



222 FAIRVIEW AVENUE N., SEATTLE, WASHINGTON 98109-5312 206-624-3900
FACSIMILE 206-654-4039

July 27, 2007

Ms. Carol Washburn
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
Olympia, WA 98504-8002

Attention: Mr. Alan Rathbun

Subject: Service Area Expansion – Whatcom County (Cascade Project No. A0082215)

Dear Mr. Rathbun,

Cascade Natural Gas Corporation, herein referred to as Cascade, is submitting an application to amend its Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire, near the town of Lynden, in Whatcom County, Washington. Cascade's request to extend our service area boundary into Sections 34, 35, 36, Township 41 North, Range 3 East, W.M. is initiated as the result of a request for natural gas service by the one new commercial customer to provide natural gas service to a facility currently under construction.

In support of this request is additional information summarized below:

1. Application: Enclosed is a check in the amount of twenty-five dollars and a completed application form.
2. Applicants for Natural Gas Service: Cascade has executed a contract to provide natural gas distribution service to one new commercial customer in the requested expanded service area (further details are provided in Item 4 below). There are other potential customers within the expanded service area, which may request service in the future. Construction of the distribution system to extend a natural gas main will begin immediately after receipt of all permits, including this request. It is anticipated that the customer will require natural gas service by October 1, 2007.

We make warm neighbors

www.cngc.com

3. Description of Project: Installation of approximately 8,600 feet of 4-inch PE main from the corner of Northwood Road and Haveman Road near Cascade's existing 16-inch high pressure main and regulator station, north to Halverstick Road and then west approximately 400 feet.
4. Economic Feasibility: Exhibit A-1 provides a summary of the estimated distribution facility costs and financial feasibility based on the new commercial customer requesting service. Cascade considers Exhibit A-1 to be valuable commercial information and respectfully requests protection and confidential treatment of them under Chapter 42.17 RCW, RCW 80.04.095 and WAC 480-09-015. The information for which confidential treatment is requested is clearly marked "CONFIDENTIAL" as required by 480-09-015, and is submitted in a separate envelope for ease of identification. Public disclosure of this valuable commercial information would result in private loss, including an unfair competitive disadvantage. It would substantially and irreparably damage Cascade. Public disclosure of this information would severely compromise any future negotiations between Cascade and another party for this type of service.
5. Maps and Legal Descriptions: Enclosed are maps describing the new area requested to be included in Cascade's Certified Area.

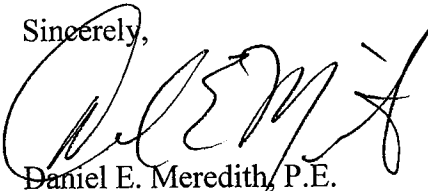
Exhibit B-1: New service area shaded in gray

Exhibit B-2: A legal description of the proposed expansion area and amended Appendix A-12 of Cascade's Certified Area incorporating the proposed expansion.

6. Whatcom County Franchise: Copy of Cascade's current franchise with Whatcom County (Exhibit C-1).

Cascade personnel are available to provide additional information regarding this application or to conduct an on-site field review of the new service area with WUTC representatives. If there are any additional questions or comments, please contact Patti Chartrey at (206) 381-6740.

Sincerely,



Daniel E. Meredith, P.E.
Sr. Director, Safety & Engineering
Cascade Natural Gas Corporation

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of

CASCADE NATURAL GAS CORPORATION

Received by _____

Date _____

for A Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire in the general area or areas of

Application No. _____

Whatcom County, Washington

Amount \$ _____

(LEAVE ABOVE LINES BLANK)

Cascade Natural Gas Corporation

hereby

(Name of Applicant)

makes application to the Washington Utilities and Transportation Commission for a Certificate of Public Convenience and Necessity to Operate a Gas Plant for Hire as provided in RCW 80.28.190.

APPLICATION

1. Name under which applicant' business is or will be conducted. CASCADE NATURAL GAS CORPORATION

2. Address, main office 222 FAIRVIEW AVENUE NORTH, SEATTLE WA 98109

3. Address, branch offices SEE LIST ON FILE

4. Applicant is a corporation, list below the names and addresses of principle officers.

<i>Name</i>	<i>Title</i>	<i>Address</i>
ON FILE		

5. If a corporation supply the following information with respect to stockholders of record of applicant as of the last day of the month immediately preceding date of application herein.

<i>Names and addresses of the 10 common or preferred stockholders (if any) owning greatest number of shares with voting rights</i>	<i>Number Shares Owned</i>		<i>Total Number of Votes</i>
	<i>Common</i>	<i>Preferred</i>	
ON FILE			

6. If applicant is not a corporation, list below the name and address of each person having an equity in the business.

Name

Address

APPLICANT IS A WASHINGTON CORPORATION

7. Is this an application for an amendment of an existing certificate of public convenience and necessity already issued to applicant? YES X NO

8. Is applicant presently operating a gas plant for hire in the State of Washington in the area or areas involved in this application? YES NO X

Area now served

Since

Area now served

Since

9. Is any other gas company operating a gas plant for hire in any part of the area or areas for which applicant herein requests certification? YES NO X . If YES, attach a certified copy of such franchise. If NO, state action taken or to be taken to procure such.

10. Does applicant hold franchises or other governmental consents from any municipality in the area or areas involved in this application? YES X NO . If YES, attach a certified copy of such franchise. If NO, state action taken or to be taken to procure such.

See copy of Whatcom County franchise enclosed.

11. State the adequacy of gas supply and proposed date that service will be made available.

APPLICANTS GAS SUPPLY IS ADEQUATE

12. Is applicant familiar with all the rules and regulations of the Washington Utilities and Transportation Commission regarding the operation of a gas plant for hire? YES X NO

13. Is applicant submitting herewith its proposed tariff or tariffs covering the service to be offered in the area or areas involved in this application? YES NO X If answer is NO, state when applicant intends to submit such.

EXISTING FILED TARIFFS WILL APPLY

14. On a separate sheet designated "Exhibit A" submit a feasibility study relating to the area sought stating fully the economic conditions upon which this application is based to include the estimated cost of new plant required to exercise this certificate, the manner of financing such cost, anticipated revenues, expenses, and rate of return.

15. On separate sheets designated "Exhibit B" provide detailed map(s) and legal description for each service area showing the boundaries thereof proposed to be served under this application. Indicate (on separate sheets, if necessary) general location of facilities and service areas in accord with feasibility study.

FINANCIAL STATEMENT

ON FILE

ASSETS		LIABILITIES	
Utility Plant (See below)	\$	Common Stock	\$
Less Deprn. & Amount Reserves	\$	Preferred Stock	\$
Net Utility Plant in Service	\$	Premiums, Assessments on	
Invest. In Assoc. Companies	\$	Capital Stock	\$
Other Invest. & Fund Accts	\$	Installments received on	
Current & Accrued Assets		Capital Stock	\$
Cash	\$	Capital Surplus	\$
Receivables (Net)	\$	Earned Surplus	\$
Materials & Supplies	\$	Disc. & Exp. On Cap. Stock Dr.	\$
Other Current & Accrued		Other Equity	\$
Assets	\$	Total Equity	\$
Deferred Debits		Long-Term Debt-Bonds	\$
Unamortized Debt Discount	\$	- Other	\$
And Expense	\$	Current & Accrued Liabilities	
Preliminary Survey and		Notes Payable	\$
Investigation Charges	\$	Accounts Payable	\$
Other Deferred Debits	\$	Other	\$
		Deferred Credits:	
		Unamortized Premium on	
		Debt	\$
		Other	\$
		Operating Reserves	\$
		Contributions in Aid of	
		Construction	\$
		Total Liabilities and Other	
		Credits	\$
Total All Assets	\$		

UTILITY PLANT

Utility Plant in Service		Utility Plt. Purchased or Sold	\$
Intangible Plant	\$	Utility Plt. In Process of	
Production Plant	\$	Reclassification	\$
Products Extraction Plant	\$	Utility Plt. Leased to Others	\$
Storage Plants	\$	Property Held for Future Use	\$
Transmission Plant	\$	Construction (In Progress and	
Distribution Plant	\$	Completed Not Classified)	\$
General Plant	\$	Utility Plant Acquisition	
		Adjustments (Net)	\$
		Plant Adjustments & Other	\$
Total Utility Plant in Service	\$	Total Utility Plant	\$

WHEREFORE, The undersigned applicant requests that the Washington Utilities and Transportation Commission make its order granting to such applicant a Certificate of Public Convenience and Necessity as provided for in RCW 80.28.190.

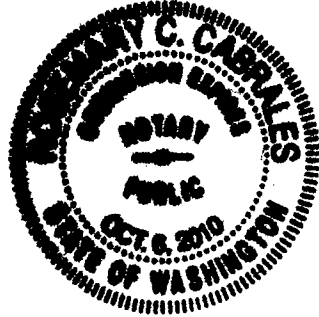
Dated at SEATTLE, WASHINGTON, this 27th day of July, 2007

By: DANIEL E. MEREDITH
(Signature of applicant)

State of Washington
County of King

Daniel E. Meredith, being first duly sworn, deposes and says that he/~~she~~ is Sr Director applicant _____ in the proceeding entitled above, that he/~~she~~ has read the foregoing application and knows the contents thereof, that the same is true of his/her own knowledge except as to matters which are therein stated on information or belief, and as to those matters he/she believes it to be true.

Subscribed and sworn to before me this 27th day of July, 2007.



Rosemary C Cabrales
Notary Public in and for the State of Washington
Residing at King Co

NOTE: Wherever there is insufficient space provided for supplying any foregoing required information attach same on separate sheets.

Where applicant is an existing public service company and has on file with the Commission documents containing information fully responsive to any inquiry herein reference to such documents may be made.

A remittance of twenty-five dollars (\$25) is to be forwarded with an application for certification or an amendment of an existing certificate, a remittance of ten dollars (\$10) with an application for transfer.

Original and copy of application with exhibits are to be filed.



222 Fairview Ave. N.
Seattle, WA 98109-5312
206-624-3900

No. 605444

DATE: 20-JUL-07 CUST. ACCT. NO.

VENDOR NAME WUTC

VENDOR NO. 000610

INVOICE NO.	INVOICE DATE	DESCRIPTION	DISCOUNT AMOUNT	NET AMOUNT
EXPANSION	18-JUL-07	SERVICE AREA EXPANSION WHATCOM COUNTY	0.00	25.00

PLEASE DETATCH AND RETAIN THIS STATEMENT AS YOUR RECORD OF PAYMENT

Thank You

.00

25.00

NOTE: ORIGINAL DOCUMENT HAS A COLORED BACKGROUND AND A WATERMARK PATTERN ON THE REVERSE SIDE



222 Fairview Ave. N. • Seattle, WA 98109-5312
206-624-3900

U.S. BANK National Assn. 96-851 709
www.usbank.com 1232
Canby, Oregon

No. 605444

CHECK DATE	CHECK NUMBER	CHECK AMOUNT
20-JUL-07	605444	\$*****25.00

PAY TWENTY FIVE DOLLARS AND ZERO CENTS

TO THE ORDER OF WUTC
1300 S EVERGREEN PARK DRIVE SW
OLYMPIA, WA 98504-9022



⑈605444⑈ ⑆123206516⑆ 153200003231⑈

EXHIBIT B-2

**CASCADE NATURAL GAS CORPORATION
LEGAL DESCRIPTION
APPENDIX A-1
DOCKET UG-**

A PORTION OF WHATCOM COUNTY TO BE ADDED TO APPENDIX A-1
DESCRIBED AS FOLLOWS:

Beginning at the southwest corner of Sec. 33, T. 41 N., R. 3 E. and the True Point of Beginning; thence north on the west line of said section to the northwest corner of said section (International Boundary); thence east on the north line of said section to the northeast corner of Sec. 35, T. 41 N., R. 3 E.; thence south on the east line of said section to the southeast corner of said section; thence west on the south line of said section to the southwest corner of Sec. 33, T. 41 N., R. 3 E. and the True Point of Beginning.

APPENDIX A-1 AMEND:

**CASCADE NATURAL GAS CORPORATION
DESCRIPTION
APPENDIX A-1**

A portion of Whatcom County to be added to Appendix A-1 adjacent thereto lying within the area described as follows:

Sections 33, 34 and 35 of Township 41 North, Range 3 East, W.M.

**APPENDIX A-1 – AMENDED – LEGAL DESCRIPTION
BELLINGHAM, FERNDAL, LYNDEN, SUMAS AND VICINITY
WHATCOM COUNTY**

All of the incorporated area comprising the Cities of Bellingham, Ferndale, Lynden, Nooksack, Everson, Sumas, and additional portions of Whatcom County adjacent thereto, lying within the area described as follows:

Beginning at the Northeast corner of Sec. 31, T. 41 N., R. 5 E.; thence south on the east line of said section and continuing south on the east line of Secs. 6 and 7, T. 40 N., R. 5 E. to the south line of Sec. 7; thence west on the south line of said section projected to the east line of Sec. 13, T. 40 N., R. 4 E.; thence south on the east line of said section to the south line of said section; thence west on the south line of said section projected to the east line of Sec. 22, T. 40 N., R. 4 E.; thence south on the east line of said section projected to the north line of Sec. 23, T. 39 N., R. 4 E.; thence east on the north line of said section to the east line of said section; thence south on east line of said section to the north line of Sec. 25, T. 39 N., R. 4 E.; thence east on the north line of said section projected to the east line of Sec. 29, T. 39 N., R. 5 E.; thence south on the east line of said section projected to the south line of Sec. 5, T. 38 N., R. 5 E.; thence west on south line

of said section projected to the west line of Sec. 1, T. 38 N., R. 4 E.; thence north on west line of said section to south line of Sec. 35, T. 39 N., R. 4 E.; thence west on south line of said section projected to the east line of Sec. 5, T. 38 N., R. 4 E.; thence south on the east line of said section to the south line of Sec. 17, T. 38 N., R. 4 E.; thence west on the south line of said section to the east line of Sec. 19, T. 38 N., R. 4 E.; thence south on the east line of said section projected to the south line of Sec. 31, T. 38 N., R. 4 E.; thence west on the south line of said section projected to the east line of Sec. 3, T. 37 N., R. 3 E.; thence south on the east line of said section projected to the south line of Sec. 15, T. 37 N., R. 3 E.; thence west on the south line of said section to the east line of Sec. 21, T. 37 N., R. 3 E.; thence south on the east line and thence west on the south line of said section projected to the shoreline of Chuckanut Bay, (Sec. 24 T. 37., R. 2 E.); thence following shoreline of Bellingham Bay and Chuckanut Bay shorelines northerly and westerly to its intersection with the south line of Sec. 8, T. 38 N., R. 2 E.; thence west on the south line of said section projected to the shoreline of Lummi Bay, (Sec. 10 T. 38 N., R. 1 E.); thence following the shoreline of Lummi Bay and The Georgia Strait westerly and northerly to its intersection with the north line of Sec. 11, T. 39 N., R. 1 W.; thence east on the north line of said section projected to the centerline of Sec. 6, T. 39 N., R. 1 E.; thence north on the centerline of said section projected to the north line of Sec. 31, T. 40 N., R. 1 E.; thence east on the north line of section 31 to the west line of Sec. 29, T. 40 N., R. 1 E.; thence north on the west line of said section to the north line of said section; thence east on the north line of said section to the west line of Sec. 21, T. 40 N., R. 1 E.; thence north on the west line of said section to the north line of said section; thence east on the north line of said section to the west line of Sec. 15, T. 40 N., R. 1 E.; thence north on the west line of said section to the north line of said section; thence east on the north line of said section projected to the west line of Sec. 12, T. 40 N., R. 1 E.; thence north on the west line of said section to the north line of said section; thence east on the north line of said section projected to the west line of Sec. 5, T. 40 N., R. 2 E.; thence north on the west line of said section to the north line of said section; thence east on the north line of said section to the east line of said section; thence south on the east line of said section to the north line of Sec. 9, T. 40 N., R. 2 E.; thence east on the north of said section projected to the west line of Sec. 1, T. 40 N., R. 2 E.; thence north on the west line of said section projected to the north line of Sec. 36, T. 41 N., R. 2 E. (International Boundary); thence east on the north line (International Boundary) of said section projected to the east line of Sec. 31, T. 41 N., R. 3 E.; thence south along the east line of said section to the southeast corner of said section, thence east along the south line of Sec. 32 to the southwest corner of Sec. 33, T. 41 N., R. 3 E.; thence north on the west line of said section to the northwest corner of said section (International Boundary); thence east on the north line of said section to the northeast corner of Sec. 35, T. 41 N., R. 3 E.; thence south on the east line of said section to the northwest corner of Sec. 1, T. 40 N., R. 3 E.; thence east on the north line of said section projected to the west line of Sec. 33, T. 41 N., R. 4 E.; thence north on the west line of said section to the north line of said section (International Boundary); thence east on the north line of said section projected to the Northeast corner of Sec. 31, T. 41 N., R. 5 E., and the point of beginning.

1 **EXHIBIT C-1**

SPONSORED BY: Consent

2 PROPOSED BY: Public Works

3 INTRODUCTION DATE: 4/16/96

1 ORDINANCE NO. 96-019

2 AN ORDINANCE IN THE MATTER OF GRANTING A NON-
3 EXCLUSIVE FRANCHISE TO CASCADE NATURAL GAS
4 CORPORATION FOR A PERIOD OF 25 YEARS PURSUANT TO
5 STATE LAW AND SECTION 9.30 OF THE WHATCOM
6 COUNTY HOME RULE CHARTER, TO OPERATE AND
7 MAINTAIN A NATURAL GAS DISTRIBUTION LINE ALONG
8 ROADS AND OTHER COUNTY PROPERTY WITHIN THE
9 UNINCORPORATED AREAS OF WHATCOM COUNTY
10

11 WHEREAS, the Home Rule Charter for Whatcom County authorizes the County
12 Council to grant non-exclusive franchises for a fixed term not to exceed 25 years for the use of
13 any street, road or public place; and

14 WHEREAS, R.C.W. Chapter 36.55 and Section 36.55.010 provides that the County
15 Council may grant franchises to persons or private or municipal corporations to use that right-
16 of-way of County roads in their respective counties for the construction and maintenance of
17 water works, gas pipes, telephones, telegraph and electrical light lines, sewers and other such
18 facilities and including cable television wires and other cable television facilities; and

19 WHEREAS, Cascade Natural Gas Corporation has applied for a 25-year nonexclusive
20 franchise for installation, operation, maintenance and repair of natural gas distribution lines in
21 and along certain roads in Whatcom County, Washington, and notice of this hearing having
22 been duly published on the 27 day of April 1996, in the Bellingham Herald, and 4 day
23 of May, 1996, in the Bellingham Herald, the official newspaper for Whatcom County, and
24 that it appearing to the County Council that notice of said hearing having been given as
25 required by law and that it is in the public interest to grant the franchise for a period of 25
26 years; and
27

28 WHEREAS, Cascade Natural Gas Corporation has agreed to the addition of certain
29 administrative provisions to the franchise as provided herein; and

30 WHEREAS, Cascade Natural Gas Corporation has requested consolidation of twelve
31 (12) existing franchise agreements into one non-exclusive franchise agreement;

1 NOW, THEREFORE, BE IT ORDAINED by the Council of Whatcom County,
2 Washington:

3 Section 1. Franchise Granted.

4 (a) A non-exclusive franchise for Cascade Natural Gas Corporation, located in the
5 County of Whatcom, its successors and assignees, referred to as the grantee, is hereby granted
6 for a period of 25 years, the non-exclusive rights and privilege to construct, erect, operate,
7 maintain, and repair Natural Gas Distribution Lines and all necessary appurtenances in, along
8 and across county roads or portions thereof as named herein.

9 (b) The rights and privileges granted herein shall apply to all roads and public ways
10 and county property in Whatcom County, Washington.

11 Section 2. Acceptance of Franchise.

12 (a) No franchise hereunder shall become effective for any purpose unless and until
13 written acceptance therefore shall have been filed with the Whatcom County Council and the
14 Director of Public Works and such written acceptance shall be in form and substance as shall
15 be prescribed and approved by the County Prosecuting Attorney and operate as an acceptance
16 of each and every term and condition and limitation contained in this ordinance, and in such
17 franchise;

18 (b) Such written acceptance shall be filed by Grantee not later than the thirtieth day
19 following the effective date of the ordinance granting such franchise; and in default of the
20 filing of such acceptance as herein required, Grantee shall be deemed to have rejected the
21 same.

22 Section 3. Entering Rights of Way.

23 The Grantee, its successors and assignees, shall have the right and authority to enter
24 upon the above-mentioned county roads, rights-of-way and other county property as designated
25 hereinbefore, for the purposes of constructing, operating, maintaining and repairing Natural
26 Gas Distribution lines and facilities and operating and maintaining such lines and facilities.

27 Section 4. Construction Standards.

28 All construction and installation work along and under county roads or rights-of-way or
29 other County property outside the corporate limits of any incorporated town shall be subject to

1 the approval and pass the inspection of the Director of Public Works or designee and shall
2 conform to all applicable County and State codes or regulations, and the County expressly
3 reserves the right to prescribe how and where gas distribution lines shall be installed and may
4 from time to time, upon reasonable notice, require the removal and replacement thereof in the
5 public interest, at the expense of the franchise holder.

6
7 Section 5. Maintenance and Restoration

8 (a) Restoration. In case of disturbance of any road, public way, paved area or public
9 improvement, the Grantee shall, at its own cost and expense and in accordance with the
10 requirements of local law, restore such road, public way, paved area or public improvement to
11 substantially the same condition as existed before the work involving such disturbance took
12 place.

13 (b) Maintenance. The Grantee shall maintain all above ground improvements that it
14 places on County right-of-way pursuant to this franchise. In order to avoid interference with
15 the County's ability to maintain the right-of-way, the Grantee shall provide a clear zone of five
16 (5) feet on all sides of such improvements.

17 If the Grantee fails to comply with this provision, and by its failure, property is
18 damaged, then the Grantee shall be responsible for all damages caused thereby.

19 (c) Disputes. In any dispute over the adequacy of restoration or maintenance relative to
20 this Section, final determination shall be the prerogative of the Public Works Department of
21 Whatcom County.

22 Section 6. Construction Application.

23 (a) Prior to commencement of construction of said natural gas distribution lines,
24 Grantee shall first file with the Director of Public Works its application for permit to do such
25 work, together with plans and specifications in duplicate showing the position and location of
26 all such lines and facilities sought to be constructed, laid, installed or erected at that time,
27 showing their relative position to existing county roads, rights-of-way or other county property
28 upon plans drawn to scale, hereinafter collectively referred to as the "map of definite
29 location."

30 (b) The gas lines and appurtenant facilities shall be laid in exact conformity with said
31 map of definite location, except in instances in which deviation may be allowed thereafter in

1 writing by the Director of Public Works pursuant to application by Grantee. The plans and
2 specifications shall specify the class and type of material and equipment to be used, manner of
3 excavation, construction, installation, backfill, erection of temporary structures, erection of
4 permanent structures, traffic control, traffic turn-outs and road obstruction, etc. No such
5 construction shall be commenced without the Grantee first securing a written permit from the
6 Director of Public Works, including approval endorsed on one set of plans and specifications
7 returned to the Grantee. All such work shall be subject to the approval of and shall pass the
8 inspection of the Director of Public Works or designee. The Grantee shall pay all actual and
9 necessary costs of and expenses incurred in the examination, inspection and approval of such
10 work on account of granting said permits.

11 Section 7. Construction on Roadways/Other County Property.

12 (a) In any work which requires breaking of soil of the county roads, rights-of-way or
13 other county property subject to this franchise for the purpose of laying, relaying, connecting,
14 disconnecting and repairing the said transmission lines and facilities, and making connections
15 between the same to structures and buildings of consumers or making connections to other
16 facilities of the Grantee now in existence or hereafter constructed, the Grantee shall be
17 governed by and conform to the general rules adopted by the officers charged with the
18 supervision and care of such county roads, rights-of-way, and other county property; and the
19 Grantee at its own expense and with all convenient speed shall complete the work for which
20 the soil has been broken and forthwith replace the work and make good the county road,
21 rights-of-way or other county property and leave the same in as good condition as before the
22 work was commenced.

23 (b) Applications for permits referred to in Section 5 above shall be accompanied by
24 specifications for the restoration of the county road, rights-of-way or other county property
25 and to the same condition it was prior to such breaking, and such specifications must be
26 approved by the Director of Public Works before such breaking of the soil is commenced.
27 Provided, that the Director of Public Works may require a performance bond in the sum
28 sufficient to guarantee that such county roads, rights-of-way or other county property shall be
29 restored to the same condition as they were prior to the breaking of the soil. Said bond shall
30 be in addition to any other such requirements contained herein.

31 © The Director of Public Works may at any time order, or have done, any and all
32 work that it considers necessary to restore to a safe condition any such county road, rights-of-
33 way or other county property left by the Grantee or his agents in a condition dangerous to life
34 or property, and the Grantee upon demand shall pay the County all costs of such work.

1 8. Construction - Other Lines and Facilities.

2 (a) All construction or installation of such gas lines or distribution systems, service,
3 repair or relocation of same, performed above, along or within the county rights-of-way or
4 other county property subject to this franchise shall be done in such a manner as not to
5 interfere with the construction and maintenance of other utilities' lines, public or private,
6 drains, drainage ditches and structure, irrigation ditches and structures located therein, nor
7 with the grading or improvement of such county roads, rights-of-way or other county
8 property.

9 (b) The owners of all utilities, public or private, installed prior in time to the line and
10 facilities of the Grantee shall have preference as to the positioning and location of such utilities
11 so installed with respect to the Grantee. Such preference shall continue in the event of the
12 necessity of relocating or changing the grade of any such county road or right-of-way. A
13 relocating utility shall not necessitate the relocation of another utility that otherwise would not
14 require relocation.

15 Section 9. Construction - Public Safety and Inconvenience.

16 All work done under this franchise shall be done in a thorough and workmanlike
17 manner. In the laying of transmission lines and the construction of rights-of-way or other
18 county property, the Grantee shall leave such trenches, ditches and tunnels in such a way as to
19 interfere as little as possible with public travel and shall take all due and necessary precautions
20 to guard the same, so that damage or injury shall not occur or arise by reason of such work;
21 and where any of such trenches, ditches, or tunnels are left open at night, the Grantee shall
22 place warning lights and barricades at such a position as to give adequate warning of such
23 work. The Grantee shall be liable for any injury to person or persons or damage to property
24 sustained through its carelessness or neglect, or through any failure or neglect to properly
25 guard or give warning of any trenches, ditches or tunnels dug or maintained by the Grantee.

26 Section 10. County Rights Reserved.

27 The County of Whatcom in granting this franchise, does not waive any rights which it
28 has now or may hereafter acquire with respect to county roads, rights-of-way or other county
29 property and this franchise shall not be construed to deprive the County of any powers, rights
30 or privileges which it now has or may hereafter acquire to regulate the use of and to control
31 the county roads, rights-of-way or other County property covered by this franchise. This
32 franchise shall be subject to the power of eminent domain, and in any proceeding under
33 eminent domain, the franchise itself shall have no value.

1 Section 11. Relocation of Lines and Facilities.

2 (a) If at any time the County of Whatcom shall improve or change any county road,
3 right-of-way or other county property subject to this franchise by grading or regrading,
4 planking or paving the same, changing the grade, altering, changing, repairing or relocating
5 the same or by constructing drainage facilities, or in the event that such county road, right-of-
6 of way or other county property subject to this franchise shall become a Primary State
7 Highway as provided by law, the Grantee upon written notice from the Director of Public
8 Works or the Director of Highways, shall at its sole expense, immediately change the location
9 or readjust the elevation of its transmission lines and other facilities so that the same shall not
10 interfere with such County work and so that such lines and facilities shall conform to such new
11 grades or routes as may be established. The County of Whatcom shall in no way be held
12 liable for any damage to said Grantee that may occur by reason of any of the County's
13 improvements, changes or works above enumerated.

14 (b) All work to be performed by the Grantee under this section shall be under the
15 direction and approval, and shall pass the inspection of the Director of Public Works or
16 designee. The Grantee shall pay all actual and necessary costs and expenses incurred in the
17 examination, inspection and approval of such work.

18 Section 12. County Road Work Permitted.

19 The laying, construction, operation and maintenance of the Grantee's transmission lines
20 and facilities authorized by this franchise shall not preclude the County of Whatcom, its agents
21 or its contractors from blasting, grading, excavating or doing other necessary road work
22 contiguous to the said lines and facilities of the Grantee provided that the Grantee shall be
23 given forty-eight (48) hours notice of said blasting or other work in order that the Grantee may
24 protect its lines and facilities.

25 Section 13. Monuments and Survey Markers.

26 (a) Before any work is performed under this franchise which may affect any existing
27 monuments or markers of any nature relating to subdivisions, plats, roads and all other
28 surveys, the Grantee shall reference all such monuments and markers. The reference points
29 shall be so located that they will not be disturbed during the Grantee's operations under this
30 franchise. The method of referencing these monuments or other points to be referenced shall
31 be approved by the Director of Public Works. The replacement of all such monuments or
32 other points to be referenced shall be approved by the Director of Public Works. The
33 replacement of all such monuments or markers disturbed during construction shall be made as

1 expeditiously as conditions permit, and as directed by the Director of Public Works. The cost
2 of monuments or other markers lost, destroyed or disturbed, and the expense of replacement
3 by approved monuments shall be borne by the Grantee.

4 (b) A complete set of reference notes for monuments and other ties shall be filed with
5 the Whatcom County Director of Public Works.

6 Section 14. Vacations.

7 If at any time the County of Whatcom shall vacate any county road, right-of-way or
8 other county property which is subject to the rights granted by this franchise and said vacation
9 shall be for the purpose of acquiring the fee of other property interest in said road, rights-of-
10 way or other county property for the use of Whatcom County, in either its propriety or
11 governmental capacity, then the Council of Whatcom County may at its option and by giving
12 thirty (30) days written notice to the Grantee, terminate this franchise with reference to such
13 county road, right-of-way or other county property so vacated, and the County of Whatcom
14 shall not be liable for any damages or loss to the Grantee by reason of such termination. Prior
15 to vacation, Grantee shall be granted a minimum of a ten (10) foot wide permanent easement
16 for any existing utility line.

17 Section 15. Indemnification.

18 (a) The Grantee by acceptance of the privileges granted hereunder, does hereby agree
19 and covenant to indemnify, defend, and save harmless Whatcom County and those persons
20 who were, are now, or shall be duly elected or appointed officials or members or employees
21 thereof, against and from any loss, damage, costs, charges, expenses, liability, claims,
22 demands or judgments whatsoever kind or nature whether to persons or property, arising
23 wholly or partially out of any act, action, neglect, omissions or default on the part of the
24 Grantee, his sub-contractors and/or employees which may occur by reason of construction,
25 operation and maintenance of the Grantee's said distribution lines and facilities. In case that
26 suit or action is brought against the County of Whatcom for damages arising out of or by
27 reason of the above-mentioned causes, the Grantee will upon notice of the filing of a claim or
28 the commencement of said action, appear and defend the same at its sole cost and expense, and
29 in case judgment shall be rendered against the County of Whatcom in suit or action, the
30 Grantee will fully satisfy said judgment within ninety (90) days after said suit or action shall
31 have finally been determined, if determined adversely to Whatcom County. Upon the
32 Grantee's failure to satisfy said judgment within a ninety (90) day period, this franchise shall
33 at once cease and terminate and the County of Whatcom shall have a lien upon the distribution
34 lines and all other facilities used in its construction, operation and maintenance of the

1 Grantee's transmission system which may be enforced against the property for the full amount
2 of any such judgment so taken against Whatcom County.

3 (b) Acceptance by the County of any work performed by the Grantee at the time of
4 completion shall not be grounds for avoidance of this covenant.

5 Section 16. Non-Exclusive Franchise.

6 This franchise shall not be deemed to be an exclusive franchise. It shall in no manner
7 prohibit the County of Whatcom from granting other franchises of a like nature or franchises
8 for other public or private utilities under, along, across, over and upon any of the county
9 roads, rights-of-way, or other County property subject to franchise, and shall in no way
10 prevent or prohibit the County of Whatcom from construction, altering, maintaining, using or
11 vacating any of said roads, rights-of-way, drainage structures or facilities, irrigation structure
12 or facilities, or any other County property or affect its jurisdiction over them with full power
13 to make all necessary changes, relocations, repairs, maintenance as the County may deem fit.

14 Section 17. Successors and Assignees.

15 All the provisions, conditions, regulations and requirements herein contained shall be
16 binding upon the successors and assignees of the Grantee, and all privileges, as well as all
17 obligations and liabilities of the Grantee shall inure to its successors and assignees equally as if
18 they were specifically mentioned wherever the Grantee is mentioned herein.

19 Section 18. Transferability.

20 Neither this franchise nor any interest therein shall be sold, transferred or assigned
21 without the previous consent in writing of the Council of Whatcom County, such consent not
22 be unreasonably withheld.

23 Section 19. Incorporation.

24 Whenever any of the county roads, rights-of-way or other county property as
25 designated in this franchise, by reason of the subsequent incorporation of any town or city, or
26 extension of the limits of any town or city shall fall within the city or town limits this franchise
27 shall continue in force and affect as to all county roads, rights-of-way or other county property
28 not so included in city or town limits.

1 Section 20. Enforcement/Remedies.

2 If the Grantee shall willfully violate, or fail to comply with any of the provisions of this
3 franchise through willful or unreasonable neglect, or fail to heed or comply with any notice
4 given the Grantee under the provisions of this franchise, then the said Grantee shall forfeit all
5 rights conferred hereunder, and this franchise may be revoked or annulled by the Council of
6 Whatcom County. In addition to any rights implied or set out elsewhere in this ordinance, the
7 Council reserves the right to require the Grantee to specifically comply with the terms and
8 conditions of the franchise ordinance, and this franchise may be terminated at any time if the
9 Grantee's lines and facilities are not operated or maintained in accordance with such statute,
10 order or regulation.

11 Section 21. Reservation of Home Rule Charter Rights.

12 This franchise is subject to the provisions of the Home Rule Charter for Whatcom
13 County and, in particular, Section 9.30 thereof which provides as follows: All franchises
14 granted by the County Council shall be for a fixed term not to exceed twenty-five (25) years
15 and no exclusive franchise shall be granted for the use of any street, road, or public place. All
16 franchises shall be subject to the power of eminent domain and the right of the Council or the
17 people acting for themselves through the initiative or referendum to repeal, amend or modify
18 the franchise in the interest of the public; and every ordinance granting a franchise shall
19 contain a reservation of these rights. In any proceeding under eminent domain the franchise
20 itself shall have no value.

21 Section 22. Compliance with Laws and Regulations.

22 This franchise is subject to, and the Grantee shall comply with all applicable Federal,
23 State, County or municipal laws, regulations and policies affecting performance under this
24 franchise.

25 Section 23. Insurance.

26 (a) Upon acceptance of such franchise, the Grantee shall file with the Whatcom County
27 Council, and shall thereafter, during the entire term of such franchise, maintain in full force
28 and effect, a corporate insurance policy or other adequate surety agreement in the amount of
29 THREE MILLION DOLLARS (\$3,000,000.00) for the property damage coverage, and ONE
30 MILLION DOLLARS (\$1,000,000.00) for public liability coverage, so as to protect the
31 County against damages or costs as set forth in Section 15 above, and there shall be
32 recoverable, jointly and separately from the principal and surety, any such damages or costs
33 suffered or incurred by the County, including attorneys' fees and costs of any action, or

1 proceedings, and including the full amount of any compensation, indemnification, cost of
2 removal of any property or other costs which may be incurred up to the full principal amount
3 of such insurance policy; and said condition shall be a continuing obligation during the entire
4 term of such franchise and thereafter until Grantee shall have satisfied in full any and all
5 obligations to the County and any user which arise out of or pertain to said franchise. Neither
6 the provisions of this section, nor any insurance policy accepted by the County pursuant
7 hereto, nor any damages recovered by the County thereunder, shall be construed to excuse
8 faithful performance by the Grantee, or limit the liability of the Grantee under any franchise
9 issued pursuant to this ordinance.

10 (b) The County reserves the right to have its legislative body review the dollar amount
11 of said insurance policy and adjust the amount of coverage as deemed appropriate upon an
12 annual basis.

13 Section 24. License, Tax and Other Charges.

14 No privileges or rights granted hereunder shall exempt Grantee from any future
15 uniform rent, license, tax charge or impost which may hereafter be required by the Grantor,
16 for revenue or as reimbursement for use and occupancy of public ways, and failure to timely
17 remit any sums properly due thereby, shall be cause for forfeiture of rights hereunder.

18 Section 25. Severability.

19 If any portion of the ordinance is deemed invalid the remainder will remain in effect.

20 Section 26. Titles.

21 The section titles used herein are for reference only and should not be used for the
22 purpose of interpreting this ordinance.


1 Section 27. Previous Franchises.


2 As a result of this franchise, all previously granted franchises by and between
3 Whatcom County and Cascade Natural Gas Corporation shall be considered null and void.

4 ADOPTED this 14 day of May, 1996.

5 ATTEST :
6

WHATCOM COUNTY COUNCIL
WHATCOM COUNTY, WASHINGTON


7 
8 Dana Brown-Davis, Council Clerk


Ward Nelson, Council Chair,

9 APPROVED AS TO FORM:

Approved Denied

10 
11 Civil Deputy Prosecutor


Pete Kremen, County Executive

12 Date: 5-17-96

13 ..wpdocs\forms\Gas.frn



222 FAIRVIEW AVENUE NORTH, SEATTLE, WASHINGTON 98109-5312 (206) 624-3900
FACSIMILE (206) 624-7215

May 23, 1996


Mary Scrimsher
Executive Assistant
Whatcom County Executive's Office
County Courthouse
311 Grand Avenue, Suite #108
Bellingham, WA 98225-4082

Dear Ms. Scrimsher:

You will find a copy enclosed of the signed letter of acceptance for the natural gas franchise granted May 14, 1996 by the Council.

We thank you for your help in moving this agreement along. We will strive to continue to be a good partner with our operations in Whatcom County.

Regards,


O. L. (Lee) Beaudry
Vice President, Consumer
& Public Affairs

OLB:kcm

cc: R. Boyd (w/orig. for Cascade's file)

LETTER OF ACCEPTANCE
CASCADE NATURAL GAS CORPORATION

This letter is entered into as of this 22nd day of May, 1996, by and between Whatcom County (Franchising Authority) and Cascade Natural Gas Corporation, (Grantee).

RECITALS

A. Grantee currently operates a Natural Gas Distribution system within Whatcom County.


AGREEMENT

The Franchising Authority and Grantee recognize the adoption of Ordinance No. 96-019 which authorizes the term of this franchise for twenty five (25 years).

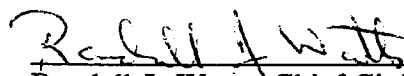
The Franchising Authority and Grantee recognize that with the adoption of this ordinance, specific rights and privileges are granted only to the roads and public ways listed within said ordinance.

The Franchising Authority and Grantee accept each and every term, condition and limitation contained in this ordinance and in such franchise.

APPROVED this 22nd day of May, 1996.


O.L. Beaudry, Vice President
Consumer and Public Affairs

APPROVED AS TO FORM:


Randall J. Watts, Chief Civil Deputy
Prosecuting Attorney

Date: _____

**WHATCOM COUNTY
EXECUTIVE'S OFFICE**

County Courthouse
311 Grand Avenue, Suite #108
Bellingham, WA 98225-4082



Pete Kremen
County Executive

MAY 22 1996

Cascade Natural Gas Corporation
ATTN: Mr. O.L. Beaudry, Vice President, Consumer & Public Affairs
222 Fairview Avenue, North
Seattle, WA 98109-5312

RE: Natural Gas Distribution Franchise with Whatcom County

May 17, 1996

Dear Mr. Beaudry,

I have enclosed a letter of acceptance for the 25 year Gas Distribution Line Franchise that was granted May 14, 1996 by the Whatcom County Council. I have also enclosed a copy of the Franchise.

Please sign the letter of acceptance and return it to me at your earliest convenience. If you have any questions, please contact me at 676-6717 or 384-1403.

Thank you,

A handwritten signature in cursive script that reads "Mary Scrimsher".

Mary Scrimsher, Executive Assistant
Whatcom County Executive's Office