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BEFORE THE WASHINGTON UTILITIES  
AND TRANSPORTATION COMMISSION

In the Matter of the Application of  
  
CASCADE NATURAL GAS CORPORATION,  
  
for a Certificate of Public Convenience and  
Necessity to Operate a Gas Plant for Hire in the  
General Area of Grant County.

DOCKET NO. UG-001119

**SETTLEMENT AGREEMENT  
AND PETITION**

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**I. BACKGROUND**

Cascade Natural Gas Corporation (the "Company") filed an application with the Washington Utilities and Transportation Commission (the "Commission") for a Certificate of Public Convenience and Necessity ("Certificate") to operate gas plant for hire in the general area of Grant County on July 17, 2000 (the "Original Application"). The Original Application was assigned Docket No. UG-001119 ("this Proceeding").

A prehearing conference in this Proceeding was held October 26, 2000, before Administrative Law Judge Marjorie R. Schaer (the "First Prehearing Conference"). At the First Prehearing Conference, Avista Corporation ("Avista") and Northwest Industrial Gas Users ("NWIGU") requested and were granted permission to intervene.

Pursuant to stipulation among Commission Staff, the Company, Avista and NWIGU, the parties submitted petitions to the Commission for summary determination. By order of the Commission dated January 19, 2001, such petitions were denied.

A second prehearing conference was held before Administrative Law Judge Schaer on January 30, 2001; and the parties agreed on a hearing schedule for determination of this Proceeding.

Since January 30, 2001, the Company, Commission Staff, Avista and NWIGU have engaged in negotiations with a view towards settlement. Moreover, the Company filed a revised application ("Revised Application") (Exhibit A) related to this Proceeding reducing the geographical area of the proposed Certificate, in accordance with the parties' negotiations, to limit the proposed service to Basin Frozen Foods, located at 200 North Roosevelt, Warden, Washington.

This Settlement Agreement and Petition relates to all issues in this Proceeding. The purpose of this Settlement Agreement and Petition is to describe the agreements reached among the parties and to ask the Commission to issue an appropriate order accepting these agreements, and granting the Revised Application.

## II. AGREEMENTS

### THE PARTIES STIPULATE AND AGREE AS FOLLOWS:

1. **GEOGRAPHICAL AREA:** The geographical area to be served by the Company under the Certificate as defined by the Revised Application is appropriate and in the public interest.
2. **NEED FOR SERVICE BY COMPANY:** The attached Affidavit of Kevin Weber, president of Basin Frozen Foods, Inc. (Exhibit B) sets forth the need of that customer for service by the Company pursuant to the Revised Application. Granting the Revised Application is required by the public convenience and necessity.

3. **SCOPE OF SETTLEMENT:** The parties understand and agree that the this settlement pertains only to the facts set forth in the Settlement Agreement and Petition and that it does not create any blanket authority for the Company to serve customers anywhere outside its certificated areas in the State of Washington. Should the Commission so desire, the parties will present witnesses at hearing in support of the settlement. The parties do not, however, request such a hearing.

4. **INTEGRATION:** This Settlement Agreement and Petition and the attached exhibit represent an integrated agreement among the parties with respect to the settlement. There are no other agreements or understandings (written or oral) which modify any part of the settlement, as expressed herein.

5. **RESERVATION OF RIGHTS:** The parties agree that this Settlement Agreement and Petition represents a negotiated settlement in the public interest with respect to the matters as agreed to herein for the sole purpose of settlement of such matters. The parties individually and collectively do not waive any right to assert any position in any other proceeding before the Commission.

6. **REOPENING OF RECORD UPON MODIFICATION:** The parties request, if the Commission wishes to modify any matter agreed to herein, that the Commission so notify the parties in writing of the modification. If any party gives written notice to the others that it does not agree with the modification within three (3) business days after receipt thereof, all parties shall jointly request that the matter be sent back for further proceedings and the record reopened for the purpose of receiving additional testimony from the parties with the cross-examination thereon. If the record is

reopened accordingly, no party shall be bound by the provisions of this Settlement Agreement and Petition.

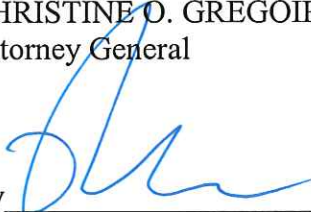
7. **EXECUTION:** This Settlement Agreement and Petition may be executed by the parties in several counterparts, and as executed shall constitute one agreement.

### III. PETITION

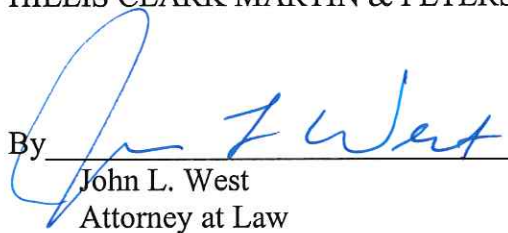
Based on the agreements set forth in this Settlement Agreement and Petition, and on the files and records in this Proceeding to which they relate, the undersigned parties petition the Commission for entry of orders accepting the terms and conditions agreed upon in this Settlement Agreement and Petition, and granting the Revised Application.

DATED this 27<sup>th</sup> day of February, 2001.

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[Signatures continued on p. 5]

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