

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

In the Matter of the Petition of	)	DOCKET UG-100860
	)	
CASCADE NATURAL GAS	)	ORDER 01
CORPORATION,	)	
	)	
For Order Approving an Agreement for	)	
Transfer of Seattle General Office	)	
Building and Property to Touchstone	)	
Corporation	)	ORDER GRANTING PETITION
.....	)	

**BACKGROUND**

- 1 On May 14, 2010, Cascade Natural Gas Corporation, (Cascade or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking approval under WAC 480-143-120 of an agreement for the transfer of the company’s general office buildings and land located at 222 Fairview Ave. N and 230 Fairview Ave. N in Seattle to Touchstone Corporation (Buyer). On the same day, Cascade filed an accounting petition in Docket UG-100847 requesting depreciation accounting treatment of the gains from this sale.
  
- 2 Cascade acquired 222 Fairview in 1957 and 230 Fairview in 1986. The combined facilities now require significant renovations. The Company recently completed an analysis of alternatives to renovation and as a result elected to relocate the Company’s general offices to a newly constructed LEED certified facility in Kennewick, Washington. The proposed sale agreement allows Cascade to remain in the Seattle office until the Kennewick facility becomes operational. Following Cascade’s move, the Seattle general office will no longer be necessary or useful to perform its public duties.
  
- 3 The Seattle general office has a net book cost of \$2,763,729 and an assessed tax value of \$7,742,200. Under the terms of the proposed sale, Cascade will transfer the general office to the Buyer for \$1.8 million in cash and a promissory note with a principal value of \$7.4 million. The promissory note carries a 4 percent interest rate and will become due 30 months after Cascade surrenders possession of the office.
  
- 4 Staff has reviewed the accounting petition in Docket UG-100847. Under the proposed treatment, Cascade would credit the gains from the sale of the building to accumulated depreciation. While this treatment would not return to the ratepayers in cash any of the

difference between the net sale price and the net book value of the general office building and land, it would reduce the Company's rate base in excess of the office's current book value. Accordingly, staff believes that the depreciation treatment reasonably shares the benefits of the sale with Cascade's ratepayers.

5 Staff has reviewed the results of a confidential third-party property appraisal. Based on this appraisal and the office's tax assessed value, Staff believes that Cascade will receive fair value for the property.

6 Staff believes that the proposed sale is consistent with the Commission's property transfer rules and in the public interest as required by WAC 480-143-170. Based on the information provided, Staff recommends that the Commission grant the Company's petition to sell the Seattle general office building in conjunction with granting the company's accounting petition in Docket UG-100847.

### **FINDINGS AND CONCLUSIONS**

7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including gas companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.*

8 (2) Cascade Natural Gas Corporation, a Washington corporation, is a public service company subject to Commission jurisdiction.

9 (3) This matter came before the Commission at its regularly scheduled meeting on July 15, 2010.

10 (4) After reviewing the petition Cascade filed in Docket UG-100860 on May 14, 2010, and giving due consideration to all relevant matters and for good cause shown, the Commission finds the petition is consistent with the public interest and should be granted.

**ORDER**

**THE COMMISSION ORDERS:**

- 11 (1) Cascade's request for approval of an agreement for the transfer of the Company's Seattle general office building located at 222 Fairview and 230 Fairview is granted.
- 12 (2) The Commission conditions this authorization on the use of the accounting treatment proposed by Cascade in its accounting petition of Docket UG-100847.
- 13 (3) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 14 (4) The Commission retains jurisdiction over the subject matter and Cascade to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective July 15, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner