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August 26, 2009

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 – Cascade Natural Gas Corporation and Loy Clark Pipeline Company – both subsidiaries of MDU Resources Group, Inc.

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 agreement with Loy Clark Pipeline Company (“Loy Clark”):

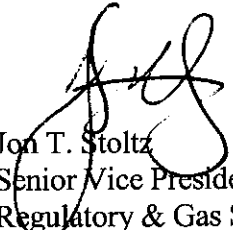
- Pipeline Construction Agreement (hereafter referred to as “Agreement”)

The attached, unsigned copy of the Agreement is scheduled to become effective on August 31, 2009. Also attached is the Project Summary and Background sheet, which details the services being rendered as well as the contract bidding process.

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

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

Sincerely,



Jon T. Stoltz
Senior Vice President
Regulatory & Gas Supply

Attachments

“In The Community To Serve”

PROJECT SUMMARY AND BACKGROUND

Loy Clark Pipeline Company

Loy Clark Pipeline Company is based in Tualatin, Oregon, and has been specializing in construction service to the gas pipeline transmission and distribution industry since 1957. In 1999, Loy Clark was acquired by MDU Resources Group, Inc.'s Utility Services, Inc. Effective September 29, 2004, Utility Services, Inc. became MDU Construction Services Group, Inc.

Background of Services Being Rendered

Washington State Department of Transportation (WSDOT) plans to expand and widen their facilities at the Interstate 5 (I-5) and State Route 432 (SR 432) interchange in Kelso, Washington. WSDOT will be widening its access ramps in both directions and their limits of right-of-way. This project involves the regrading of existing surfaces, concrete paving, and installation of detention ponds planned at various locations. Construction is scheduled to commence the end of September 2009.

Cascade has an existing 12-inch high-pressure (HP) line, a 6-inch future high pressure (FHP), and double-run regulator station located on properties owned by Metro. All facilities are currently within a purchased easement and within the WSDOT proposed S-line and T-line alignments. Therefore, WSDOT requires the relocation of the three gas facilities prior to September 30, in coordination with other utilities. WSDOT will acquire all construction permits along with a new easement for Cascade and its facilities.

WSDOT will pay all actual direct and related indirect costs incurred by Cascade, including the new easement, pertaining to the relocation of the 12-inch HP, 6-inch FHP, and regulator station. This includes, but is not limited to, installation, retirement, design, labor, and materials.

Proposal

Approximately 1,100 lf of 12-inch HP pipe will be installed. A new dual-run regulator facility will be installed at about STA 12+00; approximately 300 lf of 6-inch FHP will be installed downstream of the new regulator. This 6-inch FHP will tie into the existing 6-inch FHP line at approximately STA 3+75.

Cascade submitted requests for bids to three contractors and Loy Clark's bid was the lowest. Loy Clark was subsequently awarded the contract. Because this project is one hundred percent reimbursable by the WSDOT, the WSDOT is the prime beneficiary of the favorable bid.

1 PIPELINE CONSTRUCTION AGREEMENT

This is an agreement ("Agreement") made at Seattle, Washington between Cascade Natural Gas Corporation ("Owner") and Loy Clark Pipeline Company, Inc. ("Contractor").

The parties agree to be legally bound as follows:

1. The Contract (which includes this Agreement) shall consist of the following documents (the "Contract Documents") bearing Work Order No. J161304 which form the entire agreement between Owner and Contractor and shall take precedence in the order listed:
 - 1.1 Supplemental Agreement, if any.
 - 1.2 Change Orders, if any.
 - 1.3 This Agreement including Attachments, if any.
 - 1.4 Performance Bond and Payment Bond.
 - 1.5 Addenda, if any.
 - 1.6 Special Conditions, if any.
 - 1.7 Owner's Standard Specifications for Gas Lines.
 - 1.8 General Conditions.
 - 1.9 Technical Specifications.
 - 1.10 Contract Drawings.
 - 1.11 Maps.
 - 1.12 Right of Way contracts, permits, easements and franchises applicable to the pipeline facility.
2. Unless expressly incorporated in the Contract by reference, none of the following documents, or any part or parts there are Contract Documents or part of the Contract. However, they may be considered in the resolution of uncertainties or ambiguities in the Contract, if any, in the following order of precedence:
 - 2.1 Owner's Invitation of Proposals, if any.
 - 2.2 Owner's Information to Bidders, if any.
 - 2.3 Contractor's Bid, if any.
 - 2.4 Contractor's Proposal, if any..
3. Contractor will construct a pipeline facility for Owner in accordance with the Contract. In general, and subject to more specific descriptions elsewhere in the Contract Documents, the pipeline facility shall consist of the following: Approximately nine hundred (900) linear feet of 12-inch and two hundred eighty (280) linear feet of 6-inch welded steel pipe to be installed in the City of Kelso and Washington State Department of Transportation (WSDOT) property. Contractor warrants and represents that it has fully examined and acquainted itself with all of the said general area so as to be thoroughly familiar with the topography, subsurface conditions, soil structures, obstructions, and all conditions to be incurred in the prosecution of the Work, even though the route of the lines could vary substantially within said general area from those now estimated by the Owner. Contractor shall furnish all materials (except those specified in the Contract Documents to be supplied by Owner), supplies, labor, supervision and equipment,

and shall perform all work necessary for timely completion of the pipeline facility installed in accordance with this Contract.

4. The Contractor will perform the work in a safe and controlled manner that results in a complete project to the satisfaction of the Owner. Even if the Contract Documents and Specifications do not provide explicit instructions for any portion of the Work, the Contractor is expected to perform all Work in accordance with industry-standard practices and to the satisfaction of the Owner. The Owner will have final approval on all aspects of the Work and will require correction of any portion of the Work that is found to be inadequate.
5. Work on the pipeline facility will commence no earlier than August 31, 2009 and after the owner has issued verbal notice to proceed. The In-Service Date will be September 30, 2009 and the Completion Date will be September 30, 2009.
6. Owner will pay Contractor the following amounts for constructing the pipeline facility: As provided in Section 2. Payments will be made as follows: As provided in Section 2.

Contractor warrants and represents that it has carefully read and studied this Contract, including all the Contract Documents listed in Section 1 hereof, is thoroughly familiar with each provision thereof, and is fully aware that the present drawings and maps show only rough estimates of the actual location of the Work to be performed. Contractor further warrants and represents that it has carefully read and examined the special provisions included in all of the rights of way contracts, permits, easements and franchises applicable to the pipeline facility. Contractor undertakes to comply with all applicable terms thereof. Contractor understands there will be inspectors on location from governmental agencies having jurisdiction over the work performed under this Contract. Contractor undertakes to complete all work generally contemplated by the Contract Documents (even though materials may change during the course of the work) for the consideration provided in this Contract, and hereby assumes full and complete responsibility for all changes and conditions, however unforeseen, pertaining to the Work, and all risks, incident thereto, on or in connection therewith.

DATED this 20th day of August 2009.

“OWNER”

Cascade Natural Gas Corporation



By: Eldon Book
Title: Executive Vice President,
Chief Operating Officer

Address: 222 Fairview Avenue N
Seattle, WA 98109

“CONTRACTOR”

Loy Clark Pipeline Company, Inc.



By: _____

Title: _____

Address: _____
