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Original Sheet No. 25

CASCADE NATURAL GAS CORPORATION

RULES & REGULATIONS

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RULE 21- CONSERVATION ALLIANCE PLAN MECHANISM

APPLICABLE:

The Conservation Alliance Plan ("CAP") mechanism described in this rule applies to customers served on Residential General Service Rate Schedule 503 and Commercial General Service Rate Schedule 504.

PURPOSE:

The purpose of this provision is to define the procedures for the deferral of differences experienced between the actual weather-normalized average commodity margin per customer and the average commodity margin established in WUTC Docket UG-060256 for rate schedules 503 and 504.

TERM:

This tariff will expire three years from the date on which the mechanism is implemented unless the Company files a general rate case within such period seeking to extend authorization of the tariff.

DEFERRAL OF MARGIN COLLECTION DIFFERENCES:

1. The Company will maintain a Conservation Variance deferral account as a Regulatory Asset or Liability. Each month, the Company will calculate the difference between the weather-normalized actual margin and the expected margin for rate schedules 503 and 504. Expected margin shall be the baseline average commodity margin per customer multiplied by the current customer count. The resulting dollar amount difference will be recorded in a Conservation Variance deferral account for rate schedules 503 and 504.
2. The Company shall impute interest on the deferred balance on a monthly basis utilizing the interest rate published quarterly by FERC. This calculation will be made consistent with the current deferred accounting procedures detailed in WAC 480-90-233.
3. The Company will include with its annual Temporary Technical Adjustment filing a temporary adjustment amount designed to amortize any balance in the Conservation Variance accounts calculated separately for rate schedules 503 and 504. Temporary surcharges and/or refund increments will be applied to the Margin Commodity Rate over the following 12 months or any other appropriate amortization period.

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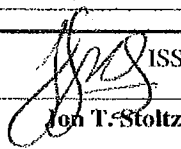
BY AUTH. OF ORDERS 05, 06 AND 07 OF WASH. UTILITIES & TRANSPORTATION COMM., DOCKET UG-060256

By Authority of the Commission's Order in Docket No. UG-060256

ISSUED September 14, 2007

EFFECTIVE October 1, 2007

BY


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ISSUED BY **CASCADE NATURAL GAS CORPORATION**

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