

SERVICE DATE

JUN 28 1995

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Special)	DOCKET UG-950718
Contract Filed by Cascade Natural)	
Gas Corporation; and the Requested)	ORDER APPROVING CONTRACT
Waiver of the Thirty-day Advance)	ON LESS THAN 30-DAY
Filing Requirement.)	NOTICE
.....))	

On June 22, 1995, Cascade Natural Gas Corporation ("Cascade") filed with the Commission a special contract with Puget Power and Light Company ("Puget"). Cascade has requested a waiver of the thirty-day advance notice requirement in WAC 480-80-335(4), and requests that the Distribution Transportation Agreement ("Agreement"), dated June 21, 1995, be approved by the Commission with an effective date of June 28, 1995.

The Agreement provides for both interruptible and firm distribution transportation from both the Westcoast Pipeline facility at the US/Canadian border and Northwest Pipeline at Bellingham to the Whitehorn generation facility at Ferndale, Washington. Cascade will provide 240,000 therms a day firm transportation service during the contract term ending not before December 31, 2000. All additional volumes transported under the contract are interruptible at Cascade's option, and are subject to curtailment so that Cascade can serve its other firm obligations.

The Agreement contains a minimum monthly charge, a monthly dispatching service charge and commodity rates. The contract's commodity rates vary depending on volumes and whether the gas tendered by or on the behalf of Puget is at the interconnect of Cascade's facilities with Northwest Pipeline or Westcoast Pipeline.

Cascade has provided to the Commission, in this filing, the documents and information required under WAC 480-80-335 and, thus, has met the requirements for obtaining approval of the special contract in this docket.

The Commission rule governing special contracts, WAC 480-80-335(6) provides that approval of a special contract "shall not be determinative with respect to the expenses and revenues of the utility for subsequent ratemaking considerations." The Commission, in the Fourth Supplemental Order Approving Special Contract in Docket No. UG-930511, emphasized that ratemaking considerations are separate from contract approval. In that order the Commission states:

"Approving a special contract does not automatically decide that a revenue gap will be shifted to other customers. WAC 480-80-335(6). As noted in the WWP order, customers without competitive alternatives should not bear sole responsibility for enabling the company to compete. Recovery in rates will be determined in a future rulemaking proceeding."
WUTC v. Cascade Natural Gas Corporation, page 9 (April 1994).

That order reaffirms that a special contract will be subject to review for the prudence of the company's decision in a future rate proceeding. The Commission rule and order have been specifically discussed with Cascade by the Commission Staff. The Agreement will be subject to review for ratemaking considerations, and the prudence of the company's decisions, in the next general rate proceeding. The difference between the rates charged in the Agreement and tariff rates that would otherwise be applicable to Cascade can only be recovered, if at all, after a general rate case.

Cascade has requested a waiver of the thirty-day advance filing requirement. The company represents that a competitive alternative involving Arco would begin to be implemented no later than June 29, 1995, if this contract is not approved. The Agreement gives Cascade or Puget the unilateral right to terminate the Agreement if it is not approved by the Commission, effective June 28, 1995. The Commission Staff has completed its review of the filing, and has recommended approval. The Commission Staff believes that Cascade has shown good cause for a waiver of the thirty-day notice requirement and supports the waiver request.

The Commission will approve the Agreement with an effective date of June 28, 1995. The agreement provides that the rates charged by Cascade to Puget will take effect on September 15, 1995. This order will, thus, provide that the rates under the contract shall become effective September 15, 1995.

FINDINGS

1. Cascade Natural Gas Corporation is an natural gas company subject to the jurisdiction of the Commission.

2. After careful examination of the contract filed herein by Cascade Natural Gas Corporation, filed June 22, 1995, and giving consideration to all relevant factors and for good cause shown, the Commission finds that the Contract should become effective June 28, 1995. The rates under the contract shall take effect September 15, 1995.

ORDER

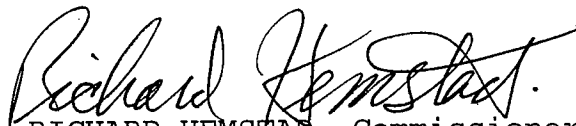
THE COMMISSION ORDERS That the requested waiver of the thirty-day advance filing requirement in connection with the contract filed herein by Cascade Natural Gas Corporation, filed June 22, 1995, is hereby granted, and said contract shall become effective June 28, 1995.

DATED at Olympia, Washington, and effective this 28th day of June, 1995.

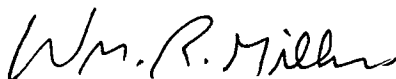
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



SHARON L. NELSON, Chairman



RICHARD HEMSTAD, Commissioner



WILLIAM R. GILLIS, Commissioner