

Agenda Date: July 30, 2009
Item Number: A1

Docket: UG-091062
Company Name: Cascade Natural Gas Corporation

Staff: Ann LaRue, Regulatory Analyst

Recommendation

Take no action, allowing the tariff filings made by Cascade Natural Gas Corporation (Cascade or company) in Docket UG-091062 to take effect on August 1, 2009, by operation of law.

Background

On July 1, 2009, Cascade filed revisions to its Purchased Gas Adjustment (PGA) tariffs in Docket UG-091062. The effect of the filing is a decrease in annual natural gas sales revenues of \$41,260,228 (14.16 percent).

The PGA mechanism is designed to pass through to customers the utility's actual cost of natural gas on a periodic basis. The difference between the projected cost and the actual cost is deferred and ultimately amortized back to customers with interest, whether it is a refund or a charge. The filing also establishes a revised benchmark of the utility's gas costs for the upcoming year.

Cascade is a natural gas utility serving approximately 190,745 gas customers in various areas along the Northwest Pipeline. Its major Washington service locations include Bellingham, Bremerton, Yakima, and Walla Walla.

Discussion

The company's proposed decrease reflects a weighted average cost of gas of \$0.78948/therm (commodity \$0.67603, firm demand \$0.11345).

The decrease in the weighted average cost of gas decreases the company's annual natural gas sales revenues by \$41,260,228, decreasing overall rates for natural gas customers by 14.16 percent. The following table shows the impact of the filings by customer class:

TABLE 1

	Per Therm Change	Amount of Change	Percent Change
Residential	(0.17924)	(21,193,737)	-13.67%
Commercial	(0.17922)	(15,340,758)	-14.31%
Industrial Firm	(0.17910)	(3,705,638)	-15.46%
Interruptible	(0.17899)	(1,020,095)	-16.67%
TOTAL		(41,260,228)	-14.16%

The impact of the company's filing on the average monthly bill for a residential customer with monthly consumption of 60 therms will be a net decrease of \$10.75 or 13.67 percent.

The company's proposal is based on expected natural gas costs for the coming year. The expected natural gas costs were determined using analytical methods supported by historical data which staff reviewed and found reasonable. The primary reason for the company's proposed decrease is driven by the drop in natural gas prices.

Conclusion

Staff has reviewed Cascade's prospective natural gas cost filing and found it to be reasonable. Therefore, Staff recommends the commission take no action, allowing the tariff filings in Docket UG-091062 to take effect on August 1, 2009, by operation of law.