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April 23, 2012

David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 Evergreen Park Drive, SW
Olympia, WA 98504

RE: Petition for an Accounting Order Authorizing Accounting Treatment and Depreciation Related to the Investment and Associated Facilities Investment Revenue Received by Cascade Natural Gas Corporation for the Expansion to Serve the Hanford Waste Treatment and Immobilization Plant

Dear Mr. Danner:

Enclosed please find the original and twelve (12) copies of Cascade Natural Gas Corporation's Petition for an accounting order authorizing the accounting treatment for depreciation related to the investment and associated facilities investment revenue received by Cascade Natural Gas Corporation for the expansion to serve the Hanford Waste Treatment and Immobilization Plant.

If you have any questions regarding this filing, please contact me at (509) 734-4593.

Sincerely,

Michael Parvinen
Manager, Regulatory Affairs

We make warm neighbors

**BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION**

In the Matter of the Petition of

CASCADE NATURAL GAS
CORPORATION

For an Accounting Order Authorizing
Accounting Treatment and Depreciation
Related to the Investment and Associated
Facilities Investment Revenue Received by
Cascade for the Expansion to Serve the
Hanford Waste Treatment and Immobilization
Plant

Docket No. UG-12 _____

PETITION OF
CASCADE NATURAL GAS
CORPORATION
FOR AN ACCOUNTING ORDER

I. INTRODUCTION

1. In accordance with WAC 480-07-370(b), Cascade Natural Gas Corporation ("Cascade" or the "Company") respectfully petitions the Commission for an order that authorizes the accounting and ratemaking treatment detailed in this Petition related to Cascade's investment and the depreciation of such investment to match the revenue stream from the associated Facilities Investment Charge from the US Department of Energy (DOE).

2. Cascade is engaged in the business of providing natural gas service within the State of Washington as a public service company, and is subject to the regulatory authority of the Commission as to its retail rates, service, facilities and practices. Its full name and mailing address are:

Cascade Natural Gas Corporation
Attn: Michael Parvinen
Manager, Regulatory Affairs
8113 W Grandridge Blvd.
Kennewick, Washington 99336-7166

3. Rules and statutes that may be at issue in this Petition include RCW 80.01.040, RCW 80.28.020, and WAC 480-07-370(b).

II. BACKGROUND

4. On January 23, 2012, Cascade Natural Gas Corporation and U.S. Department of Energy, Richland Operations Office (DOE), entered into an agreement for the potential service of natural gas to a facility on Hanford nuclear waste clean-up site. The project will consist of two phases. The first phase consists of Cascade working with DOE to obtain all permitting including an environmental impact statement to bore under the Columbia River as well as all regulatory approvals. The second phase is the actual construction of the distribution line. Total cost of the project is estimated to be approximately \$33 million. The in-service date of the project is expected to be around the end of 2014.

5. Cascade has performed a financial investment analysis consistent with Rule 8 (Extension of Distribution Facilities) of its tariff. The result indicates a monthly Facilities Charge will be required from DOE to adequately recover Cascade's investment and associated

costs not recovered from tariff revenues over the length of the contract. The contract is set to expire on September 30, 2021.

6. Cascade records monthly Facilities Charges as revenue since the revenue is received over the length of the contact with the customer, which typically more closely matches the life of the investment, and covers all other operating costs associated with the contract. In this case the contact is for a much shorter period of time. Hence, Cascade is requesting an accounting order to depreciate the investment from the in-service date until the end of the contract (September 30, 2021) in order to properly match the revenue stream with the costs and the financial investment analysis performed on the project.

III. PROPOSED ACCOUNTING AND RATEMAKING TREATMENT

7. For the total investment to provide distribution service to the US Department of Energy at the Hanford project, the Company proposes: (1) book the construction costs of the line extension to a separate transmission mains subaccount (367.2); (2) depreciate the investment in the line extension over the period starting from the in-service date (estimated to be the end of 2014) until September 30, 2021 (approximately 7 years).

IV. PRAYER FOR RELIEF

8. Based on the foregoing, Cascade respectfully requests that the Commission issue an Accounting Order in the form attached as Exhibit A.

DATED this 23th day of April, 2012.

**CASCADE NATURAL GAS
CORPOATION**



Michael Parvinen
Manager, Regulatory Affairs

VERIFICATION

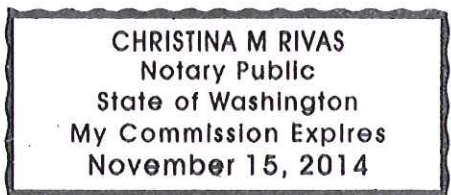
STATE OF WASHINGTON)
) ss.
COUNTY OF BENTON)

Michael Parvinen, being first duly sworn, on oath deposes and says:

That he is Manager of Regulatory affairs with Cascade Natural Gas Corporation, that he has read the foregoing Petition of Cascade Natural Gas Corporation for An Accounting Order, that he knows the contents thereof, and that he believes the same to be true to the best of his knowledge and belief.

Michael Parvinen

SUBSCRIBED and SWORN to before me this 23th day of April, 2012.



Christina M Rivas
Print Name: Christina M. Rivas
Notary Public in and for the State of Washington,
residing at 712 Buena Vista Selenia Dr
My commission expires: November 15, 2014

**BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION**

In the Matter of the Petition of

CASCADE NATURAL GAS
CORPORATION

For an Accounting Order Authorizing
Accounting Treatment and Depreciation
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Hanford Waste Treatment and Immobilization
Plant

Docket No. UG-12 _____

ORDER (PROPOSED)

MEMORANDUM

1. On April 23, 2012, Cascade Natural Gas Corporation ("Cascade" or "the Company") submitted a Petition for an order regarding accounting and ratemaking treatment related to its investment, depreciation, and the associated facilities investment revenue to expand service to the Hanford Waste Treatment and Immobilization Plant.

A. Background

2. On January 23, 2012, Cascade Natural Gas Corporation and U.S. Department of Energy, Richland Operations Office (DOE), entered into an agreement for the potential service of natural gas to a facility on Hanford nuclear waste clean-up site. The project will consist of

two phases. The first phase consists of Cascade working with DOE to obtain all permitting including an environmental impact statement to bore under the Columbia River as well as all regulatory approvals. The second phase is the actual construction of the distribution line. Total cost of the project is estimated to be approximately \$33 million. The in-service date of the project is expected to be around the end of 2014.

3. Cascade has performed a financial investment analysis consistent with Rule 8 (Extension of Distribution Facilities) of its tariff. The result indicates a monthly Facilities Charge will be required from DOE to adequately recover Cascade's investment and associated costs not recovered from tariff revenues over the length of the contract. The contract is set to expire on September 30, 2021.

4. Cascade records monthly Facilities Charges as revenue since the revenue is received over the length of the contact with the customer, which typically more closely matches the life of the investment, and covers all other operating costs associated with the contract. In this case the contact is for a much shorter period of time. Hence, Cascade is requesting an accounting order to depreciate the investment from the in-service date until the end of the contract (September 30, 2021) in order to properly match the revenue stream with the costs and the financial investment analysis performed on the project.

5. Cascade has simultaneously applied for a Certificate of Public Convenience and Necessity to expand its certificated area to serve the facility.

6. Cascade, therefore, seeks in its Petition approval of the accounting and ratemaking treatment described below.

B. Proposed Accounting and Ratemaking Treatment

7. For the total investment to provide distribution service to the US Department of Energy at the Hanford project, the Company proposes: (1) book the construction costs of the line extension to a separate transmission mains subaccount (367.2); (2) depreciate the investment in the line extension over the period starting from the in-service date (estimated to be the end of 2014) until September 30, 2021 (approximately 7 years).

FINDINGS

8. Cascade is engaged in the business of furnishing natural gas service within the state of Washington as a public service company, and is subject to the jurisdiction of this Commission.

9. On April 23, 2012, Cascade filed with the Commission a Petition for an order regarding accounting and ratemaking treatment related to Cascade's investment, depreciation, and facilities investment revenue.

10. The accounting and ratemaking treatment requested in the Petition are reasonable and are in the public interest and should be approved.

ORDER

WHEREFORE, THE COMMISSION HEREBY ORDERS:

11. Approval is hereby given for the accounting and ratemaking treatment requested in Cascade's Petition dated April 23, 2012, with respect to Cascade's investment, depreciation, and facilities investment revenue, as described in Cascade's Petition.

12. Cascade is hereby authorized (1) book the construction costs of the line extension to a separate transmission mains subaccount (367.2); and (2) to depreciate the investment over the life of the contract starting with the in-service date – end of 2014 (expected) through September 30, 2021 (approximately 7 years).

13. This order shall in no way affect the authority of this Commission over rates, services, accounts, evaluations, estimates, or determination of cost or any matters whatsoever that may come before it, nor shall anything herein be construed as acquiescence in any estimate or determination of costs claimed or asserted.

14. The Commission retains jurisdiction over the subject matter of the Petition and Cascade to effect the provisions of this order.

DATED at Olympia, Washington, and effective this 30th day of May, 2012.

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner