

RULE 21
DECOUPLING MECHANISM (Continued)

EARNINGS TEST (continued)

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;

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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. If Cascade does not file its next general rate case before March 31, 2023, then Cascade must update the third-party evaluation of its decoupling mechanism within six months prior to the date that Cascade files its next general rate case.

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TERM:

This Adjustment Mechanism shall remain effective until the rate effective date in the Company's next general rate case or August 31, 2021, whichever date is earlier, with the final deferral amount being recorded. The final Schedule 594 charge or credit billing will occur sixteen months after the final deferral amount.

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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.