

JUN 01 2007  
PUC  
Utility Programs

CASCADE NATURAL GAS CORPORATION

ENERGY EFFICIENCY INVESTMENT RECOVERY ADJUSTMENT PROVISION  
SCHEDULE NO. 175

**APPLICABLE:**

This Energy Efficiency Investment Recovery Adjustment Provision ("EIRAP") shall apply to all bundled Gas Sales Service Rate Schedules in this Tariff.

**PURPOSE:**

The purpose of this provision is to allow the Company on Adjustment Dates to adjust each rate schedule subject to this provision to recover capitalized investment costs associated with O.P.U.C. approved Demand Side Management (DSM) program(s). This provision also allows recovery of revenue margin loss resulting from energy savings achieved through approved DSM program(s).

**ADJUSTMENT DATE:**

The Company shall file for rate changes to recover DSM program investment costs and margin losses with an effective date of October 1, of each year, concurrent with the Company's annual Purchased Gas Cost Adjustment ("PGA") filing.

**AMOUNT OF ADJUSTMENT:**

Capitalized Investment

Installation and acquisition costs associated with approved DSM program(s) will be capitalized through Account 186 and will be amortized over one year. Program specific advertising expenses may also be capitalized upon approval by the O.P.U.C.. The aggregate annual amortization expense associated with capitalized DSM program costs, inclusive of a return on the unamortized account balance(s) at the Company's overall allowed rate of return, will be included as a periodic rate adjustment concurrent with the Company's annual "PGA" filing. The rate adjustment will be spread on an equal cents/therm basis to all bundled gas sales service customers using normalized system supply sales volumes used in the Company's PGA filing.

Lost Margin Recovery

Annual net lost margins associated with energy savings resulting from approved DSM programs will be estimated for each twelve (12) month period ending June 30 and included as a temporary rate adjustment in the calculation of the effective tariff rates. The temporary rate adjustment will be amortized to rates, for a period of one year, on an equal cents per therm basis to all system supply sales volumes using the normalized system supply sales volumes used in the Company's PGA filing. Estimated therm savings and associated net lost revenue margins used in developing the temporary rate adjustments will be subject to true-up and amortization in the second 12 month period commencing October 1, to reflect the measurement and verification of therm savings and net lost margins actually experienced during the period estimated. Measurement and verification will be completed for each of the three years following inclusion of the temporary rate increment in rates.

Net lost revenue margins for each DSM program will be calculated at the tariff rate, applicable to customers targeted by a particular DSM program, in effect during the period for which the savings were calculated, minus the WACOG (including all pipeline transportation and capacity charges), net of all temporary adjustments, times the annual therm savings under the approved DSM program.

Effective May 1, 2006, and the implementation of the company's Rule 19, the Conservation Alliance Plan, the company will discontinue the deferral of lost margins for customers on Rate Schedules 101 and 104.

CNG/O07-06-01

ISSUED June 8, 2007

EFFECTIVE June 15, 2007

BY

  
Jon T. Stoltz

ISSUED BY CASCADE NATURAL GAS CORPORATION

TITLE Senior Vice President  
Regulatory & Gas Supply

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As a general principal, net lost margins recoverable in rates for each approved DSM program will be calculated as:

$(TR - GC - TRA) * TH$  where:

- TR = The tariff rate, applicable to the customers targeted by the particular DSM program, in effect during the period for which the savings were calculated;
- GC = The weighted average cost of gas including all capacity and demand charges;
- TRA = All temporary rate adjustments in effect and applicable to the tariff rate above; and
- TH = The therm savings achieved for the specific measure in the approved DSM program taking into account the effects of resales, minus any therm savings included in the most recently approved rate case test year forecast.

**GENERAL RULES AND REGULATIONS:**

This schedule is subject to the general rules and regulations contained in this tariff and to those prescribed by regulatory authorities.


**GENERAL PROVISION**

The EIRAP is a periodic rate adjustment mechanism as envisioned by Senate Bill 544

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