

Agenda Date: June 14, 2002
Item Number: Utilities 1

Docket: UG-020632
Company Name: Cascade Natural Gas Corporation

Staff: Merton Lott, Energy Coordinator

Recommendation:

Issue a declaratory order indicating that a Certificate of Public Convenience and Necessity is not required for Cascade Natural Gas Corporation (CNG or Cascade) to provide the services listed in Cascade's application, as clarified in their letter of June 4, 2002, to customers who own and operate their own gas plant.

Introduction:

On May 8, 2002, Cascade Natural Gas Corporation (CNG) filed with the Commission an application for a Limited Certificate of Public Convenience and Necessity to Operate Customer-Owned Gas Plant throughout the state of Washington or, in the alternative, that the Commission make a declaration that a Certificate of Public Convenience and Necessity is not required. Exhibit A to the application (attached to this memo) describes the services Cascade intends to provide. In general the services that Cascade is seeking to provide include the services provided to customers in their service territories under Schedule 700.

On June 4, 2002, CNG submitted an advice letter to staff (also attached to this memo) confirming that the services to be provided by Cascade do not include management of any of the customer-owned gas plant in conjunction with the services for which they are seeking permission to provide in this application.

In the June 4th letter, Cascade defines "management of customer-owned gas plant" as the entity that is responsible for determining when plant should be repaired or replaced and determining when maintenance should be scheduled. Cascade has determined that these management responsibilities should remain with the owner/operator of the customer-owned gas plant. At most, CNG would provide consultation, making suggestions and recommendations to the owner/operator of gas plant to assist management in its decisions.

Discussion:

The issue in this Docket is when does RCW 80.28.190 apply and require a company to obtain a Certificate of Public Convenience. That statute states "[n]o gas company shall, after January 1, 1956, operate in this state any gas plant for hire without first having obtained from the commission under provisions of this chapter a certificate declaring that

public convenience and necessity requires or will require such operation and setting forth the areas within which such service is to be rendered;" It is Staff's understanding of Cascade's intent to provide services, taken from the letter of June 4, 2002, that Cascade does not intend to manage or operate control over the operation of gas plant in the state of Washington. Based on this understanding Staff does not believe that a Certificate of Public Convenience is required.

Conclusion:

Staff believes that the services to be provided by Cascade Natural Gas Corporation do not require a certificate pursuant to the requirements of RCW 80.28.190. As clarified in the June 4th letter, Cascade Natural Gas Corporation's limited intentions in providing these services does not involve **operating gas plant for hire**. Therefore, Staff recommends that the Commission declare that a Certificate of Public Convenience and Necessity is not necessary for Cascade Natural Gas Corporation to provide these services to customers outside of its service territory.

Attachments