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April 23, 2012

Mr. David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Service Area Expansion – Hanford Area Expansion

Dear Mr. Danner,

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, on the Hanford Site, located in Benton County, Washington. Cascade's request to extend our service area boundary into this area is initiated as the result of a request for natural gas service by the United States Department of Energy ("Government" or "DOE") to provide natural gas service to a facility currently under construction (Exhibit C-3).

In support of this request is additional information summarized below:

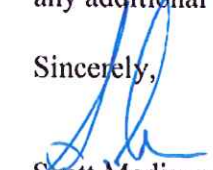
1. Application: Enclosed is a check in the amount of twenty-five dollars and a completed application form.
2. Applicants for Natural Gas Service: Cascade has executed a task order with the US Department of Energy to provide natural gas distribution service to facilities currently under construction in the requested expanded service area (Exhibit C-1). 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 11/1/2014.
3. Description of Project: Anticipated installation of a twelve and ten-inch steel pipeline approximately 29 miles in length from the Waste Treatment Plant (WTP) area near Route 4 South located on the United States Department of Energy Hanford Site located northwest of Richland, Washington to a new tap on Williams Northwest Pipe transmission line.

*In the Community to Serve**

4. Economic Feasibility: Exhibit A provides a summary of the estimated distribution facility costs and financial feasibility based on the new customer requesting service. Cascade considers Exhibit A to be valuable commercial information and respectfully requests protection and confidential treatment of this information under Chapter 42.56 RCW, RCW 80.04.095 and WAC 480-07-160. The information for which confidential treatment is requested is clearly marked "CONFIDENTIAL PER WAC 480-07-160", and is submitted in a separate sealed envelope as required by 480-07-160. 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 as Exhibit B-1 to the Application is a map and Exhibit B-2 is legal description describing the new service area requested to be included in Cascade's Certified Area.
6. Current Agreement in Place: A copy of Cascade's current Areawide Public Utilities Contract with the U.S. General Services Administration (Exhibit C-2) is enclosed. Also enclosed is a letter from the U.S. Department of Energy requesting service from Cascade (Exhibit C-3).

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 UTC representatives. If there are any additional questions or comments, please contact Michael Parvinen @ 509-734-4593.

Sincerely,



Scott Madison
Vice President

Regulatory Affairs, Chief Accounting Officer, and Assistant Treasurer

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

<i>Name</i>	<i>Address</i>
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 X NO

<i>Area now served</i>	<i>Since</i>	<i>Area now served</i>	<i>Since</i>
Adjacent Hanford 300 Area	10/97 (UG-971267)		

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 . 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 attached copy of U.S. General Services Administration Areawide Public Utilities Contract dated June 13, 2005. In addition, attached is letter from U.S. Department of Energy expressing an interest in natural gas service from Cascade.

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

Applicant's 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 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. & Amort 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 Dscount	\$	- 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.

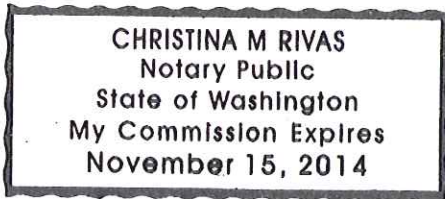
Dated at Boise, Idaho, this 23 day of April,

Scott Madison
By: [Signature]
(Signature of applicant)

State of
County of

Benton
is Christina M. Rivas applicant CR, being first duly sworn, deposes and says 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 23rd day of April, 20 12.



Christina M Rivas
Notary Public in and for the State of Washington
Residing at 712 Buena Vista
Sumner WA 98444

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.

Exhibit A

**Attachment 1
Hanford Pipeline Task Order
Example Facilities Charge Calculation**

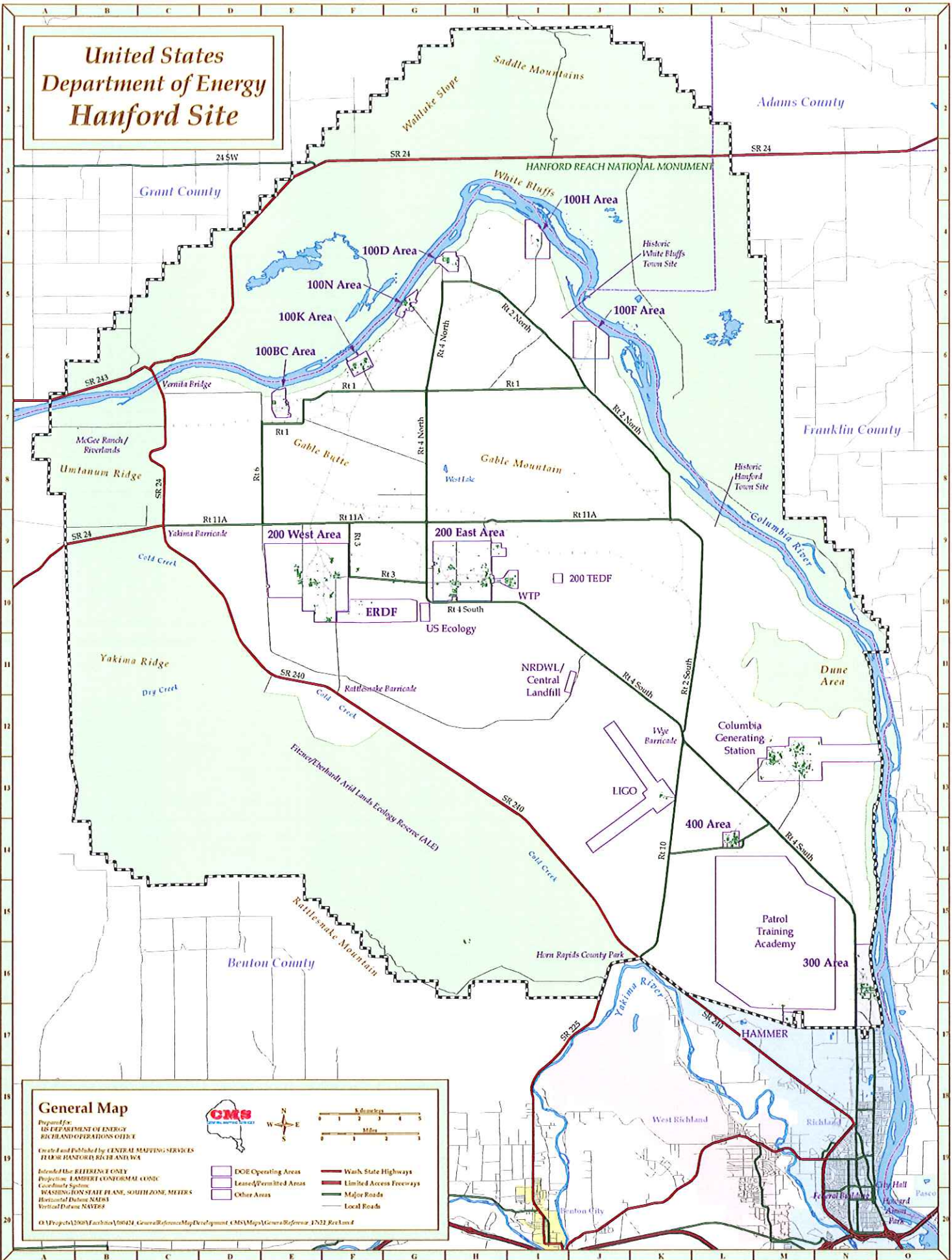
INPUT ASSUMPTIONS		Model Parameters														
Category	Value	Book Depr	Accum Book Depr	Net Book Value	Net Book Value	Deferred Taxes	Year End Rate Base	Monthly Facility Charge	Annual Facility Charge	Annual Contract Demand	Other	Income Tax	Ratebase	ROR	Booked ROR	
						Def Tax Expense	Def Tax Asset (Liab)				Op Exp	Tax Depr		Oper Income		
Direct Cost (Initial CNG Outlay)	\$ -															
Overhead (Initial CNG Outlay)	\$ 28,426,600.00															
Other requirement	17.5%															
TOTAL CNG OUTLAY	\$ 32,615,761.60															
Book Depreciation Period (Straight Line)	7.0															
Tax Depreciation DB Factor	1.5															
Property Tax Rate	1.5%															
Income Tax Rate	37.50%															
Estimated Annual O&M costs	30,000															
		4,659,395	4,659,395	32,615,762	32,615,762	(829,955)	829,955	735,490	8,825,685	261,000	30,000	2,446,182	32,615,762	2,717,042	0.00%	
		4,659,395	9,318,789	23,296,973	23,296,973	(898,754)	1,728,708	689,123	8,269,461	261,000	30,900	2,262,718	26,906,001	2,361,181	8.85%	
		4,659,395	13,978,184	18,657,578	18,657,578	(962,392)	2,691,101	844,602	7,793,229	261,000	31,827	2,053,015	23,177,180	2,051,180	8.85%	
		4,659,395	18,637,578	13,978,184	13,978,184	(1,021,289)	3,712,359	600,814	7,209,771	261,000	32,782	1,896,038	19,509,611	1,726,601	8.85%	
		4,659,395	23,296,973	9,318,789	9,318,789	(1,075,710)	4,788,069	557,704	6,692,450	261,000	33,765	1,790,836	15,898,700	1,407,035	8.85%	
		4,659,395	27,956,367	4,659,395	4,659,395	(1,126,077)	5,914,146	515,222	6,192,660	261,000	34,778	1,656,523	12,340,199	1,092,108	8.85%	
		4,659,395	32,615,762	-	-	(1,172,667)	7,086,812	473,320	5,679,838	261,000	35,822	1,522,284	8,830,176	781,471	8.85%	

Model Operation

- The example uses an estimated final project cost of \$32,615,761 (cell D11). The actual monthly facilities charge will be calculated using the actual project construction cost calculated at the end of the construction of the pipeline.
- Model solves for an annual regulated rate of return in column V by adjusting the monthly facilities charge in column L using the Excel "Goal Seek" function. The rate of return is 8.85% in this example.
- Model is designed to solve for the annual book operating income in column U needed to provide a regulated rate of return on the average remaining ratebase in column T.
- Model assumes no minimum annual usage
- Annual book operating income (U) includes the revenue from the annual facilities charge (M) and annual contract demand charge (N) less book depreciation (P), deferred tax expense (Q), O&M Expense (O), Property tax expense (R), and income tax expense (S).
- At the end of the 7 year period CNG has remaining rate base of \$7,086,812 in the form of a deferred tax asset.
- The final facilities charge is the remaining ratebase of \$7,086,812 in cell K18 in this example

Exhibit B-1

United States Department of Energy Hanford Site



General Map




Prepared for:
U.S. DEPARTMENT OF ENERGY
RICHLAND OPERATIONS OFFICE

Created and Published by: CENTRAL MAPPING SERVICES
RICHLAND OPERATIONS OFFICE

Intended Use: REFERENCE ONLY

Projection: UTM ZONE 18N
WASHINGTON STATE PLANE, SOUTH ZONE, METERS
Horizontal Datum: NAD83
Vertical Datum: NAVD83

© Project A2008Ea00024, General Reference Map Development, CMS/Maps/General Reference, 1/22/2008







 DOE Operating Areas	 Wash State Highways
 Leased/Permitted Areas	 Limited Access Freeways
 Other Areas	 Major Roads
	 Local Roads

Exhibit B-2

[6450-01]

DEPARTMENT OF ENERGY

Richland Operations Office

10 CFR Part 160

Hanford Works

TRESPASSING ON DEPARTMENT PROPERTY

Notice is hereby given that the Department of Energy, pursuant to section 220 of the Atomic Energy Act of 1954, as amended, as implemented by 10 CFR Part 160 published in the FEDERAL REGISTER on August 16, 1963 (28 F.R. 8400), prohibits the unauthorized entry, as provided in 10 CFR 160.3, and the unauthorized introduction of weapons or dangerous materials, as provided in 10 CFR 160.4, into or upon the Hanford Works of the said property being a tract of land located in Adams, Grant, Benton, and Franklin Counties, WA, the aforesaid tract being more particularly described as follows:

Commencing at the point of intersection of the E.-W. centerline of sec. 14, T. 10 N., R. 28 E. Willamette Meridian, with the western navigation line of the Columbia River;

Thence northerly 200 feet along said line of navigation to the True point of beginning;

Thence W. to a point on the W. right-of-way line of George Washington Way, which line is the boundary of the City of Richland;

Thence southerly 100 feet or less, along said right-of-way line of George Washington Way to a point on the N. right-of-way line of Horn Rapids Road, an unplatted road;

Thence W. along N. right-of-way line of Horn Rapids Road approximately 1/2 mile to the E. right-of-way line of Stevens Drive, an unplatted road;

Thence S. along said E. right-of-way line to a point on the N. right-of-way line of Spengler Street, a platted street;

Thence W. 145 feet to the W. right-of-way line of Stevens Drive;

Thence S. to a point 30 feet N. of the S. line of sec. 27, T. 10 N., R. 28 E.W.M.;

Thence W. along a line 30 feet N. of, and parallel with, the S. line of sec. 27 to the E. line of the S.W.1/4 of the S.E.1/4 of said section;

Thence N. along the E. line of the S.W.1/4 of the S.E.1/4 of sec. 27 to the S.E. corner of the N.W.1/4 of the S.E.1/4 of said sec. 27;

Thence W. along the S. line of the N.W.1/4 of the S.E.1/4 to the W. line of the E.1/2 of sec. 27;

Thence N. along the W. line of the E.1/2 of sec. 27, and of the E.1/2 of sec. 22 and the E.1/2 of sec. 14⁵/₁₅ to the N. right-of-way line of Horn Rapids Road;

Thence westerly and northwesterly along the N. right-of-way line of Horn Rapids Road 26,000 feet more or less to the line's intersection with the N. right-of-way line of State Highway 240, in the N.E.1/4 of sec. 11, T. 10 N., R. 27 E.W.M.;

Thence northwesterly along said N. right-of-way line of the highway, 75 feet N. of and parallel with the centerline of said highway to a point in sec. 3, T. 10 N., R. 27 E.W.M., which point is on the eastward extension of the N. right-of-way line of a county road from Horn Rapids to Benton City;

Thence along the northerly and westerly right-of-way line of said road, 75 feet northerly and westerly of, and parallel with, the center line of said road to a point on the E. line of sec. 8, T. 10 N., R. 27 E.W.M.;

Thence N. to the E. quarter corner of said section;

Thence W. to the S.W. corner of the E.1/2 of the N.E.1/4 of sec. 12, T. 10 N., R. 26 E.W.M.;

Thence N. to the N. line of said sec. 12;

Thence W. to the N.E. corner of the N.W.1/4 of the N.W.1/4 of the N.W.1/4 of sec. 11, T. 10 N., R. 26 E.W.M.;

Thence S. 660 feet;

Thence W. 660 feet to the E. line of sec. 10, T. 10 N., R. 26 E.W.M.;

Thence S. to the E. quarter corner of said sec. 10;

Thence W. along the E.-W. center line of sec. 10 to the W. line of said section;

Thence N. along the W. section line to the S.E. corner of sec. 4, T. 10 N., R. 26 E.W.M.;

Thence W. along the S. line of sec. 4 and sec. 5 to the S.W. corner of the S.E.1/4 of the S.E.1/4 of sec. 5;

Thence N. to the S.E. corner of the N.W.1/4 of the S.E.1/4 of sec. 5;

Thence W. along the S. line of the N.W.1/4 of the S.E.1/4 to the S.W. corner of the N.W.1/4 of the S.E.1/4;

Thence N. to the S.E. corner of the N.1/2 of the N.W.1/4;

Thence W. along the S. line of the N.1/2 of the N.W.1/4 to the W. line of sec. 5;

Thence N. to the S.E. corner of sec. 31, T. 11 N., R. 26 E.W.M.;

Thence W. along the S. line of the E.1/2 of the S.E.1/4 of sec. 31 to the E. line of said E.1/2 of the S.E.1/4 of sec. 31;

Thence N. along the W. line of the E.1/2 of the S.E.1/4 to the S.E. corner of the S.W.1/4 of the N.E.1/4 of sec. 31;

Thence W. along the S. line of the S.W.1/4 of the N.E.1/4 to the S.W. corner of the S.W.1/4 of the N.E.1/4;

Thence N. along the W. line of the S.W.1/4 of the N.E.1/4 to the S.E. corner of the N.1/2 of the N.W.1/4 of said sec. 31;

Thence W. along the S. line of the N.1/2 of the N.W.1/4 to the W. line of said sec. 31;

Thence N. along the W. line of sec. 31 to the S.E. corner of sec. 25, T. 11 N., R. 25 E.W.M.;

Thence W. along the S. line of sec. 25 to the S.W. corner of the S.E.1/4 of the S.E.1/4 of said sec. 25;

Thence N. along the W. line of the S.E.1/4 of the S.E.1/4 to the S.E. corner of the N.W.1/4 of the S.E.1/4;

Thence W. along the S. line of the N.W.1/4 of the S.E.1/4 to the S.W. corner of the N.W.1/4 of the S.E.1/4;

Thence N. along the W. line of the N.W.1/4 of the S.E.1/4 to the S.E. corner of the N.W.1/4 of sec. 25;

Thence W. along the S. line of the N.W.1/4 of sec. 25 to the W. line of sec. 25;

Thence N. along the W. line of sec. 25 and the W. line of sec. 24 to the N. line of the S.1/2 of the S.1/2 of sec. 23;

Thence W. along the N. line of the S.1/2 of the S.1/2 of sec. 23 and the N. line of the S.1/2 of the S.1/2 of sec. 22 and the N. line of the S.1/2 of the S.1/2 of sec. 21 to the E. line of sec. 20;

Thence S. to the S.E. corner of sec. 20;

Thence W. along the S. line of sec. 20 and the S. line of sec. 19 to the S.E. corner of the S.W.1/4 of the S.W.1/4 of sec. 19;

Thence N. to the N.E. corner of the S.W.1/4 of the S.W.1/4 of sec. 19;

Thence W. to the W. line of sec. 19, all being in T. 11 N., R. 25 E.W.M.;

Thence continuing W. to the S.W. corner of the N.E.1/4 of the S.E.1/4 of sec. 24, T. 11 N., R. 24 E.W.M.;

Thence N. to the N.W. corner of said N.E.1/4 of the S.E.1/4 of sec. 24;

Thence W. to the S.W. corner of the S.E.1/4 of the N.W.1/4 of sec. 24;

Thence N. to the N.W. corner of said S.E.1/4 of the N.W.1/4 of sec. 24;

Thence W. to the W. line of sec. 24;

Thence N. to the N.W. corner of sec. 24;

Thence W. to the S.E. quarter corner of sec. 14;

Thence N. to the N. quarter corner of sec. 14;

Thence W. along the N. line of sec. 14 to the N.W. corner of sec. 14;

Thence N. along the W. line of sec. 11 and sec. 2 to the N.W. corner of sec. 2, all being in T. 11 N., R. 24 E.W.M., and continuing N. along the W. lines of secs. 35, 26, 23, 14, 11, and 2, all being in T. 12 N., R. 24 E.W.M.;

Thence continuing N. along the W. lines of secs. 35 and 26 in T. 13 N., R. 24 E.W.M., to the N.W. corner of sec. 26;

Thence W. along the S. line of sec. 22 to the S. quarter corner of sec. 22;

Thence N. along the N.S. centerline of sec. 22 to the N. quarter corner of sec. 22;

Thence W. along the S. line of sec. 15 to the S.W. corner of sec. 15;

Thence N. along the W. line of sec. 15 to the S.W. corner of the N.1/2 of the N.W.1/4 of sec. 15;

Thence E. along the S. line of the N.1/2 of the N.W.1/2 of sec. 15 to the S.W. corner of the S.W.1/4 of the N.E.1/4 of sec. 15;

Thence N. along the W. line of the S.W.1/4 of the N.E.1/4 of sec. 15 and continuing N. along the centerline of sec. 10 to the N. line of sec. 10;

Thence E. along the N. line of sec. 10 to the N.E. corner of sec. 10;

Thence N. along the W. line of sec. 2 to the N.W. corner of sec. 2;

Thence E. along the N. line of sec. 2 to the N.E. corner of sec. 2 all being in T. 13 N., R. 24 E.W.M.;

Thence N. along the W. line of sec. 36, T. 14 N., R. 24 E.W.M. to the N.W. corner of sec. 36;

Thence E. to the S. quarter corner of sec. 25;

Thence N. to the center of sec. 25;

Thence E. to the E. quarter corner of sec. 25 all being in T. 14 N., R. 24 E.W.M.;

Thence N. to the N.W. corner of sec. 30, T. 14 N., R. 25 E.W.M.;

Thence E. to the N. quarter corner of sec. 30;

Thence N. to the center of sec. 19;

Thence E. to the E. quarter corner of sec. 19;

Thence N. to the N.W. corner of sec. 20;

Thence E. to the N. quarter corner of sec. 20;

Thence N. to the center of sec. 17;

Thence E. to the E. quarter corner of sec. 17 and continuing E. to the center of sec. 16;

Thence N. to the N. quarter corner of sec. 16;

Thence E. to the N.E. corner of sec. 16 and continuing E. to the N. quarter corner of sec. 15;

Thence N. to the center of sec. 10;

Thence E. to the E. quarter corner of sec. 10;

Thence N. to the N.W. corner of sec. 11;

Thence E. to the N. quarter corner of sec. 11;

Thence N. to the center of sec. 2;

Thence E. to the E. quarter corner of sec. 2;

Thence N. to the N.W. corner of sec. 1;

Thence E. to the N. quarter corner of sec. 1, all being in T. 14 N., R. 25 E.W.M.;

Thence N. to the center of sec. 36;

Thence E. to the E. quarter corner of sec. 36, all being in T. 15 N., R. 25 E.W.M.;

Thence N. to the N.W. corner of sec. 31, T. 15 N., R. 26 E.W.M.;

Thence E. to the N. quarter corner of sec. 31;

Thence N. to the center of sec. 30;

Thence E. to the E. quarter corner of sec. 30 and continuing E. to the center of sec. 29;

Thence N. to the N. quarter corner of sec. 29;

Thence E. to the N.E. corner of sec. 29;

Thence N. to the W. quarter corner of sec. 21;

Thence E. to the center of sec. 21;

Thence N. to the N. quarter corner of sec. 21;

Thence E. to the N.E. corner of sec. 21;

Thence N. to the W. quarter corner of sec. 15;

Thence E. to the E. quarter corner of sec. 15;

Thence N. to the N.W. corner of sec. 14;

Thence E. to the N.E. corner of sec. 14 and continuing E. to the N.E. corner of sec. 13, all being in T. 15 N., R. 26 E.W.M.;

Thence continuing E. along the N. lines of secs. 18, 17, and 16 of T. 15 N., R. 27 E.W.M. to the N.E. corner of sec. 16;

Thence S. to the W. quarter corner of sec. 15;

Thence E. to the E. quarter corner of sec. 15;

Thence S. to the S.E. corner of sec. 15;

Thence E. to the N. quarter corner of sec. 23;

Thence S. to the center of sec. 23;

Thence E. to the E. quarter corner of sec. 23;

Thence S. to the S.E. corner of sec. 23;

Thence E. to the N. quarter corner of sec. 25;

Thence S. to the center of sec. 25;

Thence E. to the E. quarter corner of sec. 25;

Thence S. to the S.E. corner of sec. 25, all being in T. 15 N., R. 27 E.W.M.;

Thence E. to the N. quarter corner of sec. 31, T. 15 N., R. 28 E.W.M.;

Thence S. to the S. quarter corner of sec. 31, all being in T. 15 N., R. 28 E.W.M.;

Thence continuing S. to the center of sec. 6, T. 14 N., R. 28 E.W.M.;

Thence E. to the E. quarter corner of sec. 6;

Thence S. to the S.E. corner of sec. 6 and continuing S. along the E. lines of secs. 7 and 18 to the S.E. corner of sec. 18;

Thence E. to the N. quarter corner of sec. 20;

Thence S. to the S. quarter corner of sec. 20 and continuing S. to the S. quarter corner of sec. 29;

Thence E. to the S.E. corner of sec. 29;

Thence S. to the S.E. corner of sec. 32, all being in T. 14 N., R. 28 E.W.M.;

Thence continuing S. along the E. lines of secs. 5, 8, 17, 20, and 29 to the S.E. corner of sec. 29;

Thence E. to the N.E. corner of sec. 33 and continuing to the E. line of the W.1/2 of the W.1/2 of sec. 34;

Thence S. along the E. line of the W.1/2 of the W.1/2 of sec. 34 to the N. line of the S.1/2 of the S.W.1/4 of said sec. 34;

Thence E. to the N.E. corner of the S.1/2 of the S.W. quarter of sec. 34;

Thence S. to the S. quarter corner of sec. 34, all being in T. 13 N., R. 28 E.W.M.;

Thence E. along the N. line of sec. 3, T. 12 N., R. 28 E.W.M. to the N.E. corner of sec. 3;

Thence S. along the E. lines of secs. 3 and 10 to the W. quarter corner of sec 11;

Thence E. to the E. line of the W.1/2 of the W.1/2 of sec. 11;

Thence S. along the E. line of the W.1/2 of the W.1/2 of sec. 11 to the S. line of sec. 11;

Thence E. to the S. quarter corner of sec. 11;

Thence S. to the S. line of the N.1/2 of the N.1/2 of sec. 14;

Thence E. along the S. line of the N.1/2 of the N.1/2 of sec. 14 to the W. line of the E.1/2 of the N.E.1/4 of sec. 14;

Thence S. along the W. line of the E.1/2 of the N.E.1/4 of sec. 14 to the E.-W. centerline of sec. 14;

Thence E. to the E. quarter corner of sec. 14;

Thence S. to the S.E. corner of sec. 14;

Thence continuing S. to the S. line of Tract 4 of Ringold Tracts according to the plat filed in the records of Franklin County, WA;

Thence W. to the W. line of navigation of the Columbia River;

Thence southerly along the said W. line of navigation to the point of beginning.

Also that island in the Columbia River described as Government lot 5 of sec. 14 and Government lot 5 of sec. 23, T. 11 N., R. 28 E.W.M.; and also lot 2, block 629 according to the plat of Richland, as filed in the records of Benton County, WA.

Also beginning at the intersection with the U.P.R.R. in the S.W.1/4 of the S.E.1/4 of sec. 30;

Thence in a northwesterly direction thru the N.1/2 of the S.W.1/4 and the S.W.1/4 of the N.W.1/4, all in sec. 30, T. 9 N., R. 29 E.W.M.;

Thence a slight curve to the right within the S.E.1/4 of the N.E.1/4 and continuing northwesterly thru the N.E.1/4 of the N.E.1/4 and the N.W.1/4 of the N.E.1/4, all in sec. 25, T. 9 N., R. 28 E.W.M.;

Thence continuing northwesterly thru the W.1/2 of the S.E.1/4, and the N.E.1/4 of the S.W.1/4, and the S.E.1/4 of the N.W.1/4 to the S. bank of the Yakima River;

Thence crossing the Yakima River in the N.E.1/4 of the N.W.1/4 and making a left curve to the W. in the N.W.1/4 of the N.W.1/4, all in sec. 24;

Thence westerly in the S.W.1/4 of the S.W.1/4 in sec.13;

Thence continuing westerly thru the S.1/2 of the S.E.1/4;

Thence curving to the left in a southwesterly direction thru the S.1/2 of the S.W.1/4, all in sec. 14;

Thence curving to the right thru the N.W.1/4 of the N.W.1/4 in sec. 23;

Thence curving to the right in a northwesterly direction thru the N.E.1/4 of the N.E.1/4 in sec. 22;

Thence in a northwesterly direction thru the S.E.1/4 of the S.E.1/4, and the N.W.1/4 of the S.E.1/4, and the N.E.1/4 of the S.W.1/4, and the S.1/2 of the N.W.1/4 and the N.W.1/4 of the N.W.1/4, all in sec. 15;

Thence curving to the right in a northerly direction thru the N.E.1/4 of the N.E.1/4 of sec. 16;

Thence continuing northerly thru the E.1/2 of the E.1/2 of sec. 9;

Thence continuing northerly thru the E.1/2 of the S.E.1/4 of sec. 4;

Thence curving to the right in a northeasterly direction thru the N.W.1/4 of the S.W.1/4, and continuing on a curve to the right in a northeasterly direction thru the W.1/2 of the N.W.1/4 and the N.E.1/4 of the N.W.1/4, all in sec. 3, T. 9 N., R. 28 E.W.M.;

Thence continuing in a northeasterly direction thru the S.E.1/4 of the S.W.1/4 and the W.1/2 of the S.E.1/4, and the S.W.1/4 of the N.E.1/4 and the N.E.1/4 of the N.E.1/4 of sec. 34, T. 10 N., R. 28 E.W.M., and then entering the previously defined Hanford Site.

Excepting from the above-described land the N.1/2 of the N.W.1/4, and that portion of the N.W.1/4 of the N.E.1/4 in the jurisdiction of the Bonneville Power Administration in sec. 14, T. 13 N., R. 24 E.W.M.

Notices stating the pertinent prohibitions of 10 CFR 160.3 and 160.4 and penalties of 10 CFR 160.5 will be posted at all entrances of said tract and at intervals along its perimeter as provided in 10 CFR 160.6.

Dated at Washington, D.C. this day of _____ 1984.

Exhibit C-1

AWARD/CONTRACT		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)	RATING	PAGE OF PAGES 1 2
2. CONTRACT (Proc. Inst. Ident.) NO. GS-OOP-05-BSD-0357/DE-DT0002699		3. EFFECTIVE DATE See Block 20C	4. REQUISITION/PURCHASE REQUEST/PROJECT NO. 12EM000345	
5. ISSUED BY Richland Operations Office U.S. Department of Energy Richland Operations Office P.O. Box 550, MSIN A7-80 Richland WA 99352	CODE 00601	6. ADMINISTERED BY (If other than Item 5) Richland Operations Office U.S. Department of Energy Richland Operations Office P.O. Box 550, MSIN A7-80 Richland WA 99352		CODE 00601

7. NAME AND ADDRESS OF CONTRACTOR (No., Street, City, Country, State and ZIP Code) CASCADE NATURAL GAS CORPORATION Attn: BRENT WILDE 8113 W. GRANDRIDGE BLVD KENNEWICK WA 993367166		8. DELIVERY <input type="checkbox"/> FOB ORIGIN <input checked="" type="checkbox"/> OTHER (See below)
9. DISCOUNT FOR PROMPT PAYMENT		10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN ITEM Section 11.2

CODE 007942584	FACILITY CODE	11. SHIP TO/MARK FOR Richland Operations Office U.S. Department of Energy Richland Operations Office P.O. Box 550, MSIN A7-80 Richland WA 99352	12. PAYMENT WILL BE MADE BY OR for Richland U.S. Department of Energy Oak Ridge Financial Service Center P.O. Box 4307 Oak Ridge TN 37831
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13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: <input type="checkbox"/> 10 U.S.C. 2304 (c) () <input checked="" type="checkbox"/> 41 U.S.C. 253 (c) (1)		14. ACCOUNTING AND APPROPRIATION DATA			
15A. ITEM NO	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
Continued					

15G. TOTAL AMOUNT OF CONTRACT **\$250,000.00**

(X)	SEC.	DESCRIPTION	PAGE(S)	(X)	SEC.	DESCRIPTION	PAGE(S)
PART I - THE SCHEDULE				PART II - CONTRACT CLAUSES			
	A	SOLICITATION/CONTRACT FORM			I	CONTRACT CLAUSES	
	B	SUPPLIES OR SERVICES AND PRICES/COSTS		PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.			
	C	DESCRIPTION/SPECS./WORK STATEMENT			J	LIST OF ATTACHMENTS	
	D	PACKAGING AND MARKING		PART IV - REPRESENTATIONS AND INSTRUCTIONS			
	E	INSPECTION AND ACCEPTANCE			K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
	F	DELIVERIES OR PERFORMANCE			L	INSTRS., CONDS., AND NOTICES TO OFFERORS	
	G	CONTRACT ADMINISTRATION DATA			M	EVALUATION FACTORS FOR AWARD	
	H	SPECIAL CONTRACT REQUIREMENTS					

CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. <input type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return _____ copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)	18. <input checked="" type="checkbox"/> AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____ Including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any condition sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.
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19A. NAME AND TITLE OF SIGNER (Type or print)	19B. NAME OF CONTRACTOR	19C. DATE SIGNED	20A. NAME OF CONTRACTING OFFICER John J. Wiltshire	20B. UNITED STATES OF AMERICA	20C. DATE SIGNED 01/23/2012
	BY <i>(Signature of person authorized to sign)</i>		BY <i>(Signature of the Contracting Officer)</i>		

CONTINUATION SHEET

REFERENCE NO. OF DOCUMENT BEING CONTINUED
 GS-OOP-05-BSD-0357/DE-DT0002699

PAGE OF
 2 2

NAME OF OFFEROR OR CONTRACTOR

CASCADE NATURAL GAS CORPORATION

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
00001	<p>Tax ID Number: 91-0599090 DUNS Number: 007942584 As required by FAR 41.204(c)(3), attached to this SF26 is a fully executed Authorization Form Agreement under GSA areawide Contract GS-OOP-05-BSD-0347 for Natural Gas Distribution Service to the Hanford Site.</p> <p>The DOE Task Order issued against the above GSA areawide contract with Cascade Natural Gas Company is DE-DT0002699.</p> <p>The applicable terms and conditions of the Task Order are contained in the attached Authorization Form Agreement.</p> <p>Delivery Location Code: 00601 Richland Operations Office U.S. Department of Energy Richland Operations Office P.O. Box 550, MSIN A7-80 Richland WA 99352</p> <p>Fund: 01250 Appr Year: 2012 Allottee: 34 Report Entity: 421601 Object Class: 25200 Program: 1110849 Project: 0001525 WFO: 0000000 Local Use: 0000000 FOB: Destination Period of Performance: 01/23/2012 to 05/23/2014</p> <p>Phase 1 of the Task Order requires Cascade to support the Department of Energy and its Environmental Impact Statement (EIS) contractor in the preparation of the EIS as required by the National Environmental Policy Act (NEPA) to examine the potential for a service line extension by Cascade to this area of Hanford.</p> <p>The costs associated with Phase 1 of this Task Order shall not exceed \$5 million.</p> <p>The initial obligated amount is \$250K.</p>				250,000.00

CASCADE NATURAL GAS CORPORATION
AUTHORIZATION FOR NATURAL GAS SERVICE, CHANGE IN NATURAL GAS SERVICE,
OR DISCONNECTION OF NATURAL GAS SERVICE UNDER
CONTRACT NO. GS-OOP-05-BSD-0347

Ordering Agency: U.S. Department of Energy, Richland Operations Office
Address: 825 Jadwin Ave, Richland, WA 99352

Pursuant to Contract No. GS-OOP-05-BSD-0357 between the Contractor and the United States Government and subject to all the provisions thereof, service to the United States Government under such contract shall be rendered or modified as hereinafter stated. Contract Article 2 and 4 shall be followed for the initiation of service under this contract.

PREMISIS TO BE SERVED: Waste Treatment Plant (WTP) & 242-A Evaporator
SERVICE ADDRESS: _____

NATURE OF SERVICE: Connect, Change, Disconnect, Continue Service, DSM Work,
 Line Extension, Alteration, Relocation, or Reinforcement, Special Facilities

OTHER TERMS AND CONDITIONS: As specified in the attached Task Order

POINT OF DELIVERY: As specified in the attached Task Order

TERM OF SERVICE: From As specified in the attached task order through As specified in the attached task order.

SERVICE HEREUNDER SHALL BE UNDER RATE SCHEDULE: NO. 683,*
ESTIMATED ANNUAL ENERGY USAGE: As specified in the attached Task Order MCF,
ESTIMATED ANNUAL SERVICE COST: As specified in the attached Task Order
ESTIMATED CONNECTION/SPECIAL FACILITIES CHARGE: \$ _____ (If applicable)**
ACCOUNTING AND APPROPRIATION DATA FOR SERVICE: As specified in the attached Task Order
FOR CONNECTION/SPECIAL FACILITIES CHARGE: _____

CLAUSES INCORPORATED BY REFERENCE (Check applicable clauses):

- (1) 52.211-10 Commencement, Prosecution and Completion of Work (APR 1984)
- (2) 52.236-5 Material and Workmanship (APR 1984)
- (3) X 52.241-4 Change in Class of Service (FEB 1995)
- (4) 52.241-3 Scope and Duration of Contract (FEB 1995)
- (5) X 52.241-5 Contractor's Facilities (FEB 1995)
- (6) X 52.241-7 Change in Rates or Terms and Conditions of Service for Regulated Services (FEB 1995) (Use Full Text of Clause)
- (7) X 52.241-11 Multiple Service Locations (FEB 1995)
- (8) 52.243-1 Changes-Fixed Price (AUG 1987)
- (9) 52.249- Default () (Specify appropriate Clause)

BILLS WILL BE RENDERED TO THE ORDERING AGENCY FOR PAYMENT AT THE FOLLOWING ADDRESS:
As specified in the attached Task Order in _____ copies.
The foregoing shall be effective upon the return of the fully executed original Authorization by the contractor to the ordering Agency.

ACCEPTED:

U.S. DEPARTMENT OF ENERGY
RICHLAND OPERATIONS OFFICE

By: John J. Wiltshire
John J. Wiltshire
Authorized Signature

Title: CONTRACTING OFFICER

Date: 1/23/2012

CASCADE NATURAL GAS CORPORATION

By: Dennis L. Hardere
Dennis L. Hardere
Authorized Signature
Executive Vice President

Title: Business Development & Gas Supply

Date: January 23, 2012

- * Include a reference to the applicable rate schedule, and attach a copy of such schedule.
- ** If necessary, attach and make part hereof supplemental agreements or sheets that cover required connection or extension charges and special facilities or service arrangements. (See Article 5 of this Contract for instructions.)

NOTE:

A fully executed copy of this Authorization shall be transmitted by the ordering Agency to the Energy Center of Expertise (PLA), General Services Administration, Washington, DC 20407.

AGREEMENT FOR NATURAL GAS DISTRIBUTION TRANSPORTATION SERVICE

This Agreement ("Agreement"), as an Authorization under the GSA Areawide Contract No. GS-00P-05-BSD-0357 ("Areawide Contract") that became effective on June 13, 2005, is executed by the United States Department of Energy ("Government" or "DOE"), acting by and through its Richland Operations Office ("RL"), and Cascade Natural Gas Corporation ("Cascade" or "Contractor"), a corporation with its principal office in Kennewick, Washington.

This Agreement for Natural Gas Distribution System Transportation Service ("UTILITY SERVICE") sets forth the agreement between Cascade and RL for distribution transportation service within the quantity limits set forth in the Agreement for natural gas ("Gas") to be transported by Cascade from the Point of Receipt (Pasco, Washington) to the Point of Delivery (Hanford Central Plateau) to satisfy the Gas requirements of RL. Together Cascade, DOE and RL are sometimes referred to as the "Parties."

1. UTILITY SERVICES SUBJECT TO CONDITIONS PRECEDENT

The Government's obligation to purchase UTILITY SERVICE and Cascade's obligation to provide UTILITY SERVICE under this Agreement is expressly subject to completion of DOE's National Environmental Policy Act ("NEPA") process and a determination to proceed under a Record of Decision ("ROD"), and further subject to any required Federal, State, and local regulatory approvals. Accordingly, Cascade agrees to not commence construction of any UTILITY SERVICE infrastructure contemplated by this Agreement until after all applicable regulatory approvals have been secured and a decision to proceed under the ROD has been issued.

2. CONCEPTS OF IMPLEMENTING THE AGREEMENT

Since the UTILITY SERVICE and line extension contemplated by this Agreement are dependent upon the outcome of the NEPA process, this Agreement is divided into two Phases. Phase 1 allows Cascade to participate in the NEPA process without committing either Party to subsequent activities. Phase 2 allows for completion of the Agreement, following the completion of the ROD in Phase 1.

2.1. Phases of the Task Order:

- a) Phase 1 – pre-NEPA ROD
- b) Phase 2 – post-NEPA ROD

2.2. Phase 1:

Cascade shall support the Environmental Impact Statement (EIS) and its Record of Decision (ROD) process and, subject to a decision to proceed under the ROD, prepare to commence construction once the ROD has been approved, signed by DOE and made public. Cascade or its contractors shall provide an engineering feasibility study

of alternative natural gas pipeline diameters and route alignments, intended to identify which are more feasible or practical and why, from a technical engineering, environmental, and landowner perspective. The study, and, in particular, the alternative pipeline diameters and route alignments, will be described and evaluated in the EIS. Cascade will also retain responsibility for performing field surveys associated with, but not necessarily limited to, archaeological/cultural/historical resources, biological/ecological resources (i.e., rare, threatened, or endangered species), and habitat and wetland delineation in the construction areas and along the alternative pipeline route alignments.

Cascade will be responsible for obtaining from regulatory agencies applicable approvals and permits associated with their design, construction, operation, maintenance, and ownership of the natural gas pipeline. To that end, the EIS-Contractor retained by DOE shall review and provide sufficient environmental and engineering-related information, identify necessary permits and approvals (in consultation and coordination with DOE and Cascade), and undertake appropriate analyses within the EIS framework to support Cascade's preparation of applications for necessary permits and approvals, as applicable. Cascade will perform other specific Phase 1 activities as reasonably determined by DOE and its EIS contractor to be necessary to complete the NEPA process.

In the event DOE elects to terminate this Agreement for the convenience of the Government prior to Phase 2, Cascade's costs associated with Phase 1, including its overheads and Allowance for Funds used During Construction ("AFUDC") as provided in Exhibit 1, shall be reimbursed in accordance with Article 14.1 of the GSA Areawide contract, clause 52.249-2 - Termination for Convenience of the Government.

Costs associated with Phase 1 shall not exceed \$5 million. If a decision to proceed under the ROD is issued, and DOE authorizes Cascade to commence construction activities, Cascade's Phase 1 costs, including its overheads and AFUDC as provided in Exhibit 1, shall be included in the capitalized cost of the line extension and recovered in the calculation of the Monthly Facilities Charge.

2.3. Phase 2:

Cascade shall execute the remaining activities necessary to complete the Agreement. Cascade shall not commence Phase 2 prior to receipt of a written Notice to Proceed from the DOE Contracting Officer ("CO") to Cascade.

2.4. Termination:

The Government may elect to terminate this Agreement for its convenience. In the event the Government so elects, Cascade shall be entitled to be reimbursed for its costs, including its overheads and Allowance for Funds used During Construction ("AFUDC") as provided in Exhibit 1, in accordance with the "Termination for Convenience" provision included in the Areawide Contract. In the event of a termination for convenience during Phase 2, and subject to limitation of funds obligated, Cascade shall be entitled to an amount equal to the outstanding balance of Cascade's net capitalized costs or rate base for the facilities used or to be used in the provision of the UTILITY

SERVICE under this Agreement including any deferred income tax balance, adjusted for the net present value of any future income tax effects and also adjusted for any current income tax effects.

Costs due to either Party as a consequence of a default on the part of the other Party shall be determined in accordance with the "Default" provision included in the Areawide Contract.

Within six months following termination of UTILITY SERVICE to the Government, and subject to Section 11.5 a), the Government may, at its sole discretion, direct Cascade to remove its above ground equipment and facilities located on the Government's property north of Area 300. If so directed, Cascade shall, within six months of the direction, remove such facilities and equipment at its own expense. Additionally, within six months prior to termination of UTILITY SERVICE to the Government, and subject to Section 11.5 a), the Government may, at its sole discretion, direct Cascade to remove or abandon in place its buried pipeline located on the Government's property within a reasonable time following termination of UTILITY SERVICE. If so directed, Cascade may, at its sole discretion, either remove or abandon in place its buried pipeline. Such removal or abandonment of its buried pipeline shall be at Cascade's expense; provided, however, if RL requests and Cascade agrees to remove all or part of its buried pipeline, Cascade shall be entitled to an amount equal to the reasonable actual cost of such removal. Notwithstanding the foregoing, Cascade shall be allowed to maintain its above ground equipment and facilities, as well as its buried pipeline, located within or south of Area 300 upon termination of UTILITY SERVICE to RL.

Following termination of UTILITY SERVICE to the Government under this Agreement, Cascade shall not utilize any of its facilities or equipment constructed as part of the Phase 2 line extension, for the purpose of providing natural gas distribution service to third persons without first offering such services (up to 145,000 therms/day with a peak of 12,000 therms/day) to the Government at a cost equal to the Distribution Services Charge set forth in Cascade's Tariff filed with the Washington Utilities and Transportation Commission (WUTC). The offer to provide natural gas distribution service to the Government following termination of this Agreement shall be made in writing and shall be effective for a period of not less than four (4) months from the date of the notice. The Parties intend that charges for UTILITY SERVICE to DOE following termination of this Agreement, if any, shall not include recovery of capital costs for the line extension that were recovered in the Monthly Facilities Charges, including the Final Monthly Facilities Charge, paid by DOE under this Agreement.

2.5. Progress reports:

Progress reports will be submitted monthly to the CO until construction of the natural gas pipeline is complete. The content of these reports will include cost to date information, including AFUDC costs.

3. GAS SERVICE

Subject to receipt of all necessary regulatory approvals and permits, Cascade will provide UTILITY SERVICE for Gas as provided herein to RL beginning on the date the pipeline and other Cascade facilities necessary to provide such service are placed into service and able to

provide transportation services up to the daily contract quantity as defined in this Agreement. ("In-Service Date"). Cascade shall report monthly on the progress of such facilities and the In-Service Date. For sizing the Gas system, Cascade will use a potential future requirement of 145,000 therms/day with a peak of 12,000 therms/hour. Cascade will provide UTILITY SERVICE for the volumes of Gas tendered by RL up to the Daily Contract Quantity ("DCQ") of 145,000 therms/day received at the Point of Receipt. Any volumes tendered by RL for transportation and delivery by Cascade during any day in excess of the DCQ shall be transported and delivered by Cascade on a reasonable efforts basis. Upon request of Cascade, RL may agree to reduce its DCQ in which event the Monthly Facilities Charge shall be reduced by an amount proposed in Cascade's request for reduction in the DCQ or by an amount as otherwise agreed by the Parties. RL agrees that it shall receive delivery of all Gas used, if any, at its Hanford facilities (excluding, however, those Hanford facilities that currently receive service from Cascade under existing agreements) from Cascade under this Agreement or supplemental agreements during the life of this Agreement. The Gas will be transported by Cascade from the Point of Receipt to the Point of Delivery. The Point of Receipt shall be the interconnection point provided in contractual arrangements between Cascade and Northwest Pipeline Group ("NPG") for the interconnection generally referred to as the Pasco Gate Station 2. The Point of Delivery shall be at the termination of Cascade's pipeline facilities located on the RL facilities at Hanford Central Plateau near Richland, Washington. The Point of Delivery(s) will be described in the Easement that DOE will grant Cascade. Cascade's obligation to provide transportation service under this Agreement is subject to Rule 13 of Cascade's filed tariff. For clarity, the Company will use reasonable care to provide continuous service and restore interrupted service but does not assume responsibility for an uninterrupted supply of gas service and will not be liable for any loss or damage caused by the interruption of such service. Moreover, consistent with the clause entitled "Nuclear Hazards Indemnity Agreement" in 48 CFR Part 252.250-70, Cascade shall not be liable for incidental, special, indirect, punitive or consequential damages arising from nuclear incidents caused by transportation service interruptions.

4. TERM

This Agreement shall be effective for a primary term beginning on the date this Agreement is executed by all Parties and terminating on September 30 following the ninth anniversary of execution of the Agreement.

5. RATE

RL shall pay a Monthly Facilities Charge as set forth in this Agreement including any exhibits hereto, and such Distribution Service charges for transportation services rendered during the term of the Agreement as set forth in the Cascade's Tariffs including Rule 8, Rule 20 and Rate Schedule 663, as such schedule or rule or its successor is filed with the Washington Utilities and Transportation Commission ("WUTC"). The Monthly Facilities Charge, as more fully described in Exhibit 1, will be designed to allow RL over the term of this Agreement to pay in full for the initial capital costs accumulated as of the In-Service Date for the pipeline and other Cascade facilities necessary to provide UTILITY SERVICE to RL.

6. GAS SUPPLIES

RL will be required to secure both Gas supply and interstate pipeline transportation to the Point

of Receipt, including any applicable capacity and storage services, through third party arrangements. Service under this Agreement only includes transportation on Cascade's distribution facilities. Cascade has no obligation to purchase, secure/reserve gas supply or interstate pipeline capacity, or interstate pipeline transportation or storage services for RL.

7. REGULATORY APPROVAL

Cascade shall, with reasonable diligence, apply for, obtain and thereafter maintain any necessary regulatory approvals of the Agreement, the provision of UTILITY SERVICE, and the extension and construction of facilities necessary to provide UTILITY SERVICE from the WUTC. Cascade shall not be prohibited from filing changes to its tariffs or Rate Schedules during the Term of the Agreement. DOE shall not be prohibited from appealing to the WUTC with regard to rate changes instituted by Cascade.

8. DELIVERY PRESSURE

Cascade shall deliver Gas at the Point of Delivery at a pressure of not less than 100 psig.

9. QUALITY

The quality of Gas delivered to the Point of Receipt shall conform to applicable quality specifications in effect from time to time of NPG. The quality of Gas delivered by Cascade to the Point of Delivery shall be of substantially the same quality as that delivered to Cascade at the Point of Receipt.

10. NOMINATIONS, REPORTING AND BALANCING

RL and Cascade agree that they will coordinate with each other in complying with nomination, reporting and balancing procedures required by Cascade's Rule 20, Unbundled UTILITY SERVICE Rules, and Schedule 663, UTILITY SERVICE, inclusive, or their successors, as such Rules and Schedules may be filed with the WUTC and in effect from time to time. Nothing in this paragraph waives or compromises either Party's right to contest or defend any proposed penalty.

In the event that on any day RL would tender for transportation volumes of Gas in excess of the DCQ and if Cascade has transportation capacity available to transport such excess volumes, the charge shall be as stated in the above Distribution Service Charge plus any costs directly incurred by or penalties billed to Cascade as a result of RL's tender or consumption and Cascade's delivery of such contract overrun volumes.

11. TERMS AND CONDITIONS

11.1. **Notices.** Notices under this Agreement shall be in writing and sent by personal delivery, fax, overnight courier or mailed by registered, certified or express mail, postage prepaid as follows:

a) Department of Energy

Mailing Address: Department of Energy
Richland Operations Office
Procurement Division, MSIN A7-80
PO Box 550
Richland, WA 99352

Telephone: (509) 376-7271
Facsimile: (509) 376-5378

b) Cascade Natural Gas Corporation

Mailing Address: Cascade Natural Gas Corporation
8113 W. Grandridge Blvd.
Kennewick, WA 99336-7166

Telephone: (509) 734-4500
Facsimile: (509) 737-9834

- 11.2. **Bills.** Cascade is required to submit payment invoices and supporting documentation on a calendar month basis (using the format in Exhibit 2) electronically through the Oak Ridge Financial Service Center's (ORFSC) Vendor Inquiry Payment Electronic Reporting System (VIPERS) which is accessible at <http://finweb.oro.doe.gov/>. Detailed instructions on how to enroll and use the system are provided on the web page.

The website provides the vendor the following system capability, required EFT banking form/information and instructions:

- (1) Logon to VIPERS
- (2) Request Access
- (3) Vendor Banking Data Form
- (4) Registration
- (5) Invoice Status
- (6) Electronic Invoicing

All bills for transportation service provided hereunder are due and payable within thirty (30) days following receipt of a bill. All payments of such bills shall be made:

By electronic funds transfer to:

U.S. Bank of Washington
ABA No. 125000105

For credit to:

Cascade Natural Gas Corporation
Account #1707330369

By check payable to:

Cascade Natural Gas Corporation

With the exception of electronic funds transfer, all bills, payments and notices shall be sent to the addresses set forth in Section 11.1 above unless otherwise specified in writing.

- 11.3. Disputed Billings - Late Payment.** Should RL fail to pay on a timely basis all of the amount of any billing for services rendered, or for any other charges hereunder, such billings shall be subject to a late payment charge as provided in Cascade's Tariff (Schedule 200) from the delinquent date until date of payment. However, if RL, in good faith, shall dispute the amount of such billing or part thereof, RL shall pay to Cascade such amount as it concedes to be correct. If it is determined that RL owes Cascade the disputed amount, RL will pay Cascade that amount. Disputed amounts will be deemed delinquent if not paid by RL within thirty (30) days after a determination the disputed amount is owed to Cascade; late payment charges thereon shall thereafter accrue as provided above. If either principal or late payment charges are due, any payments thereafter received shall first be applied to late payment charges due, then to the previously outstanding principal due and lastly, to the most current principal due.
- 11.4. Transportation Service.** In any one day, Cascade shall not be required to accept at the Point of Receipt nor deliver at the Point of Delivery a total volume of Gas greater than the DCQ. The maximum amount of transportation service which RL shall be entitled to receive and the maximum amount of distribution transportation capacity Cascade is obligated to provide in any one (1) hour is 12,000 therms. For the purposes of this Agreement, "Day" is defined as a consecutive twenty-four (24) hour period starting at 7:00 A.M. PST and a therm is defined as a unit of energy equal to 100,000 British Thermal Units.
- 11.5. Measurement.** Measurement for billing purposes will be provided by Cascade.
- a) Cascade may own, install, operate, modify and maintain metering and regulating equipment on RL's property. No charge will be made by RL for the use of premises occupied by Cascade's equipment. Cascade shall have the right to enter onto RL's property at any reasonable time for any purposes connected with the providing of distribution transportation service per this Agreement and the Easement granted to Cascade by RL. At the termination of this Agreement, Cascade shall negotiate the right to enter onto RL's property for the purpose of removing any or all of Cascade's equipment and facilities. Cascade shall indemnify and hold harmless RL from any loss, cost or damage, including attorneys' fees, to the extent caused by Cascade's negligence or misconduct in conducting activities described above.
 - b) The RL shall provide and maintain, at no cost to Cascade, a 120 volt, 15 ampere, AC power supply or other power source acceptable to Cascade and acceptable telephone service available at RL's meter location(s). RL agrees to provide and maintain, at no cost to the Cascade, any necessary telephone services to assure Cascade of a quality telephone signal necessary to properly transmit data. The RL shall pay all charges for continuous electric and telephone service associated with the Cascade's connection of the remote data acquisition equipment, and any interruption in such services must be promptly remedied or service under this

Agreement will be suspended until satisfactory corrections have been made.

12. INDEPENDENT CONTRACTORS

Nothing herein shall be construed as creating or having created a partnership or joint venture between the Parties hereto and neither Party shall have the power to bind or obligate the other to an agreement with a third party except to the extent RL has granted specific authority to Cascade with respect to Gas nominations, reporting and balancing.

13. FILED TARIFFS

Service under this Agreement shall be subject to applicable terms and conditions of Cascade's filed tariffs, and particularly Rule 8, Rule 20 and Rate Schedule 663 as such schedule or its successor schedule(s) may be filed with the WUTC and in effect from time to time, except as otherwise specifically provided herein. This Agreement is subject to orders, rules and regulations of duly constituted authorities having jurisdiction over Cascade.

14. SUCCESSORS AND ASSIGNS

Any company which shall succeed by purchase, merger or consolidation, of either Cascade or RL, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Otherwise no assignment of this Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of RL in the event of an assignment by Cascade, or the written consent thereto of Cascade in the event of an assignment by RL, which consents will not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this paragraph shall not in any way prevent either Party to this Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness without the approval of the other Party.

15. MODIFICATION

Modification of the terms and provisions of this Agreement shall be made in accordance with the Areawide Contract.

16. GOVERNMENT FURNISHED SERVICES AND INFORMATION

Some of the areas of support on the Hanford Site will include safeguards and security, environmental, ecological, cultural, biological, historical, and radiological. DOE will provide an easement for Hanford Site land as well as site services, utilities and infrastructure necessary to establish the utility services. Hanford Site maps, drawings and other pertinent data/information will be supplied as needed.

Hanford Site Radiological Support: DOE contractors will ensure that CNG workers are protected from radiological areas and contamination. Regulatory and permitting aspects on the Hanford site: DOE will supply the necessary documents for easements, cultural, biological, and environmental reviews and approvals and siting.

17. SEVERABILITY

If any provision hereof shall be found to be inoperative or in violation of any law or regulation, only that provision shall be deleted from this Agreement, and the remainder of this Agreement shall not be affected.

18. APPLICABLE LAW

The laws of the State of Washington shall govern this Agreement and the rights and the obligations of the Parties hereunder.

19. ATTORNEY'S FEES

In the event it becomes necessary for either Party to obtain the services of an attorney for the purposes of collection, interpretation, or enforcement of any of the provisions of this Agreement, the prevailing Party shall be entitled to reimbursement of all reasonable attorney's fees and collection costs as the arbitrator, the trial judge or the Appellate Court may judge reasonable in the arbitration or trial of the action and the appeal, if any, along with statutory costs, disbursements, and applicable interest.

20. FORCE MAJEURE

Force Majeure shall be consistent with Cascade's Tariff and the Areawide Contract.

21. INDEMNIFICATION

To the extent not precluded by applicable laws, each Party will indemnify, defend and hold harmless the other Party and its officers, employees and agents from any and all claims, suits, actions, damages, costs (including, without limitation, reasonable attorney's fees) or liabilities to the extent arising from the indemnifying Party's (a) failure to perform its obligations hereunder, or (b) breach of its representations or covenants hereunder, or (c) the errors, omissions, negligence or failure to act which results in personal injury or death or property damage, or (d) the breach or violation of any law, regulation, rule or administrative procedure.

EXHIBIT 1 – MONTHLY FACILITIES CHARGE

The charges associated with supplying UTILITY SERVICE under this Agreement will include a Monthly Facilities Charge that addresses the capital costs of the pipeline and other facilities necessary to supply UTILITY SERVICE under this Agreement, and other costs necessary to allow Cascade an opportunity to earn its authorized rate of return. The capital costs associated with the pipeline and other facilities will not be known until after construction is complete. Cascade will calculate the Monthly Facilities Charge after construction is complete and will provide RL with documentation that shows the development of the Monthly Facilities Charge no later than the issuance of the first bill for UTILITY SERVICE that includes the Monthly Facilities Charge for the first year after the In-Service Date. Cascade will provide RL with documentation for development of the Example Monthly Facilities Charge for each subsequent annual period within thirty days prior to the anniversary date of the In-Service Date. The Parties agree that the calculation of the Monthly Facilities Charge will be consistent with the calculation methodology shown on Attachment 1 and shall include the following:

Cost Inputs to Be Determined After Construction is Complete:

- Cascade's capital investment in the project includes all Phase 1 and Phase 2 costs and all capitalized costs incurred after completion of Phase 2 construction in compliance with statutes or regulations of the United States or the State of Washington to provide safe and reliable UTILITY SERVICE to RL.
- The rate of return shall be the weighted average cost of capital approved or adopted by the WUTC for Cascade in the most recent general rate proceeding prior to the calculation of the Monthly Facilities Charge for each annual period following the In-Service Date; provided, however, that the Monthly Facilities Charge will be updated within an annual period to reflect the actual effective date for any change in the weighted average cost of capital for Cascade approved or adopted by the WUTC.
- The property tax rate, currently estimated to be 1.1%, that will be used to calculate the Monthly Facilities Charge, will be based upon the tax rates for the two counties through which the pipeline will be constructed and the specific tax rates and pro-rated capital costs of the project for each county.

Cost Inputs Currently Agreed to By the Parties:

- An overhead rate of 17.6 % will be applied to all capital costs associated with all Phase 1 and Phase 2 costs including construction costs of the pipeline and other facilities; provided, however, the overhead rate will not be applied to costs associated with interconnecting to the Williams Northwest Pipeline. An overhead rate of that used by Cascade for similar capital projects will be used for any capital costs incurred by Cascade after the In-Service Date.
- AFUDC costs will be calculated in accordance with the methodology prescribed by the Federal Energy Regulatory Commission under the Uniform System of

Accounts (18 CFR Part 201) for gas plant.

- Operation and maintenance costs of \$30,000 per year after the In-Service Date and escalating at 3% per year.
- A book depreciation life equal to the number of months remaining in the term of this Agreement following the In-Service Date or such other depreciation rate adopted or approved by the WUTC for the facilities used in providing UTILITY SERVICE hereunder; provided, however, that the Monthly Facilities Charge, including the Final Monthly Facilities Charge as defined below, will be designed in part to allow RL over the term of this Agreement to pay in full for the initial capital costs accumulated as of the In-Service Date for the pipeline and other Cascade facilities necessary to provide UTILITY SERVICE to RL.
- An income tax rate of 37.5%.
- A minimum DCQ of 145,000 therms.
- Minimum usage requirement – 0 therms

Unless otherwise agreed by the Parties in a new agreement for Distribution Transportation Service following termination of this Agreement, the final Monthly Facilities Charge under this Agreement (“Final Monthly Facilities Charge”) shall also include an amount equal to the outstanding balance of Cascade’s rate base for the facilities used in the provision of the UTILITY SERVICE under this Agreement including any deferred income tax balance, adjusted for the net present value of any future income tax effects and also adjusted for any current income tax effects.

EXHIBIT 2 – EXAMPLE BILL

For planning and budgeting purposes the following example bill should be a reasonable approximation of charges under this Agreement based on the current Rate Schedule 663 and the estimated cost to complete the pipeline and other facilities.

Example Bill

Monthly Facility Charge			See Attachment 1
R/S 663 Tariff Charges			
A) Contract Demand	145,000	\$0.15	\$21,750
B) Dispatching Service Charge			\$500
Volumetric charges	1,350,000	\$0.0002	\$270
C) Delivery Charges (Assumes 45,000 therms/day for 30 days)			
First 100,000	100,000	\$0.0535	
Next 200,000	200,000	\$0.0180	
Next 200,000	200,000	\$0.0100	
Over 500,000	850,000	\$0.0035	
	1,350,000		\$13,925
D) Gross Revenue Fee (Currently 4.535 %)			
E) Fuel Use (Customer shall provide Company with in-kind fuel for distribution system lost and unaccounted for gas. The current rate is .3409%.)			
Rate Adjustments (Rates subject to adjustments as specified in Schedule Nos. 595, 596, 598, and 599 (when applicable) as well as other applicable adjustments approved by the WUTC.)			TBD
Total Monthly Charges			TBD

EXHIBIT 3 – Illustrative Monthly Facilities Charge

Attachment 1, Example Facilities Charge Calculation illustrates the method of calculation to determine the Monthly Facilities Charge, including the Final Monthly Facilities Charges. The figure for direct costs included in the attached Example is an estimated amount for illustrative purposes, and shall not be construed as binding on either party.

Attachment 1 Model Operation

1. This example uses an estimated final project cost of \$32,615,761 (cell D11). The actual monthly facilities charge will be calculated using the actual project construction cost calculated at the end of the construction of the pipeline.
2. Model solves for an annual regulated rate of return in column V by adjusting the monthly facilities charge in column L using the Excel "Goal Seek" function. The rate of return is 8.85% in this example.
3. Model is designed to solve for the annual book operating income in column U needed to provide a regulated rate of return on the average remaining ratebase in column T.
4. Model assumes no minimum annual usage.
5. Annual book operating income (U) includes the revenue from the annual facilities charge (M) and annual contract demand change (N) offset by book depreciation (F), deferred tax expense (I), O&M Expense (O), property tax expense (P), and income tax expense (S).
6. At the end of the 7 year period CNG has remaining rate base of \$7,086,812 in the form of a deferred tax asset.

SUPPLEMENTAL CLAUSES

This Agreement incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at <http://www.arnet.gov>.

52.232-22 -- Limitation of Funds (Apr 1984)

(a) The parties estimate that performance of this contract will not cost the Government more than

(1) the estimated cost specified in the Task Order or,

(2) if this is a cost-sharing contract, the Government's share of the estimated cost specified in the Task Order.

The Contractor agrees to use its best efforts to perform the work specified in the Task Order and all obligations under this contract within the estimated cost, which, if this is a cost-sharing contract, includes both the Government's and the Contractor's share of the cost.

(b) The Task Order specifies the amount presently available for payment by the Government and allotted to this contract, the items covered, the Government's share of the cost if this is a cost-sharing contract, and the period of performance it is estimated the allotted amount will cover. The parties contemplate that the Government will allot additional funds incrementally to the contract up to the full estimated cost to the Government specified in the Task Order, exclusive of any fee. The Contractor agrees to perform, or have performed, work on the contract up to the point at which the total amount paid and payable by the Government under the contract approximates but does not exceed the total amount actually allotted by the Government to the contract.

(c) The Contractor shall notify the Contracting Officer in writing whenever it has reason to believe that the costs it expects to incur under this contract in the next 60 days, when added to all costs previously incurred, will exceed 75 percent of

(1) the total amount so far allotted to the contract by the Government or,

(2) if this is a cost-sharing contract, the amount then allotted to the contract by the Government plus the Contractor's corresponding share.

The notice shall state the estimated amount of additional funds required to continue performance for the period specified in the Task Order.

(d) Sixty days before the end of the period specified in the Task Order, the Contractor shall notify the Contracting Officer in writing of the estimated amount of additional funds, if any, required to continue timely performance under the contract or for any further period specified in the Task Order or otherwise agreed upon, and when the funds will be required.

(e) If, after notification, additional funds are not allotted by the end of the period specified in the Task Order or another agreed-upon date, upon the Contractor's written request the Contracting Officer will terminate this contract on that date in accordance with the provisions of the Termination clause of this contract. If the Contractor estimates that the funds available will allow it to continue to discharge its obligations beyond that date, it may specify a later date in its request, and the Contracting Officer may terminate this contract on that later date.

(f) Except as required by other provisions of this contract, specifically citing and stated to be an exception to this clause --

(1) The Government is not obligated to reimburse the Contractor for costs incurred in excess of the total amount allotted by the Government to this contract; and

(2) The Contractor is not obligated to continue performance under this contract (including actions under the Termination clause of this contract) or otherwise incur costs in excess of --

(i) The amount then allotted to the contract by the Government or;

(ii) If this is a cost-sharing contract, the amount then allotted by the Government to the contract plus the Contractor's corresponding share, until the Contracting Officer notifies the Contractor in writing that the amount allotted by the Government has been increased and specifies an increased amount, which shall then constitute the total amount allotted by the Government to this contract.

(g) The estimated cost shall be increased to the extent that

(1) the amount allotted by the Government or,

(2) if this is a cost-sharing contract, the amount then allotted by the Government to the contract plus the Contractor's corresponding share, exceeds the estimated cost specified in the Task Order.

If this is a cost-sharing contract, the increase shall be allocated in accordance with the formula specified in the Task Order.

(h) No notice, communication, or representation in any form other than that specified in subparagraph (f)(2) above, or from any person other than the Contracting Officer, shall affect the amount allotted by the Government to this contract. In the absence of the specified notice, the Government is not obligated to reimburse the Contractor for any costs in excess of the total amount allotted by the Government to this contract, whether incurred during the course of the contract or as a result of termination.

(i) When and to the extent that the amount allotted by the Government to the contract is increased, any costs the Contractor incurs before the increase that are in excess of --

(1) The amount previously allotted by the Government or;

(2) If this is a cost-sharing contract, the amount previously allotted by the Government to the contract plus the Contractor's corresponding share, shall be allowable to the same extent as if incurred afterward, unless the Contracting Officer issues a termination or other notice and directs that the increase is solely to cover termination or other specified expenses.

(j) Change orders shall not be considered an authorization to exceed the amount allotted by the Government specified in the Task Order, unless they contain a statement increasing the amount allotted.

(k) Nothing in this clause shall affect the right of the Government to terminate this contract. If this contract is terminated, the Government and the Contractor shall negotiate an equitable distribution of all property produced or purchased under the contract, based upon the share of costs incurred by each.

(l) If the Government does not allot sufficient funds to allow completion of the work, the Contractor is entitled to a percentage of the fee specified in the Task Order equaling the percentage of completion of the work contemplated by this contract.

(End of Clause)

**52.241-7 -- Change in Rates or Terms and Conditions of Service for Regulated Services.
(Feb 1995)**

(a) This clause applies to the extent services furnished under this contract are subject to regulation by a regulatory body. The Contractor agrees to give written notice of:

(1) the filing of an application for change in rates or terms and conditions of service concurrently with the filing of the application and

(2) any changes pending with the regulatory body as of the date of contract award. Such notice shall fully describe the proposed change. If, during the term of this contract, the regulatory body having jurisdiction approves any changes, the Contractor shall forward to the Contracting Officer a copy of such changes within 15 days after the effective date thereof. The Contractor agrees to continue furnishing service under this contract in accordance with the amended tariff, and the Government agrees to pay for such service at the higher or lower rates as of the date when such rates are made effective.

(b) The Contractor agrees that throughout the life of this contract the applicable published and unpublished rate schedule(s) shall not be in excess of the lowest cost published and unpublished rate schedule(s) available to any other customers of the same class under similar conditions of use and service.

(c) In the event that the regulatory body promulgates any regulation concerning matters other than rates which affects this contract, the Contractor shall immediately provide a copy to the Contracting Officer. The Government shall not be bound to accept any new regulation inconsistent with Federal laws or regulations.

(d) Any changes to rates or terms and conditions of service shall be made a part of this contract by the issuance of a contract modification unless otherwise specified in the contract. The effective date of the change shall be the effective date by the regulatory body. Any factors not governed by the regulatory body will have an effective date as agreed to by the parties.

(End of Clause)

Exhibit C-2



U.S. General Services Administration
Public Buildings Service
Washington, DC 20405

Areawide Public Utilities Contract

Cascade Natural Gas Corporation

Seattle, Washington

For Natural Gas Service
in Washington and Oregon

Contract No. GS-00P-05-BSD-0357

From: June 13, 2005

To: June 12, 2015



Areawide Public Utility Contract
for
NATURAL GAS
and
ENERGY MANAGEMENT SERVICES

Contract No. GS-00P-05-BSD-0357

between the

United States of America

and

CASCADE NATURAL GAS CORPORATION

for service in

the Greater Seattle, Washington Area

Negotiated Areawide Contract
No. GS-00P-05-BSD-0357

between the
United States of America
and
Cascade Natural Gas Corporation

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NEGOTIATED AREAWIDE CONTRACT
No. **GS-00P-05-BSD-0357**

BETWEEN THE
UNITED STATES OF AMERICA
AND
CASCADE NATURAL GAS CORPORATION

THIS AREAWIDE CONTRACT FOR natural gas and energy management services is executed this 13th day of June, 2005, between the UNITED STATES OF AMERICA, acting through the Administrator of General Services (hereinafter referred to as the "Government"), pursuant to the authority contained in Section 201(a) of the Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 501(b)(1), and Cascade Natural Gas, a corporation organized and existing under the laws of the State of Washington, and having its principal office and place of business at 222 Fairview Avenue North, Seattle, Washington 98109-5312 (hereinafter referred to as the "Contractor"):

WHEREAS, the Contractor is a natural gas and energy management utility corporation that is regulated by the State of Washington Public Utility Commission;

WHEREAS, the Contractor now has on file with the Commission and/or with such other regulatory bodies as may have jurisdiction over the Contractor (hereinafter referred to collectively as the "Commission") all of its effective tariffs, rate schedules, riders, rules and regulatory terms and conditions of service, as applicable;

WHEREAS, with some exceptions, the Government is generally required by Chapter 1 of Title 48 of the Federal Acquisition Regulation (FAR), 48 CFR 41.204, to enter into a bilateral contract for natural gas and energy management services at each Federal facility where the value of the utility service provided is expected to exceed \$50,000 per year;

WHEREAS, where the Government has an areawide contract in effect with a particular utility then such utility service is normally to be procured thereunder;

WHEREAS, the Government is now purchasing such natural gas and energy management services from the Contractor under the Areawide Public Utilities Contract for aforementioned services (Contract No. GS-OOP-95-BSD-0006) that expires on 12 June 2005, or under some other service arrangement; and

WHEREAS, the Contractor and the Government mutually desire that this Areawide Contract be used by the agencies of the Government in obtaining natural gas and energy management services from the Contractor and to facilitate partnering arrangements as encouraged and authorized by P.L. 102-486 (Energy Policy Act of 1992) 10 U.S.C. 2865 and 42 U.S.C. 8256);

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereby agree as follows:

ARTICLE 1. DEFINITIONS.

1.1. As used in this contract,

(a) the term "Areawide Contract" means this master contract entered into between the Government and Contractor to cover the utility service acquisitions of all Federal agencies in the franchised certificated service territory from Contractor for a period not to exceed ten (10) years;

(b) the term "Agency" means any Federal department, agency, or independent establishment in the executive branch of the Government, any establishment in the legislative or judicial branches of the Federal Government, or any wholly/mixed ownership Government corporation, as defined in the Government Corporation Control Act;

(c) the term "Ordering Agency" means any Agency that enters into a bilaterally executed Authorization for procurement of natural gas and energy management services under this Areawide Contract;

(d) the term "Authorization" means an order form used to acquire services under this areawide contract (see Exhibit "A" AUTHORIZATION FOR NATURAL GAS SERVICE, Exhibit "B" AUTHORIZATION FOR ENERGY MANAGEMENT SERVICE) annexed hereto;

(e) the term "Termination Authorization" means an order form used to discontinue or disconnect services under this Areawide Contract (SEE EXHIBIT "A" AUTHORIZATION FOR NATURAL GAS SERVICE, EXHIBIT "B" AUTHORIZATION FOR ENERGY MANAGEMENT SERVICE);

(f) the term "Service" means any natural gas and energy management services generally available from the Contractor pursuant to Contractor's Tariffs or the Contractor's Terms and Conditions, whichever is applicable;

(g) the term "Gas Service" means regulated gas commodity, where applicable, transmission, distribution, and/or related services; related services include, but is not limited to maintenance, operations and emergency response;

(h) the term "Energy Management Service (EMS)" measure means any project that reduces and/or manages energy demand in a facility (Energy Conservation Measure and Demand Side Management Measure are considered equivalent terms.) To be considered an EMS measure, the measure must satisfy all of the following requirements:

1. the EMS measure must produce measurable energy reductions or measurable amounts of controlled energy and/or water use;
2. The EMS measure must be directly related to the use of energy or directly control the use of energy or water;
3. The preponderance of work covered by the EMS measure (measured in dollars) must be for items 1 and 2 above; and
4. The EMS measure must be an improvement to real property.

(i) the term "Contractor's Tariffs" means Cascade Natural Gas utility service Tariffs, and includes rate schedules, riders, rules, regulations, and regulated terms and conditions of service as may be modified, amended or supplemented by the Contractor from time to time and, approved by the Commission;

(j) the term "Contractor's Terms and Conditions" for this Agreement, means the terms, conditions, policies, payment terms and prices established by the Contractor for those services that are provided by the Contractor but not specifically addressed by the Contractor's Tariff;

(k) the term "Connection Charge" means a Contractor's charge for facilities on the Contractor's side of the delivery point which facilities (1) are required to make connections with the nearest point of supply and (2) are in accordance with the Contractor's Tariffs and the Commission's rules and regulations, installed, owned, maintained and operated by the Contractor.

(l) the term "Class of Service" or "Service Classification" means those categories of service established in the Contractor's Tariff or the Contractor's Terms and Conditions, as applicable;

1.2. This Article is hereby expanded to include the additional definitions contained in FAR Clause 52.202-1, Definitions (MAY 2001), 48 C.F.R. 52.202-1, which are incorporated herein by reference.

ARTICLE 2. SCOPE AND DURATION OF CONTRACT.

2.1. This Areawide Contract shall be in effect upon the date of execution and shall continue for a period of ten (10) years, except that the Government, pursuant to the clause contained in FAR 52.249-2 (48 C.F.R. 52.249-2), incorporated into this areawide contract under Article 14.1-24, or the Contractor, upon 60 days written notice to the Government, and without liability to the Government or any ordering agency, may terminate this areawide contract, in whole or in part, when it is in their respective interest to do so, provided, however, that neither the stated duration of this areawide contract nor any other termination of it, in whole or in part, pursuant to such incorporated clause, this Article 2.1, or otherwise, shall be construed to affect any obligation for any payment, charge, rate, or other matter that may be imposed pursuant to the Contractor's tariffs, rates, rules, regulations, riders, practices, or terms and conditions of service as may be modified, amended, or supplemented by the Contractor and approved from time to time by the Commission.

2.2. Authorizations may be executed under this Areawide Contract at any time during the term of the contract, up to and including the last effective date. Authorizations may be executed for a term extending beyond the term of this Areawide Contract, and for any particular length of term, provided that it is within the contracting authority of the Ordering Agency.

2.3. Expiration or termination of this contract shall not cause the termination of the Individual Authorizations issued under this Areawide Contract. Such Authorizations shall remain in effect for their designated term and shall incorporate the terms and conditions of this Areawide Contract.

2.4 The provisions of this Areawide Contract shall not apply to the Contractor's service to any Agency until both the ordering Agency and the Contractor execute a written Authorization for natural gas and energy management services. Upon bilateral execution of an Authorization, the Contractor agrees to furnish to the ordering Agency, and the ordering Agency agrees to purchase from the Contractor, the above noted services for the installation(s) or facilities named in the Authorization pursuant to the terms of this Areawide Contract.

2.3. Nothing in this Areawide Contract shall be construed as precluding the ordering Agency and the Contractor from entering into an Authorization for negotiated rates or service of a special nature, provided such negotiated rates or service are in accordance with the rules and regulations of the Commission, if applicable.

ARTICLE 3. EXISTING CONTRACTS.

3.1. The parties agree that an Agency currently acquiring service from the Contractor under a separate written contract may continue to do so until that contract expires or until such time as the Agency and the Contractor mutually agree to terminate that separate written contract and have such service provided pursuant to this Areawide Contract by executing an appropriate Authorization or Authorizations.

3.2. Existing special rates and services of a special nature currently provided under a separate written contract may be continued under the Authorizations described in Article 3.1 if requested by the Ordering Agency and agreed upon by the Contractor.

ARTICLE 4. AUTHORIZATION PROCEDURE AND SERVICE DISCONNECTION.

4.1. To obtain or change service under this Areawide Contract, the ordering Agency shall complete the appropriate Authorization and forward it to the Contractor. Upon the request of the ordering Agency, the Contractor shall endeavor to provide reasonable assistance to the ordering Agency in selecting the service classification which may be most favorable to the ordering Agency. Upon execution of an Authorization by both the Contractor and the ordering Agency, the date of initiation or change in service shall be effective as of the date specified in the Authorization. An executed copy of the Authorization shall be transmitted by the ordering Agency to GSA at the address provided in Article 15.1.

4.2. During the term of this Areawide Contract, effective Authorizations need not be amended, modified, or changed by an Ordering Agency to reflect changes in: accounting and appropriation data, the Contractor's tariff, the Contractor's cost of purchased fuel, or the estimated annual cost of service. Such changes are considered internal to the party involved. Where changes are required in effective Authorizations because of a change in the service requirements of an Ordering Agency, an amended Authorization shall be mutually agreed upon and executed.

4.3. An ordering Agency or the Contractor may discontinue service provided pursuant to this Areawide Contract to a particular Federal facility or installation by delivering a written Termination Authorization to the other. Such discontinuance of service by an ordering Agency or the Contractor shall be in accordance with the terms of this Areawide Contract and the Contractor's Tariffs.

4.4. Within the authorities of the Ordering Agency, the term of any Individual Authorization is independent of the expiration date of this Areawide Contract and the conditions and articles of this Areawide Contract shall apply throughout the term of any Authorization placed against it in accordance with Article 17.4 herein.

ARTICLE 5. RATES, CHARGES, AND PUBLIC REGULATION.

5.1 A complete listing of all Contractor's Tariffs is available to the Government and any ordering Agency electronically at the Contractor's website accessible via www.CNGC.com (update hyperlink by rightclicking mouse, hyperlink, update hyperlink).

5.2. Subject to the provisions of Article 2.3, all natural gas and energy management service purchases under this Areawide Contract, as well as any other action under this Areawide Contract shall be in accordance with, and subject to, the Contractor's Tariffs, except to the extent that same are preempted by Federal law. Throughout the term of the Contract, the Government shall have full access to the Contractor's currently effective Tariffs. In the event the Contractor's Tariffs become inaccessible via the Internet or the ordering Agency does not have access to the Internet, the Contractor agrees to provide newly effective or amended Tariffs in accordance with the Contractor's Tariff distribution practices, policies and procedures applicable to all customers.

5.3. If, during the term of this Areawide Contract, the Commission approves a change in rates for services specified in Authorizations in effect hereunder, the Contractor agrees to continue to furnish, and the ordering Agency agrees to continue to pay for, those services at the newly approved rates from and after the date such rates are made effective. As provided in Article 4.2, modification of any Authorization hereunder is not necessary to implement higher or lower rates.

5.4. The Contractor hereby represents and warrants to the Government that the service rates available to any Ordering Agency hereunder shall at all times not exceed those available to any other customer served under the same service classification for the same or comparable service, under like conditions of use. Nothing herein shall require the Contractor to apply service rates that are inapplicable to the Ordering Agency.

5.5. Reasonable written notice via an Authorization shall be given by the ordering Agency to the Contractor, at the address provided in Article 15.2, of any material changes proposed in the volume or characteristic of utility services required by the Ordering Agency.

5.6. To the extent required by the Contractor's Tariffs, the Commission's rules and regulations, or the Contractor's policies and practices applicable to all customers, and in accordance therewith, any necessary extension, alteration, relocation, or reinforcement of the Contractor's transmission or distribution lines, related special facilities, service arrangements, demand side management services (including any rebates to which the ordering Agency may be entitled), energy audit services, or other services required or requested by an ordering Agency shall be provided and, as applicable, billed for, by the Contractor. To the extent available from the Contractor, the Contractor shall provide and, as applicable, bill for such technical assistance on or concerning an ordering Agency's equipment (such as the inspection or repair of such equipment) as may be requested by such ordering Agency. The charges for such technical assistance shall be calculated at the time the technical assistance is rendered, as mutually agreed upon by the Contractor and the Agency, and shall comply with Contractor's Tariffs, if applicable. The Authorization or any other agreement used to obtain and provide the matters, services, or technical assistance described in this Article 5.6 shall contain information descriptive of the matters, services, or technical assistance required or requested, including the amount of (or method to determine) any payment to be made by the ordering Agency to the Contractor for the provision of said matters, services, or technical assistance.

5.7. Any charges for matters or services referenced in Article 5.6 hereof which are not established by the Contractor's Tariffs shall be subject to audit by the ordering Agency prior to payment; provided, however, that notwithstanding such right to audit, payment for the matters and services referenced in Article 5.6 thereof shall not be unreasonably withheld or denied. The Contractor further warrants and represents to the Government that charges for the matters or services referenced in Article 5.6 hereof will not exceed the charges billed to other customers of the Contractor served under the same service classification for like matters or services provided under similar circumstances.

5.8. The requirements of the Disputes clause at FAR 52.233-1 are supplemented to provide that matters involving the interpretation of Contractor's Tariffs are subject to the jurisdiction and regulation of the utility rate commission having jurisdiction.

ARTICLE 6. BILLS AND BILLING DATA.

6.1. The natural gas and energy management services supplied hereunder shall be billed to the ordering Agency at the address specified in each Authorization. Bills shall be submitted in original only, unless otherwise specified in the Authorization. All bills shall contain such data as is required by the Commission to substantiate the billing, and such other reasonable and available data as may be requested by the ordering Agency, provided that such other data are contained in bills provided to other customers of the Contractor served under the same service classification as the ordering Agency.

ARTICLE 7. PAYMENTS FOR SERVICES.

7.1. Payments hereunder shall not be paid in advance of services rendered. The ordering Agency shall effect payment of all bills for regulated services rendered under this Contract in accordance with the terms of the Contractor's Tariff. Changes in the Contractor's Tariff provisions for the payment of bills shall supersede the provisions of this paragraph.

7.2. The ordering Agency will make invoice payments for services not subject to the direct regulation of the Commission in accordance with the provisions of the FAR Subpart 52.232-25 (Article 14.1-15). The interest rate for late payments made pursuant to this clause shall be computed in accordance with the Office of Management and Budget prompt payment regulations at 5 C.F.R. 1315.

7.3. Payments hereunder shall not normally be made in advance of services rendered in accordance with 48 C.F.R. Subpart 32.4 unless required by the Contractor's Tariff.

7.4. Each payment made by Treasury check to the Contractor shall include the Contractor's billing stub(s), or a Government or ordering Agency payment document, that clearly and correctly lists all of the Contractor's account numbers to which the payment applies and the dollar amount applicable to each account. If payment is by Electronic Funds Transfer either through the Automated Clearing House (ACH) or the Federal Reserve Wire Transfer System, the provisions of FAR Subpart 52.232-34 shall apply (See Article 14).

ARTICLE 8. CONTRACTOR-OWNED METERS.

8.1. Metering equipment of standard manufacture suitable to measure all utility services supplied by the Contractor hereunder shall be furnished, installed, calibrated and maintained by the Contractor at its expense. In the event any meter fails to register or registers incorrectly, as determined by the regulations of the Commission, billing adjustments shall be made in accordance with such regulations.

8.2. The Contractor, so far as possible, shall read all meters monthly in accordance with the Contractor's Tariff and the Commission's regulations.

8.3. Meters shall be inspected upon installation at no direct charge to the Ordering Agency. Subsequent inspection, periodic testing, repair, and replacement of meters shall be done in such place and manner as provided by the Commission's regulations. Upon notice that a meter is failing to register correctly, the Contractor shall take immediate steps to effect replacement or repair. Ordering Agencies shall have the right to request a meter test in accordance with the procedures prescribed in the Commission's regulations. The tests and applicable meter accuracy standards are those set forth in the Commission's regulations. The expense of meter tests shall be borne by the party designated as responsible therefor in the Commission's regulations.

8.4. For the purposes of this Article, references to meters shall apply only to Contractor-owned metering devices installed and maintained by the Contractor in accordance with Commission guidelines for utility service(s). References to meters under this Article shall not apply to meters that are to be installed by the Contractor at the request of an Ordering Agency, to be owned by the Government as a part of an Authorization for Energy Management Service or other service.

ARTICLE 9. EQUIPMENT AND FACILITIES.

9.1. Subject to the provisions of Article 5.6 hereof, the responsibility for owning, furnishing, installing, and maintaining all equipment and facilities (other than meters) required to supply service at the delivery point(s) specified in an Authorization shall be determined in accordance with the Contractor's regulated Tariffs. The ordering Agency shall provide, free of charge to the Contractor, mutually agreeable locations on its premises for the installation of meters and such other equipment furnished and owned by the Contractor and necessary to supply service hereunder. The Contractor shall, at all times during the life of this Areawide Contract, operate and maintain at its expense such equipment or facilities as for which it has responsibility in accordance with this Article 9.1, and shall assume all taxes and other charges in connection therewith. Notwithstanding anything to the contrary in FAR 52.241-5 (Contractor's Facilities (FEB 1995)), to the extent required by the Contractor's Tariffs and the Commission's rules and regulations, and in accordance thereof, such equipment and facilities as for which the Contractor has responsibility in accordance with this Article 9.1 shall be removed, or if there is any underground equipment or facilities for which the Contractor has responsibility in accordance with this Article 9.1, such underground equipment or facilities may be abandoned, and in both cases, the Agency's premises restored, by the Contractor at its expense, within a reasonable time after discontinuance of service to the ordering Agency.

9.2. All necessary rights-of-way, easements and such other rights necessary to permit the Contractor to perform under this contract shall be obtained and the expense for same borne in accordance with the Contractor's Tariffs and the Commission's rules and regulations.

ARTICLE 10. LIABILITY.

10.1. When the Government and/or an Ordering Agency has limited or restricted the Contractor's right of access under Article 11 and thereby interfered with the Contractor's ability to supply service or to correct dangerous situations which are a threat to public safety, the Government shall be responsible for any liability resulting from such restricted or limited access to the extent permitted by law and authorized by appropriations. This Article (10.1) shall not be construed to limit the Government's liability under applicable law.

10.2. The Contractor's liability to the Government and to any Ordering Agency for any failure to supply service, for any interruptions in service, and for any irregular or defective service shall be determined in accordance with the Contractor's tariffs.

10.3. Except as provided above, and in accordance with the Contractor's Tariff and Terms and Conditions of Service, the Government shall not be liable for any damage or injury to any person or property, including death, occasioned solely by the Contractor's, its employees' or agents' negligent installation, use, operation or intentional misuse of the Contractor's equipment or facilities.

10.4. In accordance with the Contractor's Tariff and/or Terms and Conditions of Service, neither the Contractor nor its employees or agents, shall be liable for damage or injury to any person or property, including death, occasioned solely by the negligent installation, use, operation or intentional misuse of Contractor's equipment or facilities by the Government, its employees or agents.

10.5. The Contractor shall not be liable for incidents arising out of or in any way connected with the violation or compliance with any local, state or federal environmental law or regulation resulting from pre-existing conditions at a Government job site, release or spill of any pre-existing hazardous materials or waste, or out of the management and disposal of any pre-existing contaminated soils or ground water, hazardous or non-hazardous, removed from the ground as a result of work performed by the Contractor.

10.6. The Government agrees to accept full responsibility for and bear all costs associated with pre-existing environmental liability. Responsibility for testing, abatement, remediation, and/or disposal of hazardous material, including, but not limited to, contaminated soil, lead paint, asbestos, fuel oil, or underground fuel oil tanks, shall remain with the Government. Where there is reason to suspect that hazardous material is present at the work site, or where hazardous material is encountered during the course of work being performed, the Contractor shall stop work; notify the Contracting Officer and Activity personnel, and request that the Government test the work site for such hazardous material and appropriately abate and dispose of such hazardous material. Once the work site has been cleared of all hazardous material, the Contractor shall resume work in that area.

ARTICLE 11. ACCESS TO PREMISES.

11.1. The Contractor shall have access to the premises served at all reasonable times during the term of this Areawide Contract and at its expiration or termination for the purpose of reading meters, making installations, repairs, or removals of the Contractor's equipment, or for any other proper purposes hereunder; provided, however, that proper military or other governmental authority may limit or restrict such right of access in any manner considered by such authority to be reasonably necessary or advisable.

ARTICLE 12. PARTIES OF INTEREST.

12.1. This Areawide Contract shall be binding upon and inure to the benefit of the successors, legal representatives, and assignees of the respective parties hereto.

12.2. When the Contractor becomes aware that a change in ownership has occurred, or is certain to occur, the Contractor shall notify the Contracting Officer at the address provided in Article 16.1 within thirty (30) days of such ownership change. In the event the Contractor fails to make the notification required by this Article 12.2, the Government cannot guarantee the payment of outstanding invoices in accordance with the provisions of Article 7.1.

ARTICLE 13. REPRESENTATIONS AND CERTIFICATIONS.

13.1. This Areawide Contract incorporates by reference the representations and certifications made by the Contractor on Form PBS 3503 which is on file with the Government.

ARTICLE 14. SUPPLEMENTAL CLAUSES.

14.1. 52.252-2 Clauses Incorporated by Reference. (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address (es): <http://www.arnet.gov>.

<u>FAR REF</u>	<u>Federal Acquisition Regulation</u>
(1) 52.202-1	Definitions (JUL 2004)
(2) 52.203-3	Gratuities (APR 1984)
(3) 52.203-5	Covenant Against Contingent Fees (APR 1984)
(4) 52.203-6	Restrictions on Subcontractor Sales to the Government (JUL 1995)
(5) 52.203-7	Anti-Kickback Procedures (JUL 1995)

- (6) 52.203-8 Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (JAN 1997)
- (7) 52.204-4 Printed/Copied Double-Sided on Recycled Paper (AUG 2000)
- (8) 52.209-6 Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment (JUL 1995)
- (9) 52.215-19 Notification of Ownership Changes (OCT 1997)
- (10) 52.219-8 Utilization of Small Business Concerns (MAY 2004)
- (11) 52.222-21 Prohibition of Segregated Facilities (FEB 1999)
- (12) 52.222-26 Equal Opportunity (APR 2002)
- (13) 52.223-14 Toxic Chemical Release Reporting (AUG 2003)
- (14) 52.229-1 State and Local Taxes (APR 1984)
- (15) 52.232.25 Prompt Payment (OCT 2003)
- (16) 52.232-23 Assignment of Claims (JAN 1986)
- (17) 52.232-34 Electronic Funds Transfer Payment (MAY 1999)
- (18) 52.233-1 Disputes (JULY 2002)
- (19) 52.237-2 Protection of Government Buildings, Equipment, and Vegetation (APR 1984)
- (20) 52.241-2 Order of Precedence -- Utilities (FEB 1995)
- (21) 52.242-13 Bankruptcy (JUL 1995)
- (22) 52.243-1 Changes-Fixed Price(AUG 1987) (Alt.I)(APR 1984)
- (23) 52.244-5 Competition in Subcontracting (Dec 1996)
- (24) 52.249-2 Termination for Convenience of the Government (Fixed Price)(MAY 2004)
- (25) 52.253-1 Computer Generated Forms (JAN 1991)

14.2 Repeal of Clauses During Term of Contract.

If, during the term of this Areawide Contract, any of the clauses contained in this Article are repealed, revoked, or dissolved by the Government, then such clauses shall no longer be part of this contract as of the date of such repeal, revocation, or dissolution. The elimination of these clauses by reason of such repeal, revocation, or dissolution shall not affect the continuing validity and effectiveness of the remainder of the contract or other clauses referenced in this Article.

ARTICLE 15. NOTICES

15.1. Unless specifically provided otherwise, all notices required to be provided to the Government under this Areawide Contract shall be mailed to: U. S. General Services Administration, Energy Center of Expertise (PLA), 301 7th Street, SW, Room 4004, Washington, DC 20407.

15.2. All inquiries and notices to the Contractor regarding this Areawide Contract shall be mailed to: Thomas E. Headlee, Director, Administrative Services, Cascade Natural Gas Corporation, 222 Fairview Avenue North, Seattle, WA 98109-5312 (telephone number 206-524-3900), or to such other person as the Contractor may hereafter designate in writing.

15.3. The Contractor shall provide GSA with a copy of all fully executed Exhibit "B" Authorizations for Energy Management Service including any applicable attachments at the address provided in Article 15.1.

ARTICLE 16. UTILITY ENERGY SERVICE CONTRACTS

16.1. Measurement and verification: Energy Conservation Measures (ECM) will not be normally considered unless a net overall energy usage or cost reduction can be demonstrated and verified. Verification standards for energy projects are established in the North-American Energy Measurement and Verification Protocol (NEMVP), published by the Department of Energy's Federal Energy Management Program (FEMP).

16.2. Unless otherwise provided by law, the following provisions shall apply:

(a) Payment for energy conservation measures, when authorized as Energy Management Service (EMS), shall be equal to the direct cost of capital or financing amortized over a negotiated payment term commencing on the date of acceptance of the completed installation;

(b) The payment term for Authorizations involving energy conservation measures shall be calculated to enable the Ordering Agency's monthly payment to be lower than the estimated cost savings to be realized from its implementation. In no event, however, shall this term exceed 80% of the useful life of the equipment/material to be installed. To illustrate this requirement, if an energy conservation measure has a useful life of 10 years and its cost is \$1,000, in order to purchase this equipment the savings required per year would be \$125.00 per year. ($\$1,000 / .8 \times 10$ years). In this illustration the energy conservation measure would be financed for a maximum term of 8 years.

16.3. Subcontracting: The Contractor may perform any or all of its requested services through subcontractors, including its unregulated affiliates. ECM subcontractors shall be competitively selected in accordance with FAR 52.244-5 (Article 14.1-23 herein). Subcontractor selection shall be based on cost, experience, past performance and other such factors as the Contractor and the Ordering Agency may mutually deem appropriate and reasonably related to the Government's minimum requirements. Upon request by the Government, the Contractor shall make available to the contracting officer all documents related to the selection of a subcontractor. In no event shall the service be provided by subcontractors listed as excluded from Federal Procurement Programs maintained by GSA pursuant to 48 C.F.R. 9.404 (Article 14.1-8 herein).

16.4. For all Authorizations involving Energy Conservation Measures, it is desirable to have a Warranty Clause that addresses the specific needs and requirements of the work being performed and equipment that is to be provided by the Contractor, however, in the absence of a Warranty Clause in the Authorization the following language will serve as the default Clause:

The Company shall pass through to the Agency all warranties on equipment installed or provided by it or its subcontractors on Government property with the following representation:

CASCADE NATURAL GAS CORPORATION ACKNOWLEDGES THAT THE UNITED STATES OF AMERICA WILL OWN OR LEASE THE EQUIPMENT AND/OR MATERIALS BEING INSTALLED OR SUPPLIED HEREUNDER, AND, ACCORDINGLY, AGREES THAT ALL WARRANTIES SET FORTH HEREIN, OR OTHERWISE PROVIDED BY LAW IN FAVOR OF COMPANY SHALL INURE ALSO TO THE BENEFIT OF THE UNITED STATES AND THAT ALL CLAIMS ARISING FROM ANY BREACH OF SUCH WARRANTIES OR AS A RESULT OF DEFECTS IN OR REPAIRS TO SUCH EQUIPMENT OR SUPPLIES MAY BE ASSERTED AGAINST CASCADE NATURAL GAS CORPORATION OR MANUFACTURER DIRECTLY BY THE UNITED STATES.

16.5. The Contractor shall submit to GSA a copy of all preliminary energy audit results or energy conservation measure analysis for review and approval. Upon approval of the preliminary audit or analysis and a receipt of a notice to proceed, the Contractor may negotiate Task Orders with the Ordering Agency for the implementation of the energy conservation measures described in the preliminary documents. The Contractor shall provide GSA with copies of fully executed Exhibit "B" Authorizations for Energy Management Service resulting from approved energy audits including any applicable attachments at the address provided in Article 15.1.

16.6. Contractor's Responsibilities under Contract:

(a) The Contractor shall not provide Energy Management Service to Federal facilities unless the Contractor is currently providing regulated utility service(s) to the Ordering Agency's facility within the franchised service territory of the utility providing such services.

(b) The work that is to be performed under the UESC contract shall be limited to work resulting in a direct reduction in energy usage (see Article 1.1(j)) and any modification or repair that is necessary as a direct result of the installation of the Energy Conservation Measure.

ARTICLE 17. MISCELLANEOUS.

17.1. Contract administration: The Ordering Agency shall assist in the day-to-day administration of the utility service being provided to it under an Authorization.

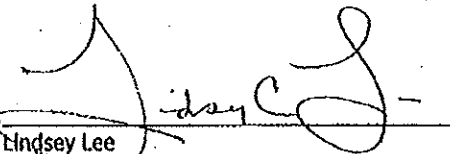
17.2. Anti-Deficiency: Unless otherwise authorized by Public Law or Federal Regulation, nothing contained herein shall be construed as binding the Government to expend, in any one fiscal year, any sum in excess of the appropriation made by Congress for that fiscal year in furtherance of the matter of the contract or to involve the Government in an obligation for the future expenditure of monies before an appropriation is made (Anti-Deficiency Act, 31 U.S.C. 1341.A.1).

17.3. Obligation to Serve: Nothing contained in this contract shall obligate the Contractor to take any action which it may consider to be detrimental to its obligations as a public utility.

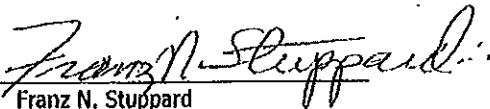
17.4 Term of Authorizations: It is recognized that during the life of this contract, situations and/or requirements may arise where it may be desirable that the term of service to an ordering Agency's facility extend beyond the term of this contract. In such event, the particular Authorization involved may specify a term extending beyond the term of this contract, provided that is within the contracting authority of the ordering agency.

IN WITNESS WHEREOF, the parties have executed this contract as of the day and the year first above written.

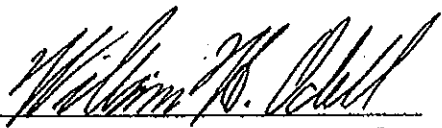
UNITED STATES OF AMERICA
Acting through the Administrator
of General Services

By: 
Lindsey Lee
GSA Energy Center of Expertise
Contracting Officer

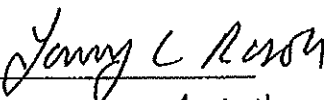
ATTEST:

By: 
Franz N. Stuppard
GSA Energy Center of Expertise

CASCADE NATURAL GAS CORPORATION

By: 
Title: Chief Operating Officer

ATTEST:

By: 
Title: Vice President - Human Resources & Corporate Secretary

CERTIFICATE

I, Larry C Rosok, certify that I am Secretary of CASCADE NATURAL GAS CORPORATION, named as Contractor in the negotiated Areawide public utility contract No. GS-OOP-05-BSD-0357; that William H. Odell, who signed said contract on behalf of the Contractor, was then Chief Operating Officer of said Corporation; and that said contract was duly signed for and on behalf of said Corporation and is within the scope of its corporate powers.



/s/ Larry C Rosok

(Corporate Seal)

EXHIBIT "A"

Contractor's ID NO. _____ (Optional)
Ordering Agency's ID _____ (Optional)

CASCADE NATURAL GAS CORPORATION
AUTHORIZATION FOR NATURAL GAS SERVICE, CHANGE IN NATURAL GAS SERVICE,
OR DISCONNECTION OF NATURAL GAS SERVICE UNDER
CONTRACT NO. GS-OOP-05-BSD-0347

Ordering Agency: _____
Address: _____

Pursuant to Contract No. GS-OOP-05-BSD-0347 between the Contractor and the United States Government and subject to all the provisions thereof, service to the United States Government under such contract shall be rendered or modified as hereinafter stated. Contract Article 2 and 4 shall be followed for the initiation of service under this contract.

PREMISES TO BE SERVED: _____
SERVICE ADDRESS: _____

NATURE OF SERVICE: Connect, Change, Disconnect, Continue Service, DSM Work,
 Line Extension, Alteration, Relocation, or Reinforcement, Special Facilities

OTHER TERMS AND CONDITIONS: _____
Attach any other relevant terms and conditions under which service will be provided.

POINT OF DELIVERY: _____

TERM OF SERVICE: From _____ through _____

SERVICE HEREUNDER SHALL BE UNDER RATE SCHEDULE NO. _____
ESTIMATED ANNUAL ENERGY USAGE: _____ MCF,
ESTIMATED ANNUAL SERVICE COST: \$ _____
ESTIMATED CONNECTION/SPECIAL FACILITIES CHARGE: \$ _____ (if applicable)**
ACCOUNTING AND APPROPRIATION DATA FOR SERVICE: _____
FOR CONNECTION/SPECIAL FACILITIES CHARGE: _____

CLAUSES INCORPORATED BY REFERENCE (Check applicable clauses):

- (1) 52.211-10 Commencement, Prosecution and Completion of Work (APR 1984)
- (2) 52.236-5 Material and Workmanship (APR 1984)
- (3) 52.241-4 Change in Class of Service (FEB 1995)
- (4) 52.241-3 Scope and Duration of Contract (FEB 1995)
- (5) 52.241-5 Contractor's Facilities (FEB 1995)
- (6) 52.241-7 Change in Rates or Terms and Conditions of Service for Regulated Services (FEB 1995) (Use Full Text of Clause)
- (7) 52.241-11 Multiple Service Locations (FEB 1995)
- (8) 52.243-1 Changes-Fixed Price (AUG 1987)
- (9) 52.249- _____ Default (_____) (Specify appropriate Clause)

BILLS WILL BE RENDERED TO THE ORDERING AGENCY FOR PAYMENT AT THE FOLLOWING ADDRESS: _____
In _____ copies.

The foregoing shall be effective upon the return of the fully executed original Authorization by the Contractor to the ordering Agency.

ACCEPTED:

(Ordering Agency)

CASCADE NATURAL GAS CORPORATION

By: _____
Authorized Signature
Title: _____
Date: _____

By: _____
Authorized Signature
Title: _____
Date: _____

* Include a reference to the applicable rate schedule, and attach a copy of such schedule.

** If necessary, attach and make part hereof supplemental agreements or sheets that cover required connection or extension charges and special facilities or service arrangements. (See Article 5 of this Contract for instructions.)

NOTE:

A fully executed copy of this Authorization shall be transmitted by the ordering Agency to the Energy Center of Expertise (PLA), General Services Administration, Washington, DC 20407.

EXHIBIT "B"

Contractor's ID NO. _____ (Optional)

Ordering Agency's ID NO. _____ (Optional)

CASCADE NATURAL GAS CORPORATION AUTHORIZATION FOR ENERGY MANAGEMENT SERVICES CONTRACT NO. GS-OOP-05-BSD-0357

Ordering Agency: _____

Address: _____

Pursuant to Contract No. GS-OOP-05-BSD-0357 between the Contractor and the United States Government and subject to all the provisions thereof, service to the United States Government under such contract shall be rendered or modified as hereinafter stated. Contract Articles 2 and 4 shall be followed for the initiation of service under this contract.

PREMISES TO BE SERVED: _____

SERVICE ADDRESS: _____

NATURE OF SERVICE: Preliminary Energy Audit ECP Feasibility Study ECP Engineering & Design Study
 Energy Conservation Project (ECP) Installation Demand Side Management (DSM) Project
 Other (See Remarks Below)

SERVICE HEREUNDER shall be provided consistent with the Contractor's applicable tariffs, rates, rules, regulations, riders, practices, and/or terms and conditions of service, as modified, amended or supplemented by the Contractor and approved, to the extent required, by the Commission. (See Article 5 of this contract.)

POINT OF DELIVERY: _____

ESTIMATED PROJECT COST: \$ _____

ACCOUNTING AND APPROPRIATION DATA: _____

LIST OF ATTACHMENTS:

- | | | | |
|--|--|--|--|
| <input type="checkbox"/> General Conditions | <input type="checkbox"/> Payment Provisions | <input type="checkbox"/> Special Requirements | <input type="checkbox"/> Economic Analysis |
| <input type="checkbox"/> Facility/Site Plans | <input type="checkbox"/> Historical Data | <input type="checkbox"/> Utility Usage History | <input type="checkbox"/> ECP Feasibility Study |
| <input type="checkbox"/> Design Drawings | <input type="checkbox"/> Design Specifications | <input type="checkbox"/> Certifications | <input type="checkbox"/> Commission Schedules |

CLAUSES INCORPORATED BY REFERENCE (Check applicable clauses):

- (1) 52.211-10 Commencement, Prosecution and Completion of Work (APR 1984)
(2) 52.232-5 Payments under Fixed-Price Construction Contracts (SEP 2002)
 Supersedes provisions of payment clauses in Article 14.
(3) 52.2332-27 Prompt Payment for Construction Contracts (FEB 2002)
(4) 52.236-5 Material and Workmanship (APR 1984)
(5) 52.241-8 Change in Rates or Terms and Conditions of Service for Unregulated Services (FEB 1995) (Use full Text of Clause)
(6) 52.243-1 Changes-Fixed Price (AUG 1987)
(7) 52.249-____ Default (_____) (Specify appropriate Clause)

In addition, the Contracting Officer negotiating the terms and conditions under this authorization shall supplement the above-referenced clauses with clauses for the appropriate type of contract.

REMARKS:

ACCEPTED:

(Ordering Agency)

CASCADE NATURAL GAS CORPORATION

(Contractor)

By: _____
 Authorized Signature

Title: _____

Date: _____

Telephone No. _____

By: _____
 Authorized Signature

Title: _____

Date: _____

Telephone No. _____

NOTE:

A fully executed copy of this Authorization shall be transmitted by the ordering Agency to the Energy Center of Expertise (PLA), General Services Administration, Washington, DC 20407.

Exhibit C-3



Department of Energy
Richland Operations Office
P.O. Box 550
Richland, Washington 99352

11-PRO-0219

APR 06 2011

Mr. Frank Morehouse
Executive V, President & General Manager
Cascade Natural Gas Corporation
P.O. Box 24464
Seattle, Washington 98124

Dear Mr. Morehouse:

NATURAL GAS SERVICE TO THE HANFORD CENTRAL PLATEAU

The U.S. Department of Energy Richland Operations Office (RL) is interested in Natural Gas Transportation service as offered through Cascade's Schedule 663 service for service to Hanford's Central Plateau. RL is interested in determining the process by which natural gas service would be provided to the Hanford Central Plateau that is beyond the current designated service territory which Cascade serves on the Hanford Site.

We recognize that the construction of any pipeline must fall within the existing Line Extension policies as outlined in the Company's Rule 8 tariff.

If you have any questions, please contact me, or your staff may contact Steve Burnum on (509) 376-8409.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell D. Walter".

Russell D. Walter
Contracting Officer

PRO:RDW