

Agenda Date: October 27, 2011  
Item Number: A5

**Docket:** UG-111757  
Company Name: Cascade Natural Gas Corporation

Staff: Rick Applegate, Regulatory Analyst  
EJ Keating, Regulatory Analyst  
Roger Kouchi, Consumer Protection Staff

### **Recommendation**

Take no action, thereby allowing the tariff filing made by Cascade Natural Gas Corporation (Cascade or company) in Docket UG-111757 to become effective November 1, 2011, by operation of law.

### **Background**

On October 1, 2011, Cascade filed revisions to its deferred gas cost amortization tariffs in Docket UG-111757. The effect of the proposed filings is a decrease in annual natural gas sales revenues of \$12,037,829 (-4.8 percent). Cascade did not file a purchase gas adjustment (PGA) tariff revision, which generally but not always occurs simultaneously with the deferred gas cost tariff revision.

The PGA and deferred natural gas cost amortization mechanisms are designed to pass through to customers the utility's actual cost of natural gas on a periodic basis. The PGA establishes for the upcoming year a projection of the utility's gas costs. 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.

Cascade is a natural gas utility serving approximately 194,848 gas customers in various areas along the Northwest Pipeline. Its major Washington service locations include Bellingham, Bremerton, Yakima, and Walla Walla.

### **Discussion**

Cascade proposes a rate to amortize deferred natural gas costs. This filing is designed to pass through to customers the additional natural gas costs the company incurred above the amounts collected. The following table shows the impacts of the filings by customer class:

TABLE 1

	Amortization Per Therm Change	Total Annual Revenue Change	Percent Change
Residential	\$(0.04888)	(5,831,767)	-4.63%
Commercial	\$(0.04904)	(4,192,638)	-4.92%
Industrial Firm	\$(0.05128)	(511,803)	-5.87%
Industrial Large	\$(0.05091)	(445,533)	-5.96%
Interruptible	\$(0.05151)	(224,470)	-6.85%
Interruptible Inst.	\$(0.05151)	(23,738)	-6.37%
Noncore Dist	\$(0.00212)	(783,023)	-5.81%
Noncore Trans	\$-	-	-
TOTAL		\$(12,012,973)	-4.8%

The impact of the filing on the average monthly bill for a residential customer with monthly consumption of 58 therms will be a net decrease of \$2.74 or 4.45 percent.

Cascade did not file a PGA tariff revision because a 2 percent decrease in its gas commodity cost have been essentially offset by a 2 percent increase in its pipeline demand costs. While commodity gas costs have declined since Cascade filed its last PGA tariff revisions, staff accepts the company's position that the tariff should not be revised at this time. Staff hopes that Cascade will soon be able to file a PGA that reflects lower wholesale natural gas prices in its rates.

### **Customer Comments**

The company is not required to notify its customers if there is no change to its tariff. However, the company did explain the PGA process in its September newsletter to its customers. The commission did not receive any customer comments on this filing.

### **Conclusion**

Staff has reviewed Cascade's prospective natural gas costs and deferral amortization filings and found them to be reasonable. Therefore, staff recommends the commission take no action, thereby allowing the tariff filing in Docket UG-111757 to take effect November 1, 2011, by operation of law.