

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

COST MANAGEMENT SERVICES,
INC.,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-061256

DECLARATION OF JON T. STOLTZ

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-070332

DECLARATION OF JON T. STOLTZ

In re Notification of Contract and
Arrangement between

CASCADE NATURAL GAS
CORPORATION,

and its subsidiary

CGC ENERGY, INC.

DOCKET UG-070639

DECLARATION OF JON T. STOLTZ

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET UG-072337

DECLARATION OF JON T. STOLTZ

Jon T. Stoltz declares as follows:

1. I am Senior Vice President – Gas Supply and Regulatory for Cascade Natural Gas Corporation ("Cascade"). I make this declaration in support of Cascade's petition for reconsideration and alternative motion for clarification of the Commission's order issued March 6, 2008, in the above-captioned dockets.

2. Cascade subscribes to a certain level of firm pipeline capacity on a long-term basis to meet the current and future needs of its core customers in the peak winter months. This firm pipeline capacity is available from the pipeline only on a year-round basis.

3. The level of firm pipeline capacity that Cascade is required to secure to meet the peak needs of its core customers is greater than that used to meet the needs of the core customers in the summer months. For this reason, Cascade attempts to mitigate the cost of year-round capacity for core customers by releasing such capacity in the summer months. Cascade has determined that the capacity it has agreed to release pursuant to paragraph 22 of the Settlement Agreement will not be used to serve the core customers in the summers of 2008 and 2009.

4. Cascade applies all of the money it receives for its capacity releases to reduce the costs that are passed through to core customers through the annual PGA mechanism. The costs that are passed through include the full amount of Cascade's reasonable payments for pipeline capacity as well as for gas commodity. Every dollar that Cascade receives as compensation for a capacity release reduces Cascade's costs by one dollar and, thus, reduces the costs paid by core customers through the PGA mechanism.

5. In the rare circumstance where a replacement shipper fails to pay the pipeline for released capacity, Cascade is still obligated to pay the pipeline. In those circumstances, the pipeline costs would be included in the PGA filing without any offsetting mitigation revenue, so

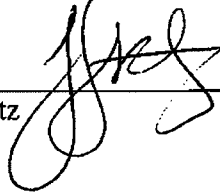
core customers would be responsible for those costs. In such circumstances, Cascade would seek to recall the capacity and release it to another replacement shipper in order to maximize the mitigation for core customers.

6. During the negotiations that led to the settlement the Commission recently approved, CMS requested that Cascade waive its credit requirements for the capacity releases covered in paragraph 22 of the Settlement Agreement. CMS also requested that Cascade waive the pipeline's credit requirements, but Cascade did not agree to that request. Cascade's review of the pipeline's credit requirements as shown in its FERC tariff indicates that the pipeline establishes the creditworthiness of replacement shippers based upon the NAESB WGQ Creditworthiness Standards. In addition, the pipeline has the right to require the replacement shipper to provide proof of ability to pay, satisfactory to the pipeline, including advance deposits if deemed required by the pipeline. For capacity releases of less than one year, such as the releases contemplated in the Settlement, the replacement shipper is not permitted to submit a bid where the economic value exceeds that replacement shipper's established credit limit. As such, the pipeline's creditworthiness standards provide essentially the same level of protection as Cascade's creditworthiness standards.

I CERTIFY UNDER PENALTY OF PERJURY under the laws of the State of Washington that the foregoing is true and correct.

DATED at Seattle, Washington, this 17th day of March, 2008.

Jon T. Stoltz



CERTIFICATE OF SERVICE

I hereby certify that I have this day served in Dockets UG-061256, UG-070332, UG-070639, UG-072337 the **DECLARATION OF JON T. STOLTZ**, upon all parties of record in this proceeding by causing a copy to be sent by electronic mail and U.S. mail to:

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Dated this 17th day of March, 2008.

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By 

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