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WASH. UT. & TRANS. COMM.

CASCADE NATURAL GAS CORPORATION

OPTIONAL BEST EFFORTS SPOT MARKET GAS SUPPLY
SUPPLEMENTAL SCHEDULE NO. 587

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APPLICABILITY:

This schedule applies throughout the territory served by the Company under the tariff of which this schedule is a part, as a supplemental schedule to all firm and interruptible sales service schedules.

GAS SUPPLY DESCRIPTION

The per therm cost of gas supplied to customers under this **Optional Best Efforts Spot Market Gas Supply** will be based upon the per therm cost of gas supplies purchased by Company at a negotiated price available on the open spot market for gas, plus all of the costs incurred by Company to get the gas to the city gate. Company may also utilize any unused firm gas for this schedule.

CONTRACT TERM:

Customers choosing **Optional Best Efforts Spot Market Gas Supply** under this schedule shall execute a service contract through at least October 31, 1989. Said contract shall state the maximum daily volume of gas to be delivered under this gas supply schedule as well as the sales rate schedule under which customers will be receiving all gas delivered by the Company.

RATE:

A. Dispatching Service Charge \$500.00 per month

All customers receiving gas supply service through this schedule will be invoiced a monthly Dispatching Service Charge under this schedule or under one of the other gas supply or sales service schedules, but in no event shall customer be billed a monthly Dispatching Service Charge under more than one schedule.

B. Billing Adjustment

The charges for sales service under customer's applicable base sales schedule(s) to customer electing this option shall also include a credit of an amount equal to Northwest Pipeline Corporation's (NORTHWEST) F.B.C. Gas Tariff, ODL-1 Rate Schedule Commodity rate, as such rates are reflected in the Company's tariff, minus the cost at the city gate of the gas supplies provided under this **Optional Best Efforts Spot Market Gas Supply**.

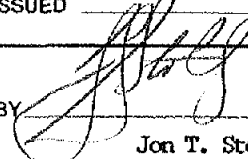
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ONG/88-10-01

ISSUED November 2, 1988

EFFECTIVE December 2, 1988

BY  _____
Jon T. Stoltz

ISSUED BY CASCADE NATURAL GAS CORPORATION
Vice President

TITLE _____

CASCADE NATURAL GAS CORPORATION

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WAIVER OF FIRM GAS SUPPLY:

Customer(s) receiving service on a firm base Rate Schedule and electing to rely upon interruptible gas supplies in lieu of firm system supply or Optional Firm Gas Supply Supplemental Schedule No. 586 waive protection from curtailment of all of their requirements covered under this schedule, including those volumes covered by the Firm Contract Demand under the firm sales schedule in the event of a gas supply failure. Such Firm Contract Demand currently provides only firm capacity on Company's distribution facilities. Company has no obligation to purchase or reserve gas supplies or interstate pipeline capacity for customer(s) electing interruptible gas supplies.

Customer(s) receiving service on a firm base Rate Schedule and electing to rely upon interruptible gas supplies in lieu of firm system supply or Optional Firm Gas Supply Supplemental Schedule No. 586 waive any right to automatically purchase firm supplies or interstate pipeline capacity through the Company at some future date. Such future requests shall be subject to effects on availability or cost of such supply to other customers and may require a charge to offset any incremental costs of meeting such requests.

OPERATING OBLIGATIONS AND CONDITIONS:

1. Customer served on this schedule is required to report estimated gas supply requirements daily to the Company's dispatch department at least thirty-two (32) hours prior to the beginning of each gas day, unless other written arrangements are agreed upon with the Company. Such estimated requirement shall be considered as customer's nomination. Customer may report changes in that estimated gas supply requirement up to eight (8) hours prior to the beginning of each gas day. The gas day shall begin at 2:00 pm Pacific Standard Time.

Failure to report estimated gas supply requirements or comply with the written arrangements shall be considered as a zero (0) nomination for such gas day and may result in the penalties described in 3 below.

2. Customer served on this schedule is required to notify the Company's dispatch department in advance of operating changes that would cause actual gas day consumption to vary, either up or down, by 10% from reported gas day estimate. Such notification may mitigate potential penalties but will not indemnify customer from the responsibility of penalties described in 3 below.
3. Penalties incurred by Company from Northwest Pipeline Corporation as a result of nomination imbalances, will be passed on directly to those customer(s) or groups of customers whose take levels contribute to the imposition of the penalty. Such penalty shall be allocated among such customers, including Company's system supply customers, in proportion to the nomination imbalance associated with each customer or group of customers.

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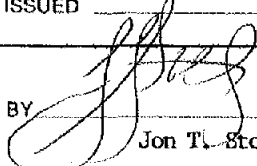
CNG/W88-10-01-S

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Vice President

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OPERATING OBLIGATIONS AND CONDITIONS: (Continued from previous page)

- 4. Unless otherwise agreed to by the Company, the Company will designate the monthly volume of gas delivered to the customer under this schedule in the following sequence as applicable:
 - a) First - The volume of system supplies which are scheduled to be made a portion of customer's gas supply nomination, if any.
 - b) Second - If customer is providing a portion of its gas supply requirement with customer owned gas supplies, the volume of banked customer owned gas supplies, if any, shall be delivered prior to any other non system supply.
 - c) Third - The volume of gas supply scheduled to be delivered under the **Optional Firm Gas Supply** schedule, if any.
 - d) Fourth - The volume of gas supply scheduled to be delivered under this **Optional Best Efforts Spot Market Gas Supply** schedule.
 - e) Fifth - The volume of gas scheduled for delivery under the **Optional Customer Specific Gas Supply** schedule, if any.
 - f) Sixth - The volume of customer purchased supplies scheduled for delivery under Limited Transportation Services of Customer Owned Gas Schedule No. 583, if any.

UNAUTHORIZED USE OF GAS:

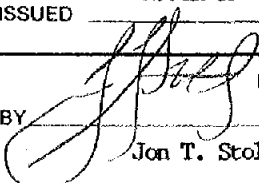
Gas taken by customer under this schedule by reason of customer's failure to comply with Company's curtailment order shall be considered as an unauthorized overrun volume. Company shall bill and customer shall pay for such unauthorized overrun at the rate of \$0.60 per therm for all gas used in excess of 105% of the customer's gas day allocation plus the incremental costs above CDL-1 Commodity of any supplemental gas supplies the Company may have had to purchase to cover such unauthorized use, in addition to the regular charges incurred in the RATE section of this schedule. The payment of an overrun penalty shall not under any circumstances be considered as giving customer the right to take unauthorized overrun gas or to exclude any other remedies which may be available to the Company to prevent such overrun.

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