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CNG/W13-09-02

October 24, 2013

Mr. Steven V. King  
Acting Executive Director and Secretary  
Washington Utilities & Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: Cascade Natural Gas PGA TTA Annual Filing, Docket UG-131871**

Dear Mr. King:

Cascade Natural Gas Corporation ("Cascade") hereby encloses this replacement cover letter per discussion with Commission Staff in order to provide more detail in the letter.

The following proposed tariff sheet containing a requested effective date of November 1, 2013:

**Thirty-Second Rev. Sheet No. 595, Canceling Thirty-First Rev. Sheet No. 595**

The purpose of this filing is to pass on changes in the amount of temporary technical adjustments affecting customer rates as a result of deferral account amortizations. The application is designed to balance prior period gas supply and transportation costs incurred by Cascade with those assumed in base rates over the same time period. Temporary Technical Adjustment Schedule No. 595 combines prior period rate adjustments and new rate adjustments designed to amortize current outstanding deferral account balances (including accrued interest).

The rates contained in the attached Schedule 595 will recover the outstanding deferral balances of \$1,551,609. The annual revenue change reflected in this filing is an increase of \$23,299,042 to customers, or an increase in annual revenue 11.76%. The average residential customer using 54 therms per month will see an increase of \$5.98. Below is a table summarizing the proposed changes reflected in this filing:

<u>Service</u>	<u>Sch. No.</u>	<u>Rate Change</u>	<u>Proposed Rate Per Therm</u>	<u>Percent Change</u>
Dry Out	502	\$0.11073	\$0.01871	12.57%
Residential	503	\$0.11072	\$0.01871	12.44%
Commercial	504	\$0.11062	\$0.01871	13.43%
Industrial	505	\$0.11042	\$0.01871	16.32%
Industrial Lg Vol	511	\$0.11038	\$0.01871	16.31%
Compressed Nat. Gas	512	\$0.11054	\$0.01871	14.28%
Gas A/C	541	\$0.11080	\$0.01871	0.00%
Interruptible	570	\$0.11022	\$0.01871	19.48%
Interruptible Inst.	577	\$0.11031	\$0.01871	17.67%
Distribution	663	(\$0.00085)	\$0.00002	-2.35%

The majority of the increase (~10%) is related to the current amortization or refund going to zero. The remaining increase is associated with deferring demand cost related to acquiring additional pipeline capacity to serve the Bellingham area.

In accordance with WAC 480-90-198, the Company declares that notice to customers was made in accordance with WAC 480-90-195. Cascade issued bill inserts to customers during August 2013 explaining the PGA process and Cascade will publish on its webpage the anticipated rate increase. Additionally, the Company will issue bill inserts to all of its customers following final disposition of this filing. A copy of the August 2013 bill insert has been included with this filing. The proposed change will affect all of Cascade's Washington customers. Cascade serves approximately 171,951 residential, 24,720 commercial and 360 industrial customers in the state of Washington.

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

Sincerely,



Michael Parvinen  
Director, Regulatory Affairs

Attachments