

BEFORE THE WASHINGTON PUBLIC SERVICE COMMISSION

In the Matter of the Application of )  
CASCADE NATURAL GAS CORPORATION )  
for a Certificate of Public Convenience and )  
Necessity to Operate a Gas Plant for Hire )  
in the General Areas of Anacortes, Bellingham, )  
Bremerton, Clarkston, Granger, Grandview, )  
Prosser, Sunnyside, Zillah, Walla Walla, )  
Wenatchee, Yakima, Shelton, Toppenish, )  
Asotin County and Kitsap County, Port Orchard, )  
Wapato, Burlington, Kennewick and College )  
Place, Washington )  
. . . . . )  
. . . . . )

CAUSE NO. U-8843

ORDER

This matter came on for hearing pursuant to notice duly given to all interested parties in Seattle, Washington, December 20, 1955, before Commissioner Robert D. Yeomans and Examiner C. Lee Coulter. The following appearances were entered:

APPLICANT: CASCADE NATURAL GAS CORPORATION, per RICHARD B. HOOPER and H. B. JONES, JR., Attorneys, Jones and Gray, Colman Building, Seattle, Washington

COMMISSION: THE WASHINGTON PUBLIC SERVICE COMMISSION, per FRANK P. HAYES, Assistant Attorney General, Temple of Justice, Olympia, Washington

The Cascade Natural Gas Corporation requests a certificate of public convenience and necessity to operate a gas plant for hire in certain areas in this state. At the hearing direct evidence was presented as to the applicant's ability and willingness to serve the public and direct evidence was presented and made subject to cross-examination as to the area within which it was operating in good faith on June 9, 1955. The hearing was then continued to be reset at a later date for further hearing as to other matters.

From the record made December 20, we are able to determine that applicant possesses the ability to serve the areas herein discussed, is willing to serve the public, and was operating in good faith in such area June 9, 1955. Cascade Natural Gas Corporation is the only gas company operating a gas plant for hire in the areas herein discussed.

Pursuant to section 4, chapter 316, Laws of 1955, a certificate of public convenience and necessity shall be granted to authorize the operation of a gas plant for hire where it appears that the applicant was actually operating in good faith on June 9, 1955, being the effective date of said law. It is clear that Cascade Natural Gas Corporation was operating in good faith at such time within the corporate limits of Anacortes, Bellingham, Bremerton, Clarkston, Granger, Grandview, Prosser, Sunnyside, Zillah, Walla Walla, Wenatchee, Yakima, Shelton and Toppenish as shown by Exhibit B of Exhibit 1 of the evidence.

Franchises are presently outstanding and held by applicant from these cities except as to Bellingham. Applicant was also operating in good faith on June 9, 1955, gas plants for hire in that portion of Asotin County contiguous to Clarkston and that portion of Kitsap County adjacent to Bremerton as also shown by Exhibit B of Exhibit 1 of the evidence. Franchises have also been granted to the applicant from the Boards of County Commissioners of these counties. The certificate issued in this cause must include these areas. The Commission is therefore of the opinion that it would serve no useful purpose to delay issuing an order in this cause as to these areas.

As heretofore noted cross-examination has not as yet been completed as to those aspects of applicant's presentation other than as to applicant's completed operations as of June 9, 1955. At the hearing to be reconvened in this cause further cross-examination, as well as other admissible evidence, will be received. Following such proceedings the Commission will then determine the requirements of public convenience and necessity in the areas for which certification is sought beyond the confines as to which authority is hereby being granted.

#### FINDINGS OF FACT

1. Cascade Natural Gas Corporation operates a gas plant for hire in this state subject to the jurisdiction of this Commission.
2. Cascade Natural Gas Corporation possesses the financial resources and ability to serve the area which it was serving in good faith on June 9, 1955.
3. Cascade Natural Gas Corporation was actually operating a gas plant for hire in good faith within the corporate limits of Anacortes, Bellingham, Bremerton, Clarkston, Granger, Grandview, Prosser, Sunnyside, Zillah, Walla Walla, Wenatchee, Yakima, Shelton and Toppenish, and within the areas of Asotin and Kitsap Counties adjacent to the Cities of Clarkston and Bremerton on June 9, 1955, as delineated on Exhibit B of Exhibit 1.
4. A certificate therefor should be issued to applicant for the areas served in good faith on June 9, 1955, within the corporate limits of Anacortes, Bellingham, Bremerton, Clarkston, Granger, Grandview, Prosser, Sunnyside, Zillah, Walla Walla, Wenatchee, Yakima, Shelton and Toppenish, and within the City of Bremerton, as delineated on Exhibit B of Exhibit 1.
5. Cascade Natural Gas Corporation is the only gas company operating a gas plant for hire in the area served by it in good faith on June 9, 1955.

#### ORDER

IT IS HEREBY ORDERED That the application of Cascade Natural Gas Corporation for a certificate of public convenience and necessity be, and it is hereby granted, to operate a gas plant for hire in the areas within which it was operating in good faith on June 9, 1955; and that a certificate of public convenience and necessity be issued to Cascade Natural Gas Corporation to operate a gas plant for hire in Anacortes, Bellingham, Bremerton, Clarkston, Granger, Grandview, Prosser, Sunnyside, Zillah, Walla Walla, Wenatchee, Yakima, Shelton and Toppenish and within Asotin County adjacent to the City of Clarkston and in Kitsap

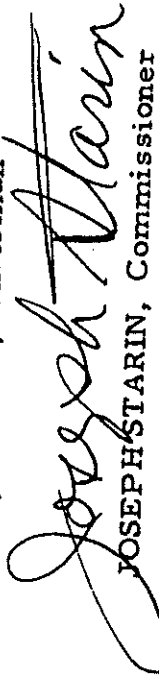
County adjacent to the City of Bremerton in accordance with and as set forth in Exhibit B of the application.

IT IS FURTHER ORDERED That jurisdiction is retained by the Commission and that matters pertaining to the application other than as to operations in good faith on June 9, 1955, in this cause shall come on for further hearing at a date to be later determined.

DATED at Olympia, Washington, and effective this 29th day of December, 1955.

WASHINGTON PUBLIC SERVICE COMMISSION

  
RALPH DAVIS, Chairman

  
JOSEPH STARIN, Commissioner

  
ROBERT D. YEOMANS, Commissioner

BEFORE THE WASHINGTON PUBLIC SERVICE COMMISSION

In the Matter of the Application of CASCADE )  
 NATURAL GAS CORPORATION, for a Certifi- )  
 cate of Public Convenience and Necessity to )  
 Operate a Gas Plant for Hire in the General )  
 Areas of Anacortes, Bellingham, Bremerton, )  
 Clarkston, Granger, Grandview, Prosser, )  
 Sunnyside, Zillah, Walla Walla, Wenatchee, )  
 Yakima, Shelton, Toppenish, Asotin County )  
 and Kitsap County, Port Orchard, Wapato, )  
 Burlington, Kennewick and College Place, )  
 Washington )

CAUSE NO. U-8843

SUPPLEMENTAL ORDER  
GRANTING APPLICATION  
IN PART

..... )  
 Amended to Encompass the Additional General )  
 Areas of Burlington, Sedro Woolley, Ferndale, )  
 Lynden, Everson, Nooksack, Selah, Union Gap, )  
 Burbank, Attalia, Wallula, Olds, Wenatchee )  
 Heights, Malaga, East Wenatchee, Pasco and )  
 Arlington; also Various Portions of Skagit, )  
 Whatcom, Kitsap, Asotin, Yakima, Walla Walla, )  
 Chelan, Douglas, Benton, Mason, Thurston, )  
 Franklin and Snohomish Counties Contiguous to )  
 Areas Above Enumerated or Contiguous to Pro- )  
 posed Transmission Laterals )  
 ..... )

The initial hearing in the above entitled cause was held December 20, 1955. At the conclusion of that hearing the matter was recessed until a time hereafter to be fixed. By Order of December 29, 1955 in said cause disposition was made of the matters at issue pertaining to "grandfather rights". Subsequent thereto applicant filed certain amendments to its initial application. The scope of such amendments is set forth generally in the second paragraph of the title above. Matters embraced within the initial application amended as above described came on for hearing pursuant to notice duly given to all interested parties, in Olympia, Washington, April 4 and 5, 1956 before Commissioner Robert D. Yeomans and Examiner James J. Lawwill.

The appearances of record are unchanged from those set forth in the Order of December 29, 1955.

During the hearings April 4 and 5 considerable attention was directed toward the extent of the areas for which applicant sought a certificate of public convenience and necessity. As a result it was agreed between counsel for the applicant and counsel for the Commission that further consideration be given to the matter by the applicant and staff of the Commission, with the Commission reserving Exhibit No. 13 for such amended area maps as applicant may thereafter submit. By letter of April 11, 1956 applicant has submitted such maps and they are received as Exhibit No. 13. Such maps now supersede certain of the maps heretofore filed as Exhibit A to the initial and amended applications.

The effect of such maps is to reduce materially the geographical area embraced within the previous filings and to correspond more closely to areas in which the evidence at this time meets the statutory test that public convenience and necessity requires or will require gas service therein.

The Commission's order of December 29, 1955 pertaining to the recognition of "grandfather rights" granted a certificate to applicant for all areas in which it was operating in good faith as of June 9, 1955. The request for expansion of the areas therein recognized, as well as for new areas in which applicant is not presently operating a gas plant for hire, is occasioned by the imminent introduction of natural gas to this region. It is anticipated that the transmission facilities of the supplier, being the Pacific Northwest Pipeline Corporation, will be available for natural gas sales in the late summer or early fall of the current year. The evidence of record shows that applicant has existing commitments (with minor exceptions) from the supplier to meet its anticipated requirements for the urban areas for which applicant is requesting a certificate. Reasonable quantities of gas for new service areas as they develop are fully expected to be made available by the supplier.

The Commission had before it in Cause No. U-8831 an application by Cascade for an order authorizing certain financing plans. Said authorization was granted in that cause December 14, 1955. The entire file therein has been incorporated in the instant record by reference. To the extent additional financing may be required to provide service to areas not contemplated in that financing plan, applicant proposes to procure any needed additional capital in a manner consistent with the terms set forth in the aforesaid order.

The certificate hereinafter to be issued covers areas in various counties of the state in which applicant now operates or proposes to operate a gas plant for hire. The nucleus of each specific area is the urban development with adjacent areas contiguous thereto. In each instance, with the exception of the Arlington and Sedro Woolley areas, the capital requirements for the urban areas have already been provided for by the financing authorized in Cause No. U-8831. As heretofore noted additional required financing will be procured by applicant in a manner consistent with the terms of that order.

The evidence supporting the market requirements of the area for which a certificate is hereinafter being issued is contained in what is known as "The Fish Report" referred to at length in the order in Cause No. U-8831, supplemented by exhibits and testimony in the record herein. This evidence not only substantiates the existing and potential market for gas but also supports the economic feasibility of the applicant's proposed project.

Special consideration is warranted with reference to applicant's request for a certificate for the Shelton, Bremerton and Port Orchard areas. From the record it appears that additional lateral facilities by the supplier beyond those definitely planned in its initial construction program will be required before natural gas can be made available to that area. The certificate hereinbefore issued with respect to "grandfather rights" for Shelton (with minor alterations) and Bremerton is sufficient to meet the public convenience and necessity until such time as more definite information is available as to the time within which the required connecting lateral will be constructed by the supplier.

Cascade has placed in evidence copies of franchises already procured from local governmental bodies. In certain areas franchises have not as yet been granted. As to such latter areas negotiations are presently under way between Cascade and the municipalities concerned. Upon issuance of such franchises true copies thereof will be filed with the Commission.

As previously indicated the certificate to be hereinafter issued to Cascade authorizes the operation of gas plant for hire in an area substantially smaller than that for which certification was initially requested. Such reduction in area is not to be construed as any effort on the part of the Commission to deprive any portion of this state of gas service upon a proper showing that such service can feasibly be furnished therein from both an engineering and economic standpoint. The action taken in this regard results from the evidence of record indicating the clear improbability that gas service could feasibly be offered in the immediate future throughout the entire area initially applied for.

It should also be noted that the delineation of the general areas as are hereinafter certificated make allowances for contemplated expansion into rural and industrial areas through extensions of the planned initial distribution systems. In the consideration of applicant's tariffs to be made applicable to service upon the introduction of natural gas, attention will be given to appropriate rules and regulations to be made applicable to such service, including an appropriate line extension policy to meet new service requirements as they develop.

To the extent applicant may fail within a reasonable time to render gas service in any separate or particular area hereinafter certificated, the Commission will expect applicant voluntarily to relinquish such area from its certificate. Applicant, through testimony of its president, has in effect consented to do so.

Following the expiration of eighteen months from the effective date of this order the Commission will bring the matter on for further consideration to determine any appropriate alterations to be made to the certificate to conform to the requirements of public convenience and necessity as the same may then be made to appear. Prior to that time the Commission will, of course, consider any amendments as may be proposed by applicant.

#### FINDINGS OF FACT

1. Cascade Natural Gas Corporation operates a gas plant for hire in this state subject to the jurisdiction of this Commission.
2. Cascade Natural Gas Corporation has heretofore been issued in this state a certificate of public convenience and necessity to operate a gas plant for hire in the areas within which it was operating in good faith on June 9, 1955, being the cities or towns of Anacortes, Bellingham, Bremerton, Clarkston, Granger, Grandview, Prosser, Sunnyside, Zillah, Walla Walla, Wenatchee, Yakima, Shelton and Toppenish, including limited areas adjacent to some of the foregoing.
3. The imminent introduction of natural gas to the state and more particularly to the area proposed to be served by applicant will require expansion of

the service areas enumerated in Finding No. 2 above and will further require installation of a gas plant by applicant in other areas of the state to meet the requirements of public convenience and necessity.

4. Cascade Natural Gas Corporation possesses the financial resources and ability to serve the areas for which a certificate is hereinafter to be issued.

5. Cascade Natural Gas Corporation is the only gas company operating a gas plant for hire in the areas enumerated in Finding No. 2 above and is the only gas company requesting a certificate for the operation of a gas plant for hire in the areas hereinafter to be certificated.

6. The areas contiguous to the cities or towns within the areas to be hereinafter certificated are reasonably within the boundaries of normal growth of applicant's present or proposed service.

7. Cascade Natural Gas Corporation is capable of installing plant facilities to make service available in the areas hereinafter to be certificated.

8. Cascade Natural Gas Corporation will have available an adequate supply of gas to serve the presently anticipated demands of the areas hereinafter to be certificated.

9. The operation of a gas plant for hire by Cascade Natural Gas Corporation in the areas hereinafter to be certificated is or will be required by the public convenience and necessity.

10. A certificate of public convenience and necessity should be issued to applicant to operate a gas plant for hire in the general areas of Bellingham and Ferndale in Whatcom County; Anacortes, Burlington and Sedro Woolley in Skagit County; Arlington in Snohomish County; Wenatchee, Wenatchee Heights, Olds and Malaga in Chelan County; East Wenatchee in Douglas County; Clarkston and Asotin in Asotin County; Walla Walla, College Place, Burbank, Attalia and Wallula in Walla Walla County; Pasco in Franklin County; Kennewick and Prosser in Benton County; and Grandview, Mabton, Sunnyside, Granger, Zillah, Toppenish, Wapato, Union Gap, Moxee, Yakima and Selah in Yakima County, and areas adjacent to each of the foregoing, all as set forth in Exhibit A of the application as last amended by applicant's submission of April 11, 1956.

11. Disposition of applicant's request for a certificate for any other area applied for should be withheld pending submission of additional evidence showing that public convenience and necessity requires or will require gas service in such areas, except that as to the general areas of Bremerton and Shelton applicant's certificate should continue to include the areas of Bremerton and Shelton in which applicant was actually operating in good faith as of June 9, 1955.

12. Following the expiration of eighteen months from the effective date of this order the Commission should bring the matter on for further consideration to determine the appropriate alterations to be made to the certificate to conform to the requirements of public convenience and necessity as the same may then be made to appear.

#### ORDER

1. IT IS HEREBY ORDERED That a certificate of public convenience and necessity be issued to Cascade Natural Gas Corporation to operate a gas plant for hire in the following areas:



(b) All of the incorporated area comprising the cities of Burlington, Sedro Woolley, Anacortes and additional portions of Skagit County adjacent thereto, lying within the area described as follows:

Beginning at the northeast corner of section 8, T. 35 N., R. 5 E. W.M., thence south along the east line of sections 8, 17, 20 and 29 to a point where the Skagit River intersects said line, thence southwesterly along the center of the Skagit River to the south boundary of section 12, T. 34 N., R. 3 E. W.M., thence west along the south line of section 12 to the southwest corner of said section 12, thence south along east line of section 14 to the southeast corner of said section 14, thence west along the south line of sections 14, 15, 16, 17 and 18 and sections 13, 14, 15, and 16 of T. 34 N., R. 2 E. W.M. to a point where the harbor line of Similk Bay intersects said line, thence north, west and southwesterly along the harbor line of Similk Bay along the harbor line of Fidalgo Island through Deception Pass, thence northerly along the harbor line of Burrows Bay, thence easterly along the harbor line through Guemes Channel, thence easterly and northerly along the harbor line of Padilla Bay to a point where the north line of section 30, T. 35 N., R. 3 E. W.M. intercepts said line, thence east along the north line of sections 30, 29, 28, 27, 26 and 25 to the northeast corner of section 25, thence north along the west line of sections 19, 18 and 7 of T. 35 N., R. 4 E. W.M. to the northwest corner of said section 7, thence east along the north line of sections 7, 8, 9, 10, 11 and 12 and sections 7 and 8 of T. 35 N., R. 5 E. W.M. to the point of beginning.

As further shown on Appendix A-2 attached hereto and by this reference made a part hereof.

(c) All of the incorporated area comprising the City of Arlington, Washington and additional portions of Snohomish County adjacent thereto, lying within the area described as follows:

Beginning at a point on the southeast corner of section 24, T. 31 N., R. 5 E. W.M., thence west along the south line of sections 24, 23 and 22 to a point on the southwest corner of section 22, thence north along the west line of sections 22, 15, 10 and 3 to a point in the northwest corner of section 3, thence east along the north line of sections 3, 2 and 1 to a point in the northeast corner of section 1, thence south along the east line of sections 1, 12, 13 and 24 to the point of beginning.

As further shown on Appendix A-3 attached hereto and by this reference made a part hereof.



(1) All of the incorporated area comprising the City of Clarkston and additional portions of Asotin County adjacent thereto lying within the area described as follows:

Beginning at a point in the center of the Snake River due east of the south line of section 22, T. 10 N., R. 46 E. W.M., thence west along the south line of sections 22 and 21 to the southwest corner of section 21, thence north along the west line of section 21 to the northwest corner of section 21, thence west along the south line of section 17 to the southwest corner of section 17, thence north along the west line of sections 17, 8 and 5 to the northwest corner of section 5, thence west along the south line of section 31, T. 11 N., R. 46 E. W.M. to the southwest corner of section 31, thence north along the west line of sections 31, 30 and 19 to the center line of the Snake River, thence along the center line of the Snake River in an easterly direction to a point where the Snake River intersects with the Clearwater River, thence southerly and westerly along the center line of the Snake River to the point of beginning.

As further shown on Appendix A-14 attached hereto and by this reference made a part hereof.

2. IT IS FURTHER ORDERED That the certificate of public convenience and necessity issued pursuant to Order Paragraph No. 1 above supersedes and cancels Certificate of Public Convenience and Necessity No. 4 issued to Cascade Natural Gas Corporation December 9, 1955. Said certificate of December 29, 1955 shall be forthwith returned to the Commission.

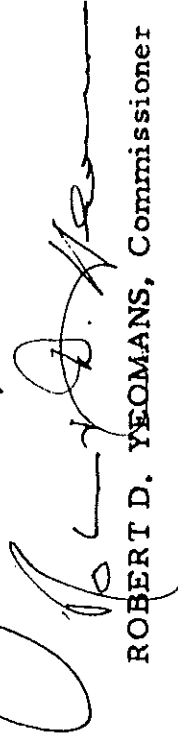
3. IT IS FURTHER ORDERED That following the expiration of 18 months from the effective date of this order, the Commission shall bring the matter on for further consideration to determine the appropriate alterations to be made to the Certificate issued pursuant to Order Paragraph No. 1 above to conform to the requirements of public convenience and necessity as the same may then be made to appear.

4. IT IS FURTHER ORDERED That jurisdiction over this cause is retained to effectuate the provisions of this order.

DATED at Olympia, Washington, and effective this 26th day of April, 1956.

WASHINGTON PUBLIC SERVICE COMMISSION

  
JOSEPH STARIN, Commissioner

  
ROBERT D. YEOMANS, Commissioner