



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

CNG/W08-01-01

January 25, 2008

Ms. Carole J. Washburn, Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-9022

RECEIVED
REGULATORY MANAGEMENT
2008 JAN 28 AM 8:36
STATE OF WASH.
UTILITY AND TRANSP.
COMMISSION

Re: Amendment to the Special Contract with Aluminum Company of America (Alcoa)

Dear Ms. Washburn:

Cascade Natural Gas Corporation ("Cascade") encloses for filing the attached Exhibit A, which summarizes the essential terms and conditions of the CONFIDENTIAL Contract Amendment to the Company's Special Contract with Aluminum Company of America (Alcoa). A copy of the amendment is submitted separately in an envelope marked CONFIDENTIAL.

Cascade has been providing distribution service to the Alcoa facilities under a special contract since October 1992 when the Commission, in Docket UG-921047, approved the original agreement. The original agreement had a primary term of 15 years, and the proposed amendment represents an extension of the contract for a four-year term.

This filing is made pursuant to WAC 480-80-143, which requires filing and Commission approval of contracts to end use customers that do not conform to any applicable tariff or which provide for utility services that are not specifically addressed in the utilities published tariffs. In developing the attached amendment, competitive market conditions were a primary consideration. Alcoa's proximity to Northwest Pipeline, whose transmission line runs through the customer's plant site, make bypass of Cascade's distribution facilities a realistic consideration. Given the unique nature of the circumstances surrounding service to Alcoa's plant, the proposed rate does not discriminate between similarly situated customers, and will allow recovery of all costs incurred by Cascade in providing service to this customer.

Finally, in compliance with WAC requirements, Cascade's continued use of a contract for this customer rather than a filed tariff needs to be addressed. This contract represents a negotiated alternative to the bypass opportunity available to this specific customer. As such, a rate design that balanced the customer's avoided cost considerations with the cost recovery benefits that this customer's retention would have for remaining customers was required. Accordingly, the special

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contract filing approach is more appropriate than a general tariff as it provides the added degree of flexibility necessary in constructing unique rate proposals.

Cascade respectfully requests protection and confidential treatment of the attached Contract amendment as envisioned under Chapter 42.17 RCW and RCW 80.04.095, as well as WAC 480-07-160. The documents for which confidential treatment is requested are clearly marked "CONFIDENTIAL" as required by 480-07-160. Confidential treatment is requested to protect both Alcoa as well as Cascade. Public disclosure of this information would severely compromise any future negotiations between Cascade and another party for this type of service as well as release valuable commercial information associated with Alcoa's ongoing operation.

If there are any questions regarding this filing, please contact either Katherine Barnard at (206) 381-6824 or myself at (206) 381-6823.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Stoltz", written in a cursive style.

Jon T. Stoltz
Senior Vice President
Regulatory & Gas Supply

Attachments

EXHIBIT A
Essential Terms & Conditions

Customer Name: Aluminum Company of America (ALCOA)

Type of Service: Firm distribution service

Duration of Contract: Four (4) year primary term, continuing year to year until canceled by either Party.

Charges for Service: \$.06023 per MMBTu of Gas transported

Geographic location: Wenatchee, WA

Additional Obligations: Customer must follow operating guidelines that are consistent the company's current distribution transportation services.