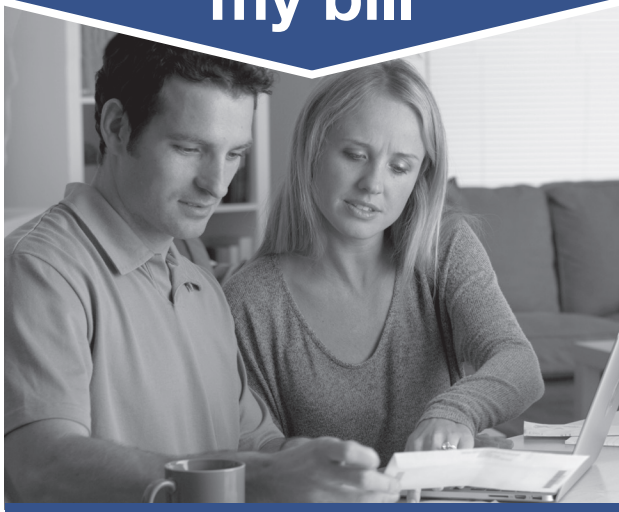


Explanation of charges on my bill



Your billing “gas charges” may look a little different on your bill as of January 2017.

For increased transparency, Cascade Natural Gas Corporation is now separately itemizing each Public Utilities Commission-approved charge on your bill. Before January 2017, these itemized costs were shown as “one per therm rate” for gas costs. Your billing rates have not changed.

The only change is that each charge is separately listed, making it easy to compare them against the company’s tariff schedules, which are posted on our website www.cngc.com, under the Rates and Tariffs section.



**CASCADE
NATURAL GAS**
CORPORATION[®]

A Subsidiary of MDU Resources Group, Inc.

Below is a brief summary of the charges that could appear on a Washington customer billing:

- ▶ **Basic Service Charge.** The Basic Service Charge recovers the fixed cost to serve you regardless of your usage. For example, the cost to maintain your meter or to send you a bill is the same whether you use a lot or a little gas. This rate is found on the rate schedule on which you receive service. (e.g. Schedule 503 Residential; Schedule 504 Commercial)
- ▶ **Average Cost of Gas.** The Average Cost of Gas is the cost of buying a therm of gas multiplied by your actual gas usage. This cost is passed directly through with no markup. This rate is referred to as WACOG (weighted average cost of gas) on the rate schedule on which you receive service. (e.g. Schedule 503 Residential; Schedule 504 Commercial)
- ▶ **Delivery Charge.** The Delivery Charge is the cost to transport the gas and maintain the pipeline distribution system. This rate is found on the rate schedule on which you receive service. (Schedule 503 Residential; Schedule 504 Commercial)
- ▶ **Energy Assistance Fund.** The Washington Energy Assistance Fund provides bill pay assistance to qualified low-income customers. This program reduces the cost of bad debt for all customers. (Schedule 593)
- ▶ **Decoupling Mechanism.** Decoupling Mechanism costs are credits or debits to stabilize bills, which fluctuate for reasons such as extreme weather. (Schedule 594)
- ▶ **Deferred Gas Costs.** Rates for gas costs designed to collect the necessary cost of gas based on forecast sales. The Deferred Gas Costs line item is the debit or credit that corrects any difference between the forecast gas costs with actual costs. (Schedule 595)
- ▶ **Conservation.** Conservation Cost Recovery recovers costs for Cascade's conservation program, which the company offers to all core customers as required by regulation. (Schedule 596)
- ▶ **Replacement Pipe.** This charge recovers the cost for distribution pipeline that needs to be replaced to maintain a safe and reliable system. (Schedule 597)
- ▶ **City Tax.** Cities and counties charge Cascade a tax for doing business in their jurisdiction. By regulation, the company must pass this tax through to customers at the rate it is incurred. (Schedule 500)