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October 31, 2014

Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Re: Supplemental Filing to UG-143513

Dear Mr. King:

On September 28, 2014, Cascade submitted information pursuant to RCW 80.08.040. Cascade Natural Gas Corporation hereby submits the following revised and more current details regarding a private placement agreement to issue senior unsecured notes in the amount of \$50 million.

The following revised information is supplied in conformance with RCW 80.08.040 and WAC 480-90-242:

1. The purpose for which the issuance is made is to acquire funds to meet working capital needs and fund capital projects. The purpose of all transactions under these long-term notes will meet the requirements of RCW 80.08.030.
2. Cascade proposes to issue \$50,000,000 of senior unsecured notes through a negotiated private placement agreement obligating Cascade to pay interest on a periodic basis based on current interest rates at the time the Cascade borrows. The attached table provides the terms of the offering. Interest rates are fixed at the time of issuance and are determined based on the Cascade's issuer credit ratings. Cascade's issuer credit rating is currently: "A-" by Fitch and "BBB+" by Standard & Poor's.

Cascade anticipates placement fees of approximately 30 basis points, or about \$150,000, will be paid to Toronto Dominion (Texas) Inc. Cascade estimates underwriters and company legal counsel fees to negotiate and place this debt at approximately \$85,000. The total fees associated with this issuance are expected to be no more than \$250,000. The exact fees have not yet been determined.

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3. Cascade requires borrowing to meet capital needs. This note purchase agreement is necessary for Cascade to maintain a balanced capital structure during a time of extensive capital needs.
4. As a public utility, Cascade is expected to acquire, construct, improve, and maintain sufficient utility facilities to serve its customers adequately and reliably at reasonable cost. Issuance of the notes are part of a program to finance Cascade's facilities taking into consideration prudent capital ratios, earning coverage tests and market uncertainties as to the relative merits of the various types of securities Cascade could sell.
5. Accordingly, the proposed issuance is for lawful objects within the corporate purposes of Cascade, is compatible with the public interest, is necessary or appropriate for or consistent with the proper performance by Cascade of its service as a public utility, will not impair its ability to perform that service, and is reasonably necessary or appropriate for these purposes.

I certify under penalty of perjury under the laws of the State of Washington that the above information is true and correct. If there are any questions regarding this filing, please contact me at (509) 734-4537.

Sincerely,



Mark Chiles  
Vice President, Controller



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**Cascade Natural Gas Corporation**  
**\$50,000,000 Senior Notes Due 2044, 2045, 2054 and 2055**  
**Private Placement**  
**Pricing Memo to Investors**

The following table provides the terms for the offering:

	<u>30-Year Bullet</u>	<u>30-Year Bullet</u>	<u>40-Year Bullet</u>	<u>40-Year Bullet</u>
Pricing Date	October 15, 2014	October 15, 2014	October 15, 2014	October 15, 2014
Closing & Funding Date	November 24, 2014	January 15, 2015	November 24, 2014	January 15, 2015
Interest Payment Dates	Nov 24 and May 21	Jan 15 and July 15	Nov 24 and May 24	Jan 15 and July 15
Expected Final Maturity	November 24, 2044	January 15, 2045	November 24, 2054	January 15, 2055
Tranche Amount	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000
Benchmark Treasury	3.125% 08/15/2044	3.125% 08/15/2044	3.125% 06/15/2044	3.125% 08/15/2044
Benchmark Treasury Rate	2.84%	2.84%	2.84%	2.84%
Spread	125 bps	125 bps	140 bps	140 bps
Price	Par	Par	Par	Par
Coupon (Semi-Annual)	4.09%	4.09%	4.24%	4.24%
Call - Optional Prepayment	MW @ UST+50 bps	MW @ UST+50 bps	MW @ UST+50 bps	MW @ UST+50 bps

The table below highlights the allocations for each investor (\$ in millions):

<u>Investor</u>	<u>30-Year Bullet</u> <u>Nov 24, 2044</u>	<u>30-Year Bullet</u> <u>Jan 15, 2045</u>	<u>40-Year Bullet</u> <u>Nov 24, 2054</u>	<u>40-Year Bullet</u> <u>Jan 15, 2055</u>	<u>TOTALS</u>
John Hancock	\$5	\$5	\$5	\$5	\$20
Mutual of Omaha			7.5	7.5	15
Pacific Life	7.5	7.5			15
<b>TOTALS</b>	<b>\$12.5</b>	<b>\$12.5</b>	<b>\$12.5</b>	<b>\$12.5</b>	<b>\$50</b>

**Transaction Details**

**Investors' Counsel**  
Chapman and Cutler LLP  
Amy Olshansky  
(312) 845-3701  
olshansky@chapman.com

**Documentation:**

As provided in the draft Note Purchase Agreement dated October 7, 2014.

**Investor Due Diligence Call:**

TBD. Additional details to follow.

**Scheduled Funding Dates:**

November 24<sup>th</sup>, 2014 and January 15<sup>th</sup>, 2015



**Securities**