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December 5, 2006

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Drive, SW
Olympia, WA 98504-7250**Re: Statement In Lieu Of Reply Brief**
WUTC v. Cascade Natural Gas Corporation, WUTC Docket No. UG-060256

Dear Secretary Washburn:

Cost Management Services, Inc., (“CMS”), a party in Docket No. UG-060256, hereby submits this statement in lieu of reply brief. CMS supports the position taken by the Northwest Industrial Gas Users (“NWIGU”) in its Initial Brief of November 15, 2006. NWIGU filed its brief in support of the rate-spread and rate-design those portions of the Settlement Agreement, included in the record of this proceeding as Exhibit No. 1. If approved by this Commission, the rate-spread and rate-design agreement of the parties would yield rates that better reflect the cost of serving the transportation customers of Cascade Natural Gas Corporation (“Cascade”).

NWIGU’s expert witness, Donald Schoenbeck, is to be commended for preparing a quality cost-of-service study that clearly demonstrates the cross-subsidization currently burdening Cascade’s transmission customers. Mr. Schoenbeck’s work provides the analytical framework on which NWIGU, Cascade and the Commission’s Staff could reach agreement about appropriate corrections to Cascade’s rates that ameliorate, if not completely cure, this problem. CMS is pleased to offer this statement in support of the efforts of NWIGU and Mr. Schoenbeck.

Very truly yours,

Davis Wright Tremaine LLP


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cc: Service List
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