SCHEDULE 31
PUBLIC PURPOSE CHARGE

PURPOSE

The purpose of this provision is to define the funding method for public purposes activities to be administered through one or more independent entities. Public purposes activities include, but may not necessarily be limited to, energy efficiency programs, market transformation and low-income conservation and bill assistance programs designed to benefit sales customers within Cascade Natural Gas's service territory in Oregon.

ADJUSTMENT TO RATES

A public purpose charge equal to 9.940% of current revenues, including customer service charges, in each month will be assessed as a line item on the bills of rate schedules 101, 104, 105, 111 and 170. The level of the public purpose charge will be reviewed and revised as necessary based on periodic evaluation of public purposes funding needs. (R)

The Public Purposes Funds shall be allocated to specific separate accounts to fund the respective public purposes programs as follows:

- 9.675% will fund the energy efficiency programs administered by Energy Trust of Oregon. (C)
- 0.265% will fund Cascade's low-income conservation and bill assistance programs. (C)

SPECIAL TERMS AND CONDITIONS

1. 97.33% of the monies will be collected for use by the Energy Trust of Oregon to design, promote, and administer natural gas energy efficiency programs in accordance with agreements executed between Cascade and the Energy Trust of Oregon. (C)

2. 2.67% of the monies will fund the Oregon Low-Income Energy Conservation (OLIEC) program offered per Schedule 33 and the Oregon Low-Income Bill Pay Assistance (OLIBA) program offered per Schedule 32. OLIBA will receive (0.050%) of total Public Purpose Charge collections and OLIEC will receive 0.315% of total Public Purpose Charge collections. (C) (C) (C)

(continued)

SCHEDULE 31
PUBLIC PURPOSE CHARGE

SPECIAL TERMS AND CONDITIONS (continued)

3. Each month, the Company will bill the Public Purpose Charge on rate schedules 101, 104, 105, 111, and 170 customers' bills. Cascade will remit funding to the Energy Trust of Oregon in accordance with the current bilateral, five-year funding agreement between Energy Trust of Oregon and Cascade Natural Gas Corporation. The difference between collections and remittance to Energy Trust of Oregon will be deferred in accordance with current Commission authorization granted in Docket UM 1980. Any residual balance will be included in the forecast Public Purpose Charge collections at the time of a Public Purpose Charge percentage change. (C) (C)

4. The Company, and any independent entity selected to administer public purpose programs under this Tariff, will report program results as directed by the Commission. Copies of all reports provided by the fund administrators to the Commission shall also be submitted to the Company for review.

5. All public purpose funds will be allocated only to programs that are available within the Company's Oregon service territory.