



222 FAIRVIEW AVENUE N., SEATTLE, WASHINGTON 98109-5312 206-624-3900
FACSIMILE 206-654-4039

CNG/W07-05-01

May 7, 2007

Ms. Carole J. Washburn
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Dear Ms. Washburn:

Enclosed for filing is Cascade Natural Gas Corporation's Conservation and Low Income Plan (the Plan), which is being filed in compliance with the Commission's Order No. 5 in Docket UG-060256 and incorporates the conditions outlined in paragraph 87 of the order. Specifically, the Plan includes an earnings cap based on the stipulated overall rate of return of 8.85%, a verifiable mechanism to assess whether earnings are within the rate of return, and penalties should the Company fail to meet the conservation targets and benchmarks outlined in the Plan.

In accordance with the Order and the Settlement agreement the Company has

- Established a Conservation Advisory Group and invited all interested parties to participate in the review of the conservation potential study and the development of the Company's Conservation Plan
- The Plan includes specific programmatic and energy efficiency targets including benchmarks for the 2008 and 2009 program years.
- The Plan includes penalties should the Company fail to meet the conservation threshold targets once the Plan is approved
- The Plan includes an earnings cap with a verifiable mechanism to determine whether or not the Company exceeds the stipulated rate of return.

The Company believes it has met the requirements outlined in Order No. 5 and requests that the Commission approve the proposed Plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon T. Stoltz", is written over a faint, dotted outline of the signature.

Jon T. Stoltz
Senior Vice President
Gas Supply & Regulatory Affairs

Enclosures

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