

**RULE 21
DECOUPLING MECHANISM**

PURPOSE:

This Rule describes the revenue-per-Customer Decoupling Mechanism which annually applies a per therm credit or debit under Schedule 594, "Decoupling Mechanism Adjustment" to applicable Customers' bills for the purpose of truing up the annual difference between Margin Revenues and the Authorized Margin Revenues per Customer served as herein defined.

APPLICABILITY:

This Rule is applicable to all Customers served on Schedules 503, 504, 505, 511, and 570.

MARGIN REVENUES

Margin Revenue is the amount of Margin billed in a billing month, adjusted for unbilled margin revenues. Margin Revenue does not include amounts billed for the Basic Customer Charge, or adjustment schedules, such as Schedules 500, 581, 582, 590, 593, 594, 595, 596, 597, and 598.

AUTHORIZED MARGIN REVENUE PER CUSTOMER

The Authorized Margin per month per customer is established in the tables below.

Months	2025		2026	
	503 and 504	505, 511, and 570	503 and 504	505, 511, and 570
January	\$65.76	\$1,437.42	\$69.13	\$1,473.67
February	\$51.88	\$1,503.61	\$54.53	\$1,539.16
March	\$43.52	\$1,142.21	\$45.75	\$1,171.74
April	\$28.06	\$812.45	\$29.50	\$833.35
May	\$18.48	\$620.08	\$19.42	\$636.12
June	\$10.52	\$436.42	\$11.05	\$447.37
July	\$10.87	\$454.80	\$11.42	\$465.72
August	\$8.10	\$498.89	\$8.52	\$510.88
September	\$13.74	\$413.76	\$14.45	\$424.24
October	\$29.13	\$743.77	\$30.62	\$762.42
November	\$49.55	\$901.32	\$52.09	\$923.40
December	\$65.22	\$1,036.74	\$68.56	\$1,062.99

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DECOUPLING CALCULATION:

On a monthly basis the Company will perform the following steps separately for each customer class that is applicable to the rate adjustment in this Rule:

- 1) Record Number of Customers per Customer Class
- 2) Determine Actual Margin Revenues
- 3) Determined Authorized Revenue by multiplying the number of Customers per Customer class (No. 1 above) times the Authorized Revenue for the corresponding month per Customer class as established in Tables 1 & 2 above.
- 4) Determine then record the Deferral Amount by subtracting the Authorized Margin Revenue (No. 3 above) from Actual Margin Revenue (No. 2 above).
- 5) Annually determine the new rate to be applied in Schedule 594 by taking the annual sum of monthly Deferral Amounts and dividing the total by forecasted volumes per Customer class.

EARNINGS TEST:

This mechanism is subject to the following earnings test:

If the Company's annual commission basis report demonstrates that the reported rate of return on its rate base for the 12-month period ending at the end of the period for which the annual commission basis report is filed is more than 0.5 percent higher than the Company's rate of return as authorized by the Commission in UG-240008, the Company shall defer all revenues that are in excess of 0.5 percent higher than the Company's authorized rate of return to refund to customers or for another determination as authorized by the Commission in a subsequent adjudicative proceeding.

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SPECIAL CONDITIONS:

- 1) Following the application of the Earnings Test, the amount of an incremental proposed rate increase under this Rule alone cannot impact the overall per therm rate charged for natural gas and transmission services more than 3%. (D)
- 2) The Company shall apply interest on the deferred balance on a monthly basis using the interest rate published by FERC. This calculation will be consistent with the current deferred accounting procedures detailed in WAC 480-90-233.

REPORTING:

The Company's annual true-up filing to revise the rate herein will include a work paper detailing monthly amounts deferred, the monthly customer count, and a reconciliation of amounts amortized and recovered in the prior twelve months. (D)

GENERAL TERMS:

Service under this Rate Schedule is governed by the terms of this Rate Schedule, the General Rules and Regulations contained in this Tariff, any other Schedules that by their terms or by the terms of this Rate Schedule apply to service under this Rate Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time. (D)

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