

December 12, 2006

**NOTICE OF BENCH REQUEST
(Due by Friday, December 15, 2006)**

RE: *WUTC v. Cascade Natural Gas Corporation*, Docket UG-060256

The Washington Utilities and Transportation Commission (Commission) seeks information from Cascade Natural Gas Corporation (Cascade) and Commission Staff in the form of the following bench request in considering testimony filed in Docket UG-060256:

TO: CASCADE AND COMMISSION STAFF:

BENCH REQUEST NO. 4:

In paragraph 5 of the Narrative Statement Regarding Settlement Agreement, Exhibit 2, the parties identify contested overall rates of return, revenue requirement return based on the parties' return recommendations and an agreed upon revenue requirement with respect to return. The Narrative Statement states "This revenue requirement for overall return is in the middle of the range between the two Parties' positions on this issue." Staff asserts that the overall return can be "fairly estimated" based on the evidence set forth in the Settlement Agreement. *Staff Reply Brief*, ¶ 20.

Using the evidence set forth in the Settlement Agreement, we conclude that the parties agreed on net income available for return before adjustments are made for the items listed in Attachment A to the Agreement. We estimate this net income for return to be \$20,484,254 (net income per books plus the settlement "revenue requirement of \$7,480,632 with respect to return" adjusted to net income by the conversion factor). Applying this net income to the settlement rate base of \$231,493,760 yields an overall return of 8.85 percent. Is this the fair estimation the Staff has in mind? Is this what the Staff and the Company intended in paragraph 12(a) of the Settlement Agreement? If not, how do Staff and the Company intend that we fairly estimate the overall return?

Please respond to this Bench Request no later than Friday, **December 15, 2006**, with an original and 8 copies. If you have any questions concerning this request, please contact Administrative Law Judge Ann Rendahl at 360-664-1144, or via e-mail at arendahl@wutc.wa.gov.

To the extent it is applicable to the above requests, please provide your response to each request on a separate sheet of paper and repeat the bench request at the top of the page on which the response begins. Also, please indicate on the response the date the response was prepared, the individual who prepared the response, and the telephone number of the preparer. Please send your response via U.S. Mail to: Carole Washburn, Executive Secretary, Washington Utilities and Transportation Commission, P.O. Box 47250, Olympia, WA 98504, and send an electronic response to the Records Center at records@wutc.wa.gov.

Sincerely,

ANN E. RENDAHL
Administrative Law Judge

cc: All Parties