

NOTICE OF PROPOSED RATE INCREASE

Cascade Natural Gas Corporation proposes a 2.71 percent (or \$5.9 million) increase in natural gas rates.

On August 31, 2017, Cascade Natural Gas Corporation (Cascade) filed a general rate request with the Washington Utilities and Transportation Commission (WUTC) to increase gas base rates. If approved, the filed request would increase annual natural gas base revenues by \$5.9 million (2.71 percent). However, the federal tax bill, the Tax Cuts and Jobs Act, will likely result in a decrease to a portion of this request. This request, as filed, includes a rate of return of 7.60 percent and 9.90 percent return on shareholder equity.

The WUTC will review Cascade's request. It has up to 11 months to review the filing. If approved, changes will go into effect no later than August 1, 2018.

Capital investment in Cascade's natural gas distribution system, as well as increased cost to operate and maintain that system, are the main drivers in Cascade's request with the WUTC to increase prices.

Bill Impact: The proposed rate will increase residential rates by 4.41%. The average residential customer using 54 therms per month will pay \$2.09 more per month and the average industrial customer using 10,241 therms per month will pay \$50.75 more per month.

Below is a chart showing what the typical customer in each customer class pays per month and what that customer would pay if the Company's rate case proposal is approved.

Rate Schedule	Current Basic Service Charge	Proposed Basic Service Charge	Current Rate	Proposed Rate	Percentage Change
Residential, 503	\$4	\$6	\$0.79845	\$0.80015	4.41%
Commercial, 504	\$10	\$15	\$0.74505	\$0.72617	0.0015%
Industrial, 505	\$48	\$75			-0.07%
First 500			\$0.67288	\$0.65772	
Next 3,500			\$0.63620	\$0.62392	
Over 4,000			\$0.63065	\$0.61881	
Large Volume, 511	\$100	\$200			0.89%
First 500			\$0.63152	\$0.62021	
Next 3,500			\$0.59613	\$0.58746	
Over 4,000			\$0.50859	\$0.50645	
Interruptible, 570	\$130	\$500			3.79%
First 30,000			\$0.55050	\$0.56113	
Over 30,000			\$0.49068	\$0.49371	
Transportation, 663	\$500	\$750			8.35%
First 100,000			\$0.05837	\$0.05970	
Next 200,000			\$0.02130	\$0.02179	
Next 200,000			\$0.01294	\$0.01324	
Over 500,000			\$0.00615	\$0.00629	

General Rate Case Information

A general rate case is the legal proceeding in which the WUTC will examine a utility's operations and costs to ensure regulated companies provide safe and reliable service to customers at reasonable rates, while allowing the utility the opportunity to earn a fair return on its investments.

The WUTC will conduct an investigation and hold hearings to examine the requested increase. The WUTC Staff, Cascade, Public Counsel, and other parties will participate and make recommendations to the WUTC. The WUTC has the authority to set final rates based on the results of its investigation, which may be higher or lower than Cascade's requested increase.

Public Comment Hearing:

The WUTC will conduct public hearings to take comments from the public at the following locations:

March 20, 6 pm to 8 pm
Norm Dicks Government Center
345 6th Street
Bremerton, WA 98337

March 27, 6 pm to 8 pm
Kelso City Council Chamber
203 S. Pacific
Kelso, WA 98626

April 4, 5:30 pm to 8:30 pm
Kennewick City Council Chamber
210 W. 6th Ave
Kennewick, WA 99336

Share your comments with the WUTC in the following ways:

- In person at a public hearing (outlined in this notice)
- On the WUTC website at www.utc.wa.gov, and click on "Submit a Comment"
- By email to comments@utc.wa.gov
- By phone at 1-888-333-9882

- In writing to:
WUTC
P.O. BOX 47250
Olympia, WA 98504-7250
Please include your name and mailing address, reference Cascade Natural Gas Corporation and Docket UG-170929.

The WUTC is committed to providing reasonable accommodations to participants with disabilities.
Contact WUTC at: 360-664-1243 or email: human_resources@utc.wa.gov.

Public Counsel

The Public Counsel Unit of the Washington State Attorney General's Office represents residential and small businesses in this process by. You may contact Public Counsel in writing:

Public Counsel Attorney General of Washington

800 5th Ave., Suite 2000
Seattle, WA 98104-3188
By email: utility@atg.wa.gov
For more information about Public Counsel:
www.atg.wa.gov/utilities-regulated

Cascade Natural Gas Cascade Rates Department

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