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November 26, 2008

Mr. Dave Danner  
Secretary and Executive Director  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504-9022

RE: Agreement with Affiliated Interests

Dear Mr. Danner:

Pursuant to RCW 80.16.020 and WAC 480-90-245, Cascade Natural Gas Corporation, ("Cascade") hereby submits for filing, a copy of the following Services Agreement with Intermountain Gas Company ("Intermountain"):

- Cascade Natural Gas Corp. & Intermountain Gas Company After-Hours Emergency Call Center Services Agreement (hereafter referred to as "Agreement")

On October 1, 2008, Intermountain became a wholly-owned subsidiary of MDU Resources Group, Inc., continuing to operate as Intermountain. Headquartered in Boise, Idaho, Intermountain serves more than 300,000 customers in 74 communities in Idaho, including the Boise metropolitan area, Twin Falls, Sun Valley, Pocatello and Idaho Falls. Intermountain began operations in 1956 and employs 332 people.

Cascade is also a wholly-owned subsidiary of MDU Resources Group, Inc. Under the Agreement, Cascade will provide weekend emergency after-hours call center services for Intermountain. Direct costs incurred by Cascade specifically for Intermountain will be directly assigned to Intermountain, including but not limited to, one time only set up fees (Qwest labor, CNG labor) and monthly EZ Route fees. Cascade will bill Intermountain a \$5.00 per call handling fee (for both inbound and outbound calls) for a minimum of 36 calls per month. On a yearly basis, Cascade would charge Intermountain a minimum of \$2,160 for calls, which assumes a minimum of 3 calls per each of the 3 after-hours weekend shifts. The high end of the range of 10 calls per shift would equate to a yearly charge of \$7,200.

Additionally, Cascade believes that the Agreement will benefit ratepayers, as it will better utilize existing Cascade staffing while offsetting a portion of the labor costs. Because of the low dollar amounts involved in the transactions, and because they are in accord with the

*"In The Community To Serve"*

public interest, Cascade respectfully requests that the Commission approve the Agreement pursuant to RCW 80.16.020 and WAC 480-90-245.

Attached is an unsigned copy of the Agreement that is scheduled to become effective on December 1, 2008.

Please direct any questions regarding this filing to Katherine Barnard at 206-381-6824.

Sincerely,



Jon T. Stoltz  
Senior Vice President  
Regulatory & Gas Supply

**CASCADE NATURAL GAS CORP. & INTERMOUNTAIN GAS COMPANY**  
**AFTER-HOURS EMERGENCY CALL CENTER SERVICES AGREEMENT**

This After-Hours Emergency Call Center Services Agreement (“Agreement”) is entered into effective as of December 1, 2008 between Cascade Natural Gas Corporation (“Cascade”) and Intermountain Gas Company (“Intermountain”). In this Agreement, Cascade and Intermountain also may be referred to individually as “Party” and together as “Parties”.

**1. PROVISION OF AFTER-HOURS EMERGENCY CALL CENTER SERVICES**

Cascade will provide Weekend Emergency After-hours Call Center services for Intermountain. Specifics are as follows:

- Intermountain emergency after-hours calls will be routed to Cascade, Friday – Sunday, for the hours of 8:00pm-6:00am PT (9:00pm-7:00am MT).
- Calls will be transferred automatically.
- Cascade will utilize 5 existing Cascade lines to handle Intermountain After Hours Calls.
- Cascade will utilize Intermountain’s CIS (Customer Watch).
- Cascade will generate and dispatch orders via Intermountain’s mobile data system.
- Cascade will provide a “customer greeting” though the Cascade IVR.
- Intermountain will provide to Cascade Intermountain’s “on call” and emergency personnel contacts.
- All training will be provided by Intermountain to appropriate Cascade staff free of charge.
- In the event of a major emergency for either location (Intermountain or Cascade), calls will be directed to the appropriate company upon notification of such emergency.
- Estimated call volume of 3-10 calls per shift

**2. NOTICES**

All notices required or permitted under this Agreement, other than the day to day communications between Parties, shall be in writing and sent by e-mail or fax to the numbers listed below. Notice shall be considered complete upon confirmation of delivery of the fax, provided that the notice and confirmation of fax delivery are also mailed to the addresses listed below by a means where mailing can be confirmed. The Parties may designate other addressees, addresses, or fax numbers by notice to the other Party.

Cascade Natural Gas Corporation  
Attn: Julie Marshall  
222 Fairview Ave N.  
Seattle, Washington 98109  
Fax # 206-624-7215

Intermountain Gas Company  
Attn: Terri Shoen  
555 South Cole Road  
Boise, Idaho 83707  
Fax Number: 208-377-6097

### **3. EFFECTIVE DATE**

This Agreement shall be effective as of the date set forth above; provided, however, that in those jurisdictions in which regulatory approval is required before the Agreement becomes effective, the effective date shall be as of the date of such approval.

### **4. CHARGES AND PAYMENT**

#### **(a) CHARGES.**

- i. Direct costs incurred by Cascade specifically for Intermountain will be directly assigned to Intermountain, including but not limited to, one time only set up fees (Qwest labor, CNG labor) and monthly EZ Route fees.
- ii. After-hours call center labor costs will be charged on a per call basis. Cascade will bill Intermountain a \$5.00 per call handling fee (both inbound and outbound) to cover the ongoing After-Hours Call Center costs. Cascade will bill Intermountain for a minimum of 36 calls per month.

#### **(b) PAYMENT**

- i. Cascade shall bill Intermountain monthly for all charges pursuant to this Agreement. Full payment for all services shall be made by the end of the calendar month following the billing charge. Charges shall be supported by reasonable documentation, which may be maintained in electronic format.
- ii. The Parties shall make adjustments to charges as required to reflect the discovery of errors or omissions or changes in the charges. The Parties shall conduct a true-up process as appropriate to adjust charges based on reconciliation of amounts charged and costs incurred.

### **5. GENERAL OBLIGATIONS: STANDARD OF CARE**

Parties will comply with all applicable State and Federal Laws and regulations regarding affiliated interest transactions, including timely filing of applications and reports. Subject to the terms of this Agreement, the Parties shall perform their obligations hereunder in a commercially reasonable manner.

### **6. ACCOUNTING**

Cascade shall maintain such books and records as are necessary to support the charges for After Hour Emergency Call Center Services, in sufficient detail as may be necessary to enable Intermountain to satisfy applicable regulatory requirements ("Records"). Both Parties:

- (a) Shall provide access to the Records at all reasonable times;

- (b) Shall maintain the records in accordance with good record management practices and with at least the same degree of completeness, accuracy and care as it maintains for its own records; and

Subject to the provisions of the Agreement, Records supporting billings shall be available for inspection and copying by any qualified representative or agent of Intermountain, at Intermountain's expense. In addition, State Commission staff or agents may audit the accounting records of Cascade that form the basis for the charges to Intermountain, to determine the reasonableness of the charges and Cascade agrees to cooperate fully with such audits. Cascade agrees to make copies of supporting billings available at Intermountain's offices upon request.

## **7. BUDGETING**

In advance of each year, Cascade agrees to provide Intermountain for their review and approval, a proposed budget for the Emergency Call Center Services to be performed during that year. The budget shall be updated at least annually. Cascade shall promptly notify Intermountain in writing of any material change to the budget costs for the service being provided.

## **8. COOPERATION WITH OTHERS**

The Parties will use good faith efforts to cooperate with each other in all matters relating to the provision and receipt of Emergency Call Center Services. Such good faith cooperation will include providing electronic access in the same manner as provided other vendors and contractors to systems used in connection with the Emergency Call Center Services and using commercially reasonable efforts to obtain all consents, licenses, sublicenses or approvals necessary to permit each Party to perform its obligations. The Parties will cooperate with each other in making information available as needed in the event of any internal or external audits, utility regulatory proceedings, legal actions or dispute resolution. Each Party shall fully cooperate and coordinate with each other's employees and contractors responsible for meeting the terms of this Agreement. The Parties shall not commit or permit any act, which will interfere with the performance of the Emergency Call Center Services by either Party's employees or contractors.

## **9. COMPLIANCE WITH ALL LAWS**

Each Party shall be responsible for its compliance with all laws and governmental regulations affecting its business, including but not limited to, laws and governmental regulations governing federal and state affiliated transactions, workers' compensation, health, safety and security.

## **10. LIMITATION OF LIABILITY**

Notwithstanding any other provision of this Agreement and except for rights provided under Article 11 in connection with Third-Party Claims, no Party nor its respective directors, officers, employees and agents, will have any liability to any other Party nor its respective directors, officers, employees and agents, whether based on contract, warranty, tort, strict liability, or any other theory, for any indirect, incidental, consequential, or

special damages; and except for (a) rights provided under Article 11 in connection with Third-Party Claims, (B) direct or actual damages as a result of a breach of this Agreement, and (c) liability caused by a Party's negligence or willful misconduct, no Party nor its respective directors, officers, employees and agents, as a result of providing service pursuant to this Agreement, shall be liable to any other Party nor its respective directors, officers, employees and agents, for more than the cost of the Emergency Call Center Services related to the claim or damages.

#### **11. INDEMNIFICATION**

Each of the Parties will indemnify, defend, and hold harmless each other Party, its officers, employees and agents against and from any third-party claims resulting from any negligence or willful misconduct of a Party's employees, agents, representatives or subcontractors of any tier, their employees, agents or representatives in the performance of its obligations under this Agreement or in any way related to this Agreement. If a Third-Party claim arising out of or in connection with this Agreement is the result of negligence of multiple Parties (including their employees, agents, suppliers and subcontractors), each party will bear liability with respect to the Third-Party Claim in proportion to its own negligence.

#### **12. TERMINATION FOR CONVENIENCE**

Either Party may terminate its participation in this Agreement for the services provided hereunder at any time and from time to time, for any reason or no reason, by giving notice of termination at least sixty (60) days in advance of the effective date of the termination to enable the other Party to adjust its available staffing and facilities. If this agreement is terminated, the Parties will cooperate in good faith with each other in all reasonable respects in order to effect an efficient transition and to minimize the disruption to the business of all Parties, including the assignment or transfer of the rights and obligations under any contracts. Transitional assistance service shall include organizing and delivering records and documents necessary to allow continuation of the Emergency Call Center Services including delivering such materials in electronic forms and versions as reasonably requested by the Party.

#### **13. EXPIRATION DATE**

This contract will expire 12 months from activation, however it may be renewed as agreed to by all parties.

#### **14. CONFIDENTIAL INFORMATION NONDISCLOSURE**

All Parties will maintain in confidence Confidential Information provided to each other in connection with this Agreement and will use the Confidential Information solely for the purpose of carrying out its obligations under this Agreement. The term Confidential Information means any oral or written information, (including without limitation, computer programs, code, macros or instructions) which is made available to the Parties or one of its representatives, regardless of the manner in which such information is furnished.

Notwithstanding anything in this Article 12 to the contrary, the term “Confidential Information” does not include any information which (i) at the time of disclosure is generally available to and known by the public (other than as a result of an unpermitted disclosure made directly or indirectly by a Party), (ii) was available to a Party on a non-confidential basis from another source (provided that such source is not or was not bound by a confidentiality agreement with a Party or had any other duty of confidentiality to a Party), or (iii) has been independently acquired or developed without violating any of the obligations under this Agreement.

The parties shall use good faith efforts at the termination or expiration of this Agreement to ensure that all user access and passwords are cancelled.

All Confidential information supplied or developed by a Party shall be and remain the sole and exclusive property of the Party who supplied or developed it.

#### **15. IDENTITY THEFT PREVENTION AND MITIGATION**

The Parties affirm that they have both adopted the identity theft prevention program entitled “Montana-Dakota Utilities Co., Great Plains Natural Gas Co., Cascade Natural Gas Corporation, and Intermountain Gas Company (Divisions and Subsidiaries of MDU Resources Group, Inc.) FACTA Section 114 Red Flag Plan (“Red Flag Plan”). The Parties shall also take all steps required under the Red Flag Plan to prevent identity theft of customer information and data, and take all steps necessary pursuant to the Red Flag Plan to authenticate the identity of all customers who are affected by this Agreement.

#### **16. PERMITTED DISCLOSURE**

Notwithstanding provisions of this Agreement to the contrary, each Party may disclose confidential information to the extent required by a State Commission, a court of competent jurisdiction or other governmental authority or otherwise as required by law.

#### **17. SUBCONTRACTORS**

To the extent provided herein, the Parties shall be fully responsible for the acts or omissions of any subcontractors of any tier and of all persons employed by such subcontractors and shall maintain complete control over all such subcontractors. It being understood and agreed that nothing contained herein shall be deemed to create any contractual relation between the subcontractor of any tier and the other Party.

#### **18. NONWAIVER**

The failure of a Party to insist upon or enforce strict performance of any of the terms of this Agreement or to exercise any rights herein shall not be construed as a waiver or relinquishment to any extent of its right to enforce such terms or rights on any future occasion.

#### **19. SEVERABILITY**

Any provision of this Agreement prohibited or rendered unenforceable by operation of law shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

**20. ENTIRE AGREEMENT/DOCUMENTS INCORPORATED BY REFERENCE**

All understandings, representations, warranties, agreements and any reference attachments, if any, existing between the Parties regarding the subject matter hereof are merged into this Agreement, which fully and completely express the agreement of the Parties with respect to the subject matter hereof.

**21. OTHER AGREEMENTS**

This Agreement does not address or govern the Parties' relationship involving any other relationship not specifically identified herein. All such relationships not addressed or governed by this Agreement will be governed and controlled by a separate agreement or tariff specifically addressing and governing those relationships or by applicable laws or orders.

Cascade Natural Gas Corporation

Intermountain Gas Company

By: \_\_\_\_\_  
\_\_\_\_\_

By:

Print: \_\_\_\_\_  
\_\_\_\_\_

Print:

Title: \_\_\_\_\_  
\_\_\_\_\_

Title:

Date: \_\_\_\_\_  
\_\_\_\_\_

Date: