITY

Service under this schedule is available to industrial customers.

RATE

Basic Service Charge			\$75.00	per month
Therms	Margin	WACOG	Total	
1-500	\$0.17779	\$0.47993	\$0.65772	per therm
501-4,000	\$0.14399	\$0.47993	\$0.62392	per therm
>4,000	\$0.13888	\$0.47993	\$0.61881	per therm

RATE ADJUSTMENTS

Service under this schedule is subject to various adjustments including Schedules 593, 594, 595, 596 and 597.

MINIMUM CHARGE

Minimum monthly bill: \$75.00

TERMS OF PAYMENT

Each monthly bill shall be due and payable within fifteen days from the date of rendition.

TAX ADDITIONS

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this rate schedule is governed by the terms of this schedule, the Rules 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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Original Sheet No. 511.1

**SCHEDULE 511
 LARGE VOLUME GENERAL SERVICE**

APPLICABILITY

Service under this schedule shall be for natural gas supplied for all purposes to customers having an annual fuel requirement of not less than 50,000 therms and where the customer's primary fuel requirement is for process use.

RATE

Basic Service Charge	\$200.00			per month
	Margin	WACOG	Total	
<20,000 therms	\$0.14028	\$0.47993	\$0.62021	per therm
20,000 to 100,000 therms	\$0.10753	\$0.47993	\$0.58746	per therm
>100,000 therms	\$0.02652	\$0.47993	\$0.50645	per therm

MINIMUM CHARGE

Basic Service Charge \$200.00 per month

SERVICE AGREEMENT

Customers receiving service under this rate schedule shall execute a service agreement for a minimum period of twelve consecutive months. The service agreement term shall be for a period not less than one year and the termination date of the service agreement in any year shall be September 30th.

ANNUAL DEFICIENCY BILL

In the event a customer purchases less than the Annual Minimum Quantity of 50,000 therms, the customer shall be charged an Annual Deficiency Bill. The Annual Deficiency Bill shall be calculated as the difference between 50,000 therms per year and the actual purchase or transport therms, times the difference between the per therm rates effective in this schedule and any modifying schedules less WACOG.

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**SCHEDULE 511
LARGE VOLUME GENERAL SERVICE**

TERMS OF PAYMENT

Each monthly bill shall be due and payable within fifteen days from the date of rendition.

TAX ADDITIONS

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this rate schedule is governed by the terms of this schedule, the Rules 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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Original Sheet No. 570.1

**SCHEDULE 570
 INTERRUPTIBLE SERVICE**

AVAILABILITY

This schedule is available for natural gas delivered for all purposes to customers having an annual fuel requirement of not less than 60,000 therms per year and where customer agrees to maintain standby fuel burning facilities and an adequate supply of standby fuel to replace the entire supply of natural gas delivered hereunder.

SERVICE

Service under this schedule shall be subject to curtailment by the Company when in the Company's sole discretion such curtailment is necessary. Company shall not be liable for damages for or because of any curtailment of natural gas deliveries hereunder.

RATE

Basic Service Charge			\$500.00	per month
Therms	Margin	WACOG	Total	
1-30,000	\$0.09426	\$0.46687	\$0.56113	per therm
>30,001	\$0.02684	\$0.46687	\$0.49371	per therm

MINIMUM CHARGE

Basic Service Charge: \$500.00 per month

RATE ADJUSTMENTS

Service under this schedule is subject to various adjustments including Schedules 593, 594, 595, 596 and 597.

TERMS OF PAYMENT

Each monthly bill shall be due and payable fifteen days from the date of rendition.

TAX ADDITIONS

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

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**SCHEDULE 570
INTERRUPTIBLE SERVICE**

SERVICE AGREEMENT

Customers receiving service under this rate schedule shall execute a service agreement for a minimum period of twelve consecutive months' use. The service agreement term shall be for a period not less than one year and the termination date of the service agreement in any year shall be September 30th.

ANNUAL DEFICIENCY BILL

In the event a customer purchases less than the Annual Minimum Quantity of 60,000 therms, the customer shall be charged an Annual Deficiency Bill. The Annual Deficiency Bill shall be calculated as the difference between 60,000 therms per year and the actual purchase or transport therms, times the difference between the per therm rates effective in this schedule and any modifying schedules less WACOG.

CURTAILMENT

Service under this schedule is subject to curtailment as established in Rule 17.

GENERAL TERMS

Service under this rate schedule is governed by the terms of this schedule, the Rules 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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Original Sheet No. 593.1

**SCHEDULE 593
 WASHINGTON ENERGY ASSISTANCE FUND (WEAF) PROGRAM COST RECOVERY**

PURPOSE

This adjustment schedule collects funding necessary for Cascade's Washington Energy Assistance Fund (WEAF) Program as established in Schedule 303.

APPLICABILITY

This adjustment applies to the following rate schedules: 503, 504, 505, 511, 512, 570, and 663.

ADJUSTMENT TO RATE

The Company will file to change this adjustment schedule annually so that forecast collections under this Schedule are estimated to collect no more than the maximum program year budget less any carryover. The program year budget is established in Schedule 303.

The amount to be collected over a 12-month timeframe will be amortized to all rate schedules on an equal percent of margin basis.

ADJUSTMENT RATE

This following adjustment rate will apply on a per therm basis for each rate schedule as listed in the table below:

RATE SCHEDULE	PER THERM RATE
502	\$0.00507
503	\$0.00473
504	\$0.00382
505	\$0.00237
511	\$0.00201
512	\$0.00294
570	\$0.00071
577	\$0.00146

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**SCHEDULE 593
WASHINGTON ENERGY ASSISTANCE FUND (WEAF) PROGRAM COST RECOVERY**

TAX ADDITIONS

Adjustment charges are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this adjustment schedule is governed by the terms of this schedule, the rules contained in this Tariff, any other schedules that by their terms or by the terms of this schedule apply to service under this schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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Original Sheet No. 594.1

**SCHEDULE 594
 DECOUPLING MECHANISM ADJUSTMENT**

PURPOSE

The purpose of this Decoupling Mechanism Adjustment is to collect or refund the decoupling deferral balance in accordance with the parameters established in Rule 21, Decoupling Mechanism.

APPLICABILITY

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

RATES

The following rates are effective with service as of September 1, 2016:

Rate Schedule	Rate per Therm
503	\$0.00
504	\$0.00
505	
<500 Therms	\$0.00
>500 & <4,000 Therms	\$0.00
>4,000 Therms	\$0.00
511	
<20,000 Therms	\$0.00
>20k & <100K Therms	\$0.00
>100,000 Therms	\$0.00
570	
<30,000 Therms	\$0.00
>30,000 Therms	\$0.00

TAX ADDITIONS

The rates in this Schedule are subject to the taxes established in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this adjustment schedule is governed by the terms of this schedule, the rules contained in this Tariff, any other schedules that by their terms or by the terms of this schedule apply to service under this schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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Original Sheet No. 595.1

**SCHEDULE 595
DEFERRED GAS COST ADJUSTMENT**

PURPOSE

This adjustment schedule collects or credits the customer any difference experienced between the forecast gas costs with actual costs.

APPLICABILITY

This adjustment applies to the following rate schedules: 503, 504, 505, 511, 512, 570, and 663.

ADJUSTMENT RATE

This following adjustment rate will apply on a per therm basis for each rate schedule as listed in the table below:

RATE SCHEDULE	PER THERM RATE
502	(\$0.3702)
503	(\$0.3702)
504	(\$0.3702)
505	(\$0.3702)
511	(\$0.3702)
512	(\$0.3702)
570	(\$0.3702)
663	(\$0.3702)

TAX ADDITIONS

Adjustment charges are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this adjustment schedule is governed by the terms of this schedule, the rules contained in this Tariff, any other schedules that by their terms or by the terms of this schedule apply to service under this schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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**SCHEDULE 596
CONSERVATION PROGRAM ADJUSTMENT**

AVAILABILITY

This adjustment applies to all gas service received on Schedules 503, 503, 504, 505, 511, and 570.

PURPOSE

This adjustment recovers the costs for the Schedule 300, Residential Conservation Incentive Program and the Schedule 302, Commercial /Industrial Conservation Program.

RATE

The following rate is applied on an equal cents per therm basis on all applicable rate schedules:

Schedules	Rate per Therm
502, 503, 503, 504, 505, 511, and 570	(\$0.01075)

TAX ADDITIONS

Adjustment charges are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

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Original Sheet No. 597.1

**SCHEDULE 597
COST RECOVERY MECHANISM (CRM)
PIPELINE REPLACEMENT COST RECOVERY ADJUSTMENT**

AVAILABILITY

This adjustment applies to all gas service received on Schedules 502, 503, 503, 504, 505, 511, and 570.

PURPOSE

This adjustment schedule recovers costs of repairing and replacing pipe consistent with the Company's Pipeline Replacement Plan as filed in PG-160293. Costs are allocated on an equal cents per margin basis.

RATE

The rates as stated in the table below will be applied to all therms billed.

Rate Schedule	Rate per Therm
502	\$0.00792
503	\$0.00792
504	\$0.00593
505	\$0.00452
511	\$0.00325
570	\$0.00130
663	\$0.00107

TAX ADDITIONS

Adjustment charges are subject to increases as set forth in Schedule 500, Municipal Taxes.

GENERAL TERMS

Service under this adjustment schedule is governed by the terms of this schedule, the rules contained in this Tariff, any other schedules that by their terms or by the terms of this schedule apply to service under this schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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Original Sheet No. 663.1

SCHEDULE 663
DISTRIBUTION SYSTEM TRANSPORTATION SERVICE

PURPOSE

This schedule provides transportation service on the Company's distribution system of customer-supplied natural gas. Service under this schedule requires the customer to secure both gas supply and pipeline transportation capacity services through third party arrangements. Service under this schedule is subject to entitlement and curtailment.

APPLICABILITY

To be served on this schedule, the customer must have a service agreement with the Company. The customer must also have secured the purchase and delivery of gas supplies, which may include purchases from a third party agent authorized by the customer served on this schedule. Such agent, otherwise known as a marketer or supplier and hereafter referred to as supplier, nominates and transports natural gas to the Company's system on a customer's behalf in the manner established herein.

RATE

The rates set forth below are exclusive of fuel use requirements designed to cover distribution system lost and unaccounted for gas.

- A. Basic Service Charge \$750.00 per month
All customers receiving service under this schedule will be charged a monthly Basic Service Charge for each single-metered facility.
- B. Contract Demand (CD) Charge \$0.22 per CD therm per day
Contract Demand is the number of therms per day of distribution capacity the customer reserves on the Company's distribution system for delivery of the customer-supplied natural gas. The Company will determine each customer's CD which will be stated in the service agreement. Each monthly bill will include a charge that will be no less than the CD times the CD charge times the number of days in the billing month. The customer may be forced to curtail more gas than its CD rate if a curtailment per Rule 17 or entitlement as defined in this schedule is necessary, or Force Majeure circumstances per Rule 15 are experienced.
- C. System Balancing Charge
All Therms Delivered \$0.0002 per therm

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**SCHEDULE 663
 DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

Rates (continued)

D. Delivery Charge for all therms delivered per month

	Margin
First 100,000	\$0.05970
100,001-200,000	\$0.02179
200,001-500,000	\$0.01324
>500,000	\$0.00629

E. System Balancing Charge \$0.0004 per therm

F. Gross Revenue Fee
 The total of all charges shall be subject to a Gross Revenue Fee of 4.431%. to cover state utility tax and other governmental levies imposed upon the Company.

G. Fuel Use Requirements
 Customer served on Schedule 663 shall provide the Company with in-kind fuel for lost and unaccounted for gas on the Company's distribution system. The fuel use factor is 0.1615%.

All other terms and conditions of services shall be pursuant to the rules and regulations set forth in this Tariff.

RATE ADJUSTMENTS

Service under this schedule is subject to various adjustments including Schedules 593, 594, 595, 596 and 597.

TAX ADDITIONS

The rates named herein are subject to increases as set forth in Schedule 500, Municipal Taxes.

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**SCHEDULE 663
DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

TERM OF PAYMENT

Above rates are net. Each monthly bill shall be due and payable fifteen days from the date of rendition. Past due balances will be subject to a late payment charge.

WAIVER OF FIRM GAS SUPPLY

Customers electing to provide their own gas supplies under this schedule in lieu of firm service waive protection from supply-failure curtailment of all of their requirements. The Company has no obligation to purchase or reserve gas supply or interstate pipeline capacity for customers electing to provide their own gas supplies and/or their own interstate pipeline capacity.

Customers electing to provide their own gas supplies under this schedule in lieu of firm system supply waive any right to automatically purchase firm supplies at some future date.

Service under this Schedule is subject to curtailment per Rule 17 or entitlement as defined in this schedule.

SERVICE AGREEMENT

Service under this schedule requires an executed service agreement between the Company and the customer. The service agreement shall define the Contract Demand. The service agreement term shall be for a period not less than the period covered under the customer's gas purchase contract with customer's supplier. However, in no event shall the service agreement be for less than one year and the termination date of the service agreement in any year shall be September 30th.

GAS SUPPLY

The customer served under this schedule must secure the purchase and delivery of gas supplies from a supplier.

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**SCHEDULE 663
DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

SUPPLIER AND RELATED RESPONSIBILITIES

The customer must provide in writing to the Company the name and telephone number of its supplier who will have authority to nominate natural gas supplies on Company's distribution system for delivery on customer's behalf.

The supplier is the customer's designated representative who satisfies or undertakes the following transportation duties and obligations:

1. Submitting and/or receiving notices on behalf of a customer;
2. Making nominations on behalf of a customer. A nomination is a request to have a physical quantity of customer-owned gas delivered to a specific Company receipt point(s) for a specific gas day. Nominations are not considered final until confirmed by the pipeline company responsible for delivering the customer's gas to a citygate serving the Company's distribution system.
3. Arranging for trades of imbalances on behalf of a customer as permitted under the terms and conditions herein established. An imbalance is the difference between a confirmed nomination and the volume of gas actually used by or delivered to a customer served under this schedule for a defined period of time;
 - a. A positive imbalance exists when the volume of transportation gas confirmed for a customer's account is greater than the volume of gas used.
 - b. A negative imbalance exists when the volume of transportation gas confirmed for customer's account is less than the volume of gas used; and,
4. Performing operational and transportation-related administrative tasks on behalf of a customer as the Company permits.

Unless the Company and customer otherwise agree, a customer shall select one supplier for each account at any given time.

Under no circumstances will the appointment of a supplier relieve a customer of the responsibility to make full and timely payments to the Company for all distribution service.

(continued)

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**SCHEDULE 663
DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

SUPPLIER AND RELATED RESPONSIBILITIES (continued)

Each supplier must meet any applicable registration and licensing requirements established by law or regulation. The Company shall have the right to establish reasonable financial and non-discriminatory credit standards for qualifying suppliers. Accordingly, in order to serve customers on the Company's system, the supplier shall provide the Company, on a confidential basis, with audited balance sheet and other financial statements, such as annual reports to shareholders and 10-K reports, for the previous three years, as well as two trade and two banking references. To the extent that such annual reports and 10-K reports are not publicly available, the supplier shall provide the Company with a comparable list of all corporate affiliates, parent companies and subsidiaries. The supplier shall also provide its most recent reports from credit reporting and bond rating agencies. The supplier shall be subject to a credit investigation by the Company. The Company will review the supplier's financial position periodically.

If the supplier fails to comply with or perform any of the obligations on its part established in this schedule including but not limited to failure to deliver gas, pay bills in a timely manner, execute an upstream transportation capacity assignment, or, in general, act in good faith on behalf of the customer, the Company maintains the right to terminate the supplier's eligibility to act as a supplier on the Company's system.

NOMINATIONS

A customer served on this schedule is required to report estimated gas supply requirements for the upcoming month at least by the 15th day of the current month, in order to provide the Company with information for gas supply acquisition purposes. Such estimate shall include any scheduled down time or increased production time.

A customer served on this schedule is required to report estimated gas requirements daily to the Company's gas scheduling department at least thirty-two hours prior to the beginning of each gas day, as defined in Rule 2, unless other arrangements are agreed upon in writing with the Company. Such estimated requirement shall be considered as customer's daily nomination. Such daily nomination will separately identify gas quantities, if any, pursuant to obligations established below, as well as the customer's current estimated gas requirement at customer's facility (excluding gas provided to the transporting pipeline for compression and line loss "fuel"). In the event the customer's supplier determines that the customer's actual consumption is out of balance with the customer's nomination, the supplier shall inform the customer of the adjustments necessary to get back in balance. Changes to a customer's daily nomination are allowed during the gas day provided the change is communicated to the Company one hour prior to the upstream pipeline's re-nomination deadline.

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**SCHEDULE 663
DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

NOMINATIONS (continued)

The Company shall have the right to adjust a customer's daily nominations when, in the Company's sole discretion, such action is necessary to bring into balance its system nominations as a receiving party on a pipeline system, or otherwise to maintain operational control or maintain the integrity of the Company's distribution system. The Company accepts customer purchased gas at the receipt point subject to customer's warranty that at the time of the Company's receipt, customer has good title to all gas received, free and clear of all liens, encumbrances and claims. Customer shall indemnify, defend, and hold Company harmless should a third party make any claims regarding customer's title to gas transported under this schedule. The supplier shall warrant that it has or will have entered into the necessary arrangements for the purchase of gas supplies which it desires the Company to transport to its customers, and that it has or will have entered into the necessary upstream transportation arrangements for the delivery of these gas supplies to the designated receipt point. The supplier shall warrant to the Company that it has good title to or lawful possession of all gas delivered to the Company at the designated receipt point on behalf of the supplier or the supplier's customers. The supplier shall indemnify, defend, and hold the Company harmless from all suits, actions, debts, accounts, damage, costs, losses, taxes, and expenses arising from or out of any adverse legal claims of third parties to or against said gas supply.

The supplier shall be responsible for making all necessary arrangements and securing all required regulatory or governmental approvals, certificates or permits to enable gas to be delivered to the Company's system.

The customer shall be deemed to be in control and possession of the customer purchased gas until the Company has accepted it at the receipt point. The Company shall be deemed to be in control or possession of the customer purchased gas until the equivalent therms are delivered to the customer at the delivery point.

Failure to report estimated gas transportation requirements or comply with requirements established in this schedule may result in a nomination being considered as a zero nomination for such gas day and may result in the penalties as described below.

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**SCHEDULE 663
GENERAL DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

NOMINATIONS (continued)

A customer served on this schedule is required to notify the Company's gas scheduling department in advance of operating changes that would cause actual gas day consumption to vary either up or down by 10% or more from the reported gas day estimate. Such notification may mitigate potential charges but will not relieve the customer from the responsibility to pay the charges described in the section below entitled Imbalances.

IMBALANCES

Each customer served on this rate schedule shall be required to satisfy any monthly imbalance condition in the manner established below.

Upon notification by the Company that the customer has an imbalance greater than 5%, the customer will have 45 non-entitlement days to eliminate any such imbalance. The Company will bill the customer an imbalance charge if the customer has not completely satisfied such imbalance condition. These non-entitlement charges are \$10.00 per MMBtu on the imbalance over -the allowed tolerance on a monthly basis.

The Company shall rely upon information concerning the applicable customer's distribution service which is provided by the customer's designated representative. All such information shall be deemed to have been provided by the customer. Similarly, any notice or other information provided by the Company to the supplier concerning the provision of distribution service to such customer shall be deemed to have been provided to the customer. The customer shall rely upon any information concerning distribution service that is provided to the supplier as if that information had been provided directly to the customer.

The Company shall determine the customer's daily gas supply entitlement based upon customer's gas requirements forecast and resulting nomination after Company has considered any curtailment of pipeline or distribution system capacity constraints and gas supply constraints. Such daily gas supply entitlements shall include the summation of all gas supply options and optional balancing service daily volumetric level contracted for by the customer. The Company shall notify the supplier and/or customer in the event that the gas supply entitlement is less than the customer's gas nomination(s).

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**SCHEDULE 663
GENERAL DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

IMBALANCES (continued)

Charges from upstream pipeline transporter and/or other costs incurred by Company as a result of a nomination imbalance or an unauthorized overrun will be passed on directly to those customer(s) or groups of customers that take levels contribute to the imposition of the charge. Such charge shall be allocated among such customers, including Company's system supply customers, in proportion to the nomination imbalance or unauthorized overrun associated with each customer or group of customers.

PRIORITY OF NOMINATED GAS

The Company shall designate the daily volume of gas delivered to the customer under this schedule in the following sequence as applicable, unless other sequencing has been agreed to in writing by the Company:

- 1) The volume of system supplies which are scheduled to be made a portion of customer's gas supply nomination, if any.
- 2) If customer is providing a portion of its gas supply requirement with customer-owned gas supplies, the volume of banked customer owned gas supplies, if any, shall be delivered prior to any other non-system supply.
- 3) The volume of spot market gas supply scheduled to be delivered, if any.

UNAUTHORIZED USE OF GAS DURING ENTITLEMENT PERIODS

The Company may declare an entitlement period on any day the Company, in its sole discretion, reasonably determines a critical operational condition warrants the need. During an entitlement period, if the total physical quantity of gas taken by customers served under this rate schedule exceeds or is less than the total quantity of gas which the customer is entitled to take on such day, as defined below, then all gas taken in excess of such entitlement or not taken within said entitlement shall constitute unauthorized overrun or underrun volume. Each general system or customer-specific declared overrun entitlement period shall be specified as either an overrun or an underrun entitlement for customers such that only one condition may exist at one time, whereas:

- **Underrun Entitlement** – A period of time in which delivered natural gas volumes to a transportation customer may not exceed the customer's confirmed nomination for that day.
- **Overrun Entitlement** – A period of time in which delivered natural gas volumes to a transportation customer must be equal to or more than that customer's confirmed nomination for that day.

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**SCHEDULE 663
GENERAL DISTRIBUTION SYSTEM TRANSPORTATION SERVICE**

UNAUTHORIZED USE OF GAS DURING ENTITLEMENT PERIODS (continued)

Customers served under this schedule shall pay Company for all unauthorized overrun or underrun quantities that exceed the percentage specified by the Company in its declared entitlement. For a general system or customer-specific declared entitlement period, such percentage will be: (i) in the Company's sole discretion 3 percent, or, in the case of a declared overrun entitlement period announced on the day it is to be in effect, 5 percent for that day (Stage I), 8 percent (Stage II) or 13 percent (Stage III) of a customer's entitlement as set forth above.

A customer's gas usage that exceeds the amount the Company authorizes during an entitlement period shall be considered an unauthorized overrun volume. The overrun charge that will be applied during any overrun entitlement period will equal the greater of \$1.00 per therm or 150% of the highest midpoint price for the day at NW Wyoming Pool, NW south of Green River, Stanfield Oregon, NW Canadian Border (Sumas), Kern River Opal, or El Paso Bondad supply pricing points (as published in Gas Daily), converted from dollars per dekatherms to dollars per therm by dividing by ten. The overrun charge will be in addition to the incremental costs of any supplemental gas supplies the Company may have had to purchase to cover such unauthorized use, in addition to the regular charges incurred in the Rate section of this schedule and any other charges incurred per the terms and conditions established in this schedule. The payment of an overrun charge shall not under any circumstances be considered as giving the customer the right to take unauthorized overrun gas or to exclude any other remedies which may be available to the Company to prevent such overrun. The charge that will apply during any underrun entitlement period will be \$1.00 per therm for any underrun imbalances.

NOTICE OF ENTITLEMENT

The Company shall give as much advance notice as possible for each entitlement. The Company's notices of entitlement periods as well as restoration notices shall be given by telephonic communications, electronic communication, or personal contact by Company personnel to the customer's responsible representative. A notice of an entitlement period will include the parameters for gas consumption during said entitlement period.

GENERAL TERMS

Service under this rate schedule is governed by the terms of this schedule, the Rules 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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