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CASCADE NATURAL GAS CORPORATION

**RULES AND REGULATIONS**

**RULE 4 - BILLING**

**A. General**

Gas consumed, as indicated by meter readings, will be billed to customers as promptly as possible after reading dates, at approximately 30-day intervals, computed on applicable filed tariff rates. Bills will be due and payable as of dates rendered and delinquent or past due fifteen (15) days thereafter.

When an under or overbilling occurs, Cascade shall provide written notice to the customer detailing the circumstances, period of time, and amount of adjustment. If it can be shown that the error was due to some cause, the date of which can be fixed, the over or undercharge shall be computed back to such date. If no date can be fixed, Cascade shall refund the overcharge or rebill the undercharge for no more than six months' usage. In no event shall an over or underbilling be more than three years' usage.

No billing adjustment shall be required if a gas meter registers less than two percent error under conditions of normal operation.

Where a customer is required to repay an underbilling, the customer shall be entitled to enter into a time payment agreement without regard to whether the customer already participates in such an agreement. If the customer and Cascade cannot agree upon payment terms, the Commission shall establish terms and conditions to govern the repayment obligation. Cascade shall provide written notice advising the customer of the opportunity to enter into a time payment agreement and of the Commission's appeal and complaint process.

Bills will show dates or readings, readings at beginning of period and end of period, the number of cubic feet, therms, or other units of measurement of gas consumed, the tariff schedule code applicable, the delinquent date of bill, and the amount of the bill. Any estimated reading shall be clearly noted on the bill.

In case of tampering or unauthorized use, probable consumption will be billed as determined by the maximum quantity of gas estimated to have been consumed by the various appliances of customer and if no definite time period could be established, a bill will be rendered for a period encompassing six (6) months prior to the detection of such abuse and/or disconnection for cause.

Cascade should make reasonable effort to prepare opening and closing bills from actual meter readings.

**Estimated Billing Capability**

The Company may issue an estimated bill during the months June through September to residential customers, excluding those accounts with pool water heating load and small commercial customers, excluding those accounts whose meters are routinely read at the end of each calendar month. Actual meter readings will be made the month following any month in which the customer's bill is estimated.

**Transfer Billings**

If Cascade identifies a balance a customer owes Cascade from the customer's prior account for Oregon service, Cascade may transfer the amount to the customer's current account after giving the customer notice of the transfer, the amount due under the prior account, the period of time during which the balance was incurred and the service address under which the bill was incurred. The notice must also meet the provisions of Rule 3, Part I, subsection 2d and 2g. If the bill is identified at the time a customer changes residences, the provisions of this rule apply.

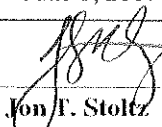
If the customer has six months or more remaining on a time-payment agreement, the installment amount will be adjusted in order to bring the account into balance within the time period specified in the original agreement. If the customer has less than six months remaining on a time-payment agreement, Cascade will recalculate the agreement to bring the account into balance within 12 months. The customer must pay any past due time-payment installments before Cascade adjusts or recalculates the agreement. Cascade may make more liberal payment arrangements for customers on medical certificates who cannot reasonably be expected to pay the outstanding balance in the time otherwise applicable under this rule.

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CNG/O07-06-01

ISSUED June 8, 2007

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**RULE 4 - BILLING** (Continued)

**B. Conversion of Meter Measurements to Therms**

All meter measurements for gas service shall be converted to a therm basis for billing purposes. Such conversion shall be based on the temperature of the gas, the absolute pressure of the gas, and the measured heating values at standard conditions of the gas received from the pipeline supplier(s).

In cases where meters are not mechanically or electronically corrected for temperature, monthly temperature correction factors (Heat Value Multiplier) will be used to determine customer billing therms. The Heat Value Multiplier is calculated as the current pipeline heating value times a temperature factor of 520, divided by the sum of 460 and the published 30-year normal average temperature data.

In cases where meters are not mechanically or electronically corrected for pressure, a Pressure Factor will be used to determine customer billing therms. The Pressure Factor equals the sum of individual customer delivery pressure and the following applicable atmospheric pressure, both divided by 14.73 psi, (atmospheric pressure at sea level).


<u>Town</u>	<u>Atmospheric Pressure, psi</u>
Athena	13.86
Baker	13.03
Bend	12.95
Boardman	14.61
Chemult	12.42
Crescent	12.59
Gilchrist	12.59
Hermiston	14.50
Huntington	13.67
Irrigon	14.58
Madras	13.60
McNary	14.50
Milton-Freewater	14.21
Mission	14.11
Nyssa	13.63
Ontario	13.65
Pendleton	14.19
Pilot Rock	13.90
Prineville	13.30
Redmond	13.24
Stanfield	14.43
Sunriver	12.70
Umatilla	14.58
Vale	13.60
Weston	13.87

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**RULE 4 - BILLING** (Continued)

**C. Budget Payment Plan for Payments of Gas Bills**

The budget payment plan for payment of gas bills is devised to average out the monthly payments for gas service of any residential customer who can establish satisfactory credit with the Company.

At the request of residential customer with satisfactory credit and no balance outstanding, the Company will estimate the customer's annual billing for gas service, based on the previous twelve months' usage. The estimated amount will then be divided by twelve. The resultant amount, rounded to the next full dollar, shall be the amount the customer will pay in lieu of the regular monthly billing for each month of the budget payment plan period. At the end of the plan year, outstanding debit or credit balances will be rolled into the estimated usage for the following plan year and will be reflected in that year's monthly budget payment plan amount. Credit balances will be refunded to the customer if the customer specifically requests a refund.

For each succeeding annual budget payment period the Company will re-estimate the amount of the customer's bills for service for the ensuing period and so advise the customer. Unless the Company is advised to the contrary by the customer, such new monthly budget payment installments will be used for the ensuing payment period. If the customer requests to leave the plan, any debit balance will be due and payable under the regular terms of payment for gas service; credit balances may be applied to future gas bills or, if the customer so requests, refunded to the customer.

During each budget payment plan period the customer shall be entitled to receive gas service so long as customer pays each monthly budget payment plan installment as it becomes due. If a customer fails to comply with the terms of this plan, the budget payment plan will be discontinued and the customer will be billed monthly on the basis of actual usage. If a customer fails to comply with the terms of this plan, and has a debit balance, customer may be subject to disconnection of service under Rule 3, Part B, Subsection 1c.

For each billing period the customer will receive a bill showing the amount of gas used during the billing period, the charge for such gas used, the balance of account and the amount of the current month's budget payment plan installment.

Any estimates furnished by the Company in connection with such budget payment plan shall not be construed as a guarantee or assurance that the total actual charges will not exceed the estimates. The Company may at any time submit a revised estimate to the customer and require that the customer pay the revised monthly budget payment plan installment as a condition to the continuation of the budget payment plan for that customer.

Such estimates, or any revising thereof shall apply only to the premises then occupied by the customer. If the customer vacates such premises and moves to a premise that will be served by Cascade, the amount of the budget payment will be re-estimated and the customer will be advised of the change. If the customer will not desire natural gas service from Cascade at the new premise, the budget payment plan shall immediately terminate and any amount payable from the customer will be due and payable under the regular terms of payment for gas service; any amount due the customer by the Company shall be refunded.

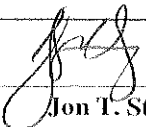
**D. Returned Check Charge**

The Company will charge and require payment of a ten dollars (\$10.00) returned check fee for any check returned from the bank unpaid.

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