

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

COST MANAGEMENT SERVICES, INC.,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET NO. UG-061256

COMMISSION STAFF'S ANSWER
TO CASCADE'S PETITION FOR
RECONSIDERATION AND
ALTERNATIVE MOTION FOR
CLARIFICATION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET NO. UG-070332

COMMISSION STAFF'S ANSWER
TO CASCADE'S PETITION FOR
RECONSIDERATION AND
ALTERNATIVE MOTION FOR
CLARIFICATION

In re Notification of Contract and
Arrangement between

CASCADE NATURAL GAS
CORPORATION,

And its subsidiary

CGC ENERGY, INC.

DOCKET NO. UG-070639

COMMISSION STAFF'S ANSWER
TO CASCADE'S PETITION FOR
RECONSIDERATION AND
ALTERNATIVE MOTION FOR
CLARIFICATION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET NO. UG-072337

COMMISSION STAFF'S ANSWER
TO CASCADE'S PETITION FOR
RECONSIDERATION AND
ALTERNATIVE MOTION FOR
CLARIFICATION

I. Cascade's Motion for Reconsideration Should Be Denied.

1 The Commission entered Order 08 in the above consolidated proceedings, which accepted the parties' Settlement Agreement on condition, on March 6, 2008. On March 10, 2008, Cascade filed compliance tariffs with the Commission. The cover letter to that filing expressly states, "The purpose of this filing is to comply with the Commission's Order 08 in Docket UG-061256, et. al, Accepting Settlement Agreement on Condition. . .[.] The attached tariff sheets reflect the terms of the Settlement Agreement authorized in the Order." Thus, Cascade has already accepted the condition for which it now seeks reconsideration. Furthermore, under paragraph 26(d) of the Settlement Agreement, Cascade had five days from the date of Order 08 to provide written notice to the Commission and the parties, if Cascade decided to reject the terms of the Settlement. Cascade has not provided any such notice. Thus, Cascade has effectively accepted the Commission's settlement condition.

2 Nevertheless, Cascade now asks that the Commission reconsider that condition, namely, that "Cascade hol[d] core customers harmless should a replacement shipper default on payment under the capacity release award contemplated in paragraph 22 of the settlement." Order 08, ¶ 36, p. 13. Staff believes that this request should be denied. The Commission based its decision, in part, on the fact that Cascade could have required replacement shippers to comply with more stringent credit requirements than those required by the pipeline, but has foregone this protection under the Settlement, thus potentially exposing the Company to additional risk. *Id.*, ¶ 36, n. 39. Cascade now responds that it "does not think that its typical credit requirements are more stringent than the pipeline's[.]" Cascade Petition for Reconsideration, ¶ 10, p. 5. Whether or not this is true, this does not change the fact that Cascade could have sought more stringent terms and did not do so.


Given this fact, Staff agrees that core customers (*i.e.*, ratepayers) should not be responsible to bear the additional risk of default under the capacity releases contemplated in paragraph 22 of the settlement. The Commission should deny the motion for reconsideration.

II. Commission Staff Does Not Object to Cascade's Motion for Clarification, but Believes It Unnecessary.

3 In the alternative, Cascade asks that the Commission clarify that the Settlement condition applies only to the capacity releases contemplated by paragraph 22 of the Settlement. Cascade Petition for Reconsideration, ¶ 12, at 6. Staff does not object to this motion, but believes it unnecessary. Order 08 expressly states, in paragraph 36, that the Commission's condition is that Cascade hold core customers harmless should a replacement shipper default on payment "under the capacity release award contemplated in paragraph 22 of the Settlement." Footnote 39 also refers to "the capacity releases covered by the Settlement," and states the Commission's decision to condition acceptance of the Settlement on Cascade bearing the risk of default by a replacement shipper "for these releases." Thus, Staff believes that Order 08 already amply confirms the limitation that Cascade seeks in its motion for clarification. To the extent that the Commission may deem such clarification necessary, however, Staff has no objection.

Respectfully submitted this 20th day of March, 2008.

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Transportation Commission Staff