



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

CNG/W25-09-01

September 15, 2025

Received  
Records Management  
Sep 15, 2025

Jeff Killip  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Re: Cascade Natural Gas PGA and TTA Annual Filing

Director Killip,

Cascade Natural Gas Corporation ("Cascade" or "Company") files the following tariff sheet for revision, with a requested effective date of November 1, 2025:

**Ninth Revision of Sheet No. 590**

**Overview**

This filing revises two sets of rates listed in Schedule 590, Gas Cost Rate Adjustment: 1) The Weighted Average Cost of Gas ("WACOG") is updated in accordance with the Purchased Gas Adjustment ("PGA") mechanism established in Rule 19; and 2) the Temporary Technical Adjustments ("TTA") are also updated.

This PGA includes projected biomethane volumes and costs. Please note that the biomethane projects in the portfolio do not require upstream pipeline capacity therefore mitigating transport costs. This PGA also includes deferred Canadian tariff costs as discussed further below.

**Purchased Gas Adjustment to WACOG**

The PGA details the commodity and demand units and costs of Cascade's core market gas supply portfolio, including Company purchased supplies, pipeline transportation and peaking resources. The filing passes on rate adjustments designed to reflect the cost of gas in the Company's current gas supply portfolio.

Regarding increased pricing projections for the coming year, the U.S. Energy Information Administration's August 2025 Energy Outlook has forecast "...the Henry Hub natural gas spot price will rise from an average of \$3.20 per million British thermal units (MMBtu) in July to \$3.90/MMBtu in 4Q25 and \$4.30/MMBtu next year. Rising natural gas prices reflect relatively

flat natural gas production amid an increase in U.S. liquefied natural gas exports.”. Looking to the upcoming heating season (Nov-Mar), Cascade expects the Henry Hub spot price will range from \$3.55 per million British thermal units (MMBtu) to around \$4.50. For the Washington PGA, Cascade -forecasts average winter pricing in the Pacific Northwest supply basins between \$2.30 (AECO) and \$5.75 (Sumas). Please note that during periods of cold weather, actual prices may be higher due to increased demand.

Cascade’s storage is typically filled throughout the summer, with fill targets of 100% by September/October. Overall, Cascade’s storage valuations are higher when compared to the previous year due to higher pipeline transportation costs and higher valuations due to operational balancing needs.

In addition, Cascade’s Gas Supply Oversight Committee (“GSOC”) authorized the permanent release of rate payer obligation related to the capacity associated with the Westpath expansion (NGTL, FHBC, and GTNX) resulting in lowering pipeline transportation reservation costs. The Company will also exclude any related pipeline optimization revenues.

The proposed rate changes to the WACOG in Schedule 590 will result in an estimated annual revenue increase of \$4,106,596 or an increase in annual revenue of 0.98 percent. The average residential customer using 53 therms per month will see an increase of \$1.08 or 1.04 percent. The proposed percent change in revenue for each customer class is shown in the following table:

Service	Sch. No.	Commodity Change per therm	Demand Change per therm	Total Rate Change	WACOG Proposed Rate Per Therm	Percent Change
Residential	503	\$0.00875	\$0.01169	\$0.02044	\$0.68411	1.24%
Commercial	504	\$0.00875	\$0.00997	\$0.01872	\$0.67982	1.25%
Industrial	505	\$0.00875	\$0.00759	\$0.01634	\$0.66473	1.16%
Industrial Lg Vol	511	\$0.00875	(\$0.05151)	(\$0.04276)	\$0.60563	-3.40%
Interruptible	570	\$0.00875	(\$0.01173)	(\$0.00298)	\$0.63274	-0.26%

### **Deferred Canadian Tariff Costs**

In Docket UG-250151, Cascade filed a deferred accounting petition requesting authority to defer additional expenses related to Canadian tariff costs because the Company’s PGA tariff did not allow deferral of these costs. In total, the Company deferred \$110,547.78 of Canadian tariff costs to account 182.3. After discussion with Washington Commission Staff, the Company determined that it would include for recovery its deferred Canadian tariff costs in this PGA. In addition, the Company will soon file a proposed revision to its Rule 19 – Purchase Gas Adjustment Mechanism to allow Cascade to record tariff-related costs to its PGA deferral accounts going forward consistent with its peer utilities in Washington.

### **Temporary Technical Adjustments**

Adjustments to the Temporary Gas Cost Amortization rate in Schedule 590 include changes in the amortization rates to refund or collect the balance of deferred natural gas commodity and demand costs as well as the residual TTA balance from the prior year. All balances to be refunded or collected include accrued interest.

The proposed rates contained in the attached Sheet 590 will refund the natural gas commodity, demand costs, residual TTA, and the Canadian tariff costs deferrals over the next twelve months. The change in rates will result in an estimated annual revenue decrease of \$88,026,269, or 20.96 percent. The Company's 2023 PGA established a high amortization rate to be collected over 24 months due to the large under collection of commodity costs during the 2022 PGA year. The net deferral balances included in this PGA filing are significantly lower than the previous deferral balances and are the main driver of the proposed decrease in the amortization rate. The average residential customer using 53 therms per month will see a decrease of \$17.24 or 16.57 percent. The proposed percent change in revenue for each customer class is shown in the following table:

<u>Service</u>	<u>Sch. No.</u>	<u>Rate Change</u>	<u>Proposed Rate Per Therm</u>	<u>Percent Change</u>
Residential	503	(\$0.32523)	\$0.09174	-19.70%
Commercial	504	(\$0.32523)	\$0.09174	-21.74%
Industrial	505	(\$0.32523)	\$0.09174	-23.17%
Industrial Lg Vol	511	(\$0.32523)	\$0.09174	-25.83%
Interruptible	570	(\$0.32523)	\$0.09174	-28.47%

### **Combined Effect**

The impact of the PGA and TTA changes combined is a revenue decrease of \$83,919,674 or an overall 19.98 percent decrease. The impact to an average residential customer using 53 therms per month will be \$16.15 or a 15.53 percent decrease.

### **Attached Supporting Materials**

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

The Company therefore, requests that the documents contained in the spreadsheet marked confidential that are identified with the cover page as "Confidential per WAC 480-07-160" be treated as confidential under the provisions of WAC 480-07-160(8), as they each contain sensitive commercial information. It would be unduly burdensome to mark the file as required in WAC 480-07-160(4-7).

As directed by the WUTC in the March 13, 2017, Policy and Interpretive Statement in Docket UG-132019, included as an attachment to this filing is the Company's 2025 Hedging Plan. The

information contained in the plan is confidential pursuant to WAC 480-07-160(2)(c) as the plan contains valuable commercial information.

### **Cascade's Hedging Program**

Cascade's Gas Supply Oversight Committee ("GSOC") oversees the Company's gas supply physical portfolio and overall hedging strategy. Approximately 50% to 60% of estimated annual load requirements for the PGA year will be hedged through fixed price physicals and financial derivatives. Cascade's relationship with Gelber & Associates ("G&A") remains active as the Company's hedging consultant. Price indications continue to suggest fixed price physicals are less expensive than their financial counterpart. G&A recommended continuing hedging with fixed-price physicals due to current flexibility and cost advantages over financial transactions at Northwest Basin combined with financial instruments when economically appropriate. Cascade has been hedging natural gas both on a periodic and discretionary basis throughout 2025 for the forthcoming PGA year (November 2025 through October 2026). In accordance with GSOC guidance, transactions cannot exceed 42 months, except in the case of renewable natural gas (biomethane) supplies. Cascade will continue to execute transactions for hedging purposes throughout the remainder of calendar year 2025, consistent with the current hedge execution plan authorized by GSOC.

Cascade's Hedging Program uses a three-year, forward-looking ladder while establishing maximum and minimum percentage boundaries that allow hedge volumes to adjust to market conditions. In the 2025 Hedge Plan, Cascade elected to keep the same hedge targets and documented a change to eliminate the 5-10% layer of call options.

Over the period since the approval of the 2024 Hedge Execution Plan (April 2024-March 2025), the hedge plan increased gas costs by approximately \$45.3 million (roughly \$34.3 million for Washington) when compared to the spot market.<sup>1</sup> Adding in the fees paid to G&A, the program realizes a net cost of about \$45.4 million. The additional cost stemmed primarily from falling basis differentials during an extraordinarily mild winter rather than shifts in outright commodity prices. Acting on Gelber & Associates' forward view that basis values might soften, Cascade had already lowered its hedge percentage for the 2024 cycle, an adjustment that limited exposure to the market move. This outcome underscores the program's effectiveness in shielding customers from extreme price events over time. Although market conditions led to a financial cost for the 2024 hedge season, the 3-year rolling hedge program has created a net benefit of over \$80 million since its inception in 2019.

### **Customer Notice**

In accordance with WAC 480-90-198, the Company declares that notice to customers was made in accordance with WAC 480-90-194. Cascade issued bill inserts to customers during August 2025, explaining the PGA process, and Cascade will publish on its webpage the anticipated rate increase. Also, on September 15, 2025, Cascade began issuing another bill insert to customers stating the proposed decreased rates. Finally, Cascade will provide copies of the notice to Community Action agencies and organizations within its service territory and provide notice to

---

<sup>1</sup> Cost estimates based on hedge costs compared to monthly index prices at each supply basin. See table in the appendix (page 10) for a monthly breakdown.

the news media. Both copies of the 2025 bill inserts are included with this filing. The proposed change will affect all of Cascade's Washington customers. Cascade serves approximately 205,693 residential, 27,641 commercial, 492 industrial, 100 large volume, and six industrial interruptible customers in the state of Washington.

If you have any questions, please direct them to me at (208) 377-6015 or Jacob Darrington at (208) 377-6041.

Sincerely,

/s/ Lori A. Blattner

Lori A. Blattner  
Director, Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W. Grandridge Blvd.  
Kennewick, WA 99336-7166  
lori.blattner@intgas.com

Attachments

**PGA**

NEW-CNGC-Advice-W25-09-01-PGA-Trf Sheets-09-15-25.pdf  
NEW-CNGC-Advice-W25-09-01-PGA-Bill-Insert-09-15-25.pdf  
NEW-CNGC-Advice-W25-09-01-PGA-Exhibit-A-09-15-25.pdf  
NEW-CNGC-Advice-W25-09-01-PGA-WP-09-15-25.xlsx  
NEW-CNGC-Advice-W25-09-01-PGA-Gas-Cost-WP-09-15-25(R).pdf  
NEW-CNGC-Advice-W25-09-01-PGA-Gas-Cost-WP-09-15-25(C).xlsx  
NEW-CNGC-Overall-Rate-Impact-WP-09-15-25.xlsx

**Hedge Plan**

NEW-CNGC-RETROSPECTIVE-REPORT-WORKBOOK-09-15-25(C).xlsx  
NEW-CNGC-RETROSPECTIVE-REPORT-WORKBOOK-09-15-25(R).pdf  
NEW-CNGC-VAR-to-Life-09-15-25(C).xlsx  
NEW-CNGC-VAR-to-Life-09-15-25(R).pdf  
NEW-CNGC-2025-Annual-Hedge-Plan-09-15-25(C).pdf  
NEW-CNGC-2025-Annual-Hedge-Plan-09-15-25(R).pdf  
NEW-CNGC-2025-HEDGE-PLAN-PROCESS-FLOW-CHARTS-09-15-25.pdf  
NEW-CNGC-Annual-Hedge-Plan-Kickoff-Meeting-09-15-25.pdf  
NEW-CNGC-Compliance-Matrix-09-15-2025.xlsx  
NEW-CNGC-GELBER-ASSOCIATES-2025-FORECAST-09-15-25(C).pdf  
NEW-CNGC-GELBER-ASSOCIATES-2025-FORECAST-09-15-25(R).pdf  
NEW-CNGC-Hedge-Book-Model-09-15-25(C).xlsx  
NEW-CNGC-Hedge-Book-Model-09-15-25(R).pdf  
NEW-CNGC-HEDGE-SCHDL-CHART-09-15-25.xlsx

NEW-CNGC-Mark-to-Market-Calculator-09-15-25(C).xlsx

NEW-CNGC-Mark-to-Market-Calculator-09-15-25(R).pdf

NEW-CNGC-Monthly-Guidance-09-15-25(C).pdf

NEW-CNGC-Monthly-Guidance-09-15-25(R).pdf