

ATTACHMENT A

AGREEMENT
UG-951415

VUTC 216-950326,		
DOCKET NO. -951415		
EXHIBIT # 57		
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Cascade Natural Gas Corporation (the "Company") filed its general rate case ("the General Rate Case") with the Washington Utilities and Transportation Commission on December 11, 1995. The General Rate Case was assigned Docket No. UG-951415.

2. In connection with the filing of the General Rate Case, the Company submitted proposed figures for its operating revenues, operating expenses, and operating taxes, among other categories. The parties to the General Rate Case have participated in ongoing mutual gains negotiations since June, 1995 regarding the Company's proposed figures and other issues.

3. (a) As a result of these mutual gains negotiations, Staff and the Company have agreed to an overall rate of return of 9.76%, reflecting an agreed capital structure (45% common equity, 5% preferred stock, 45% long term debt and 5% short term debt) and a return on equity of 11.25%. Public Counsel has not agreed to this result nor method.

(b) Staff and the Company have also agreed to the adjusted and restated per books accounting figures, as reflected on attached Exhibit A. Public Counsel does not oppose this result.

(c) Northwest Industrial Gas Users (NWIGU) has no opposition to any of the foregoing agreements.

4. The foregoing agreed subject areas are not subject to cross-examination during the presentation of the Company's direct case. Public Counsel may, however, require

the Company to call witnesses testifying to these subject areas for cross-examination at the time the Company's rebuttal case is presented.

5. The parties have not reached agreement on issues regarding (a) special contracts, purchased gas costs including purchased gas capacity costs, and meter reading and billing expense and therefore final revenue requirements, and (b) cost of service, rate spread, and rate design. These issues remain the subject of mutual gains negotiations and/or hearings, and will be subject to cross-examination and litigation in the General Rate Case.

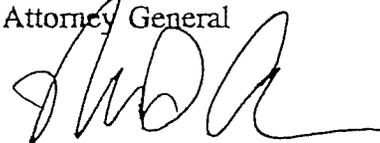
6. Given this background, the Company, Staff, Public Counsel and NWIGU hereby submit the attached Exhibit A reflecting the agreed issues as of the date of this agreement.

7. Since certain issues have been resolved by agreement, the Company, Staff, Public Counsel and NWIGU waive cross-examination of the following witnesses in the Company's direct case and stipulate to the entry of their prefiled testimony. These witnesses are: Larry L. Clark, James E. Haug, Katherine J. Barnard, and J. D. Wessling.

8. The following witnesses will be subject to cross-examination during the Company's direct case as to issues not already agreed among the parties: Jon T. Stoltz, Lamar M. Dickey, and Peter A. Schwartz.

COMMISSION STAFF

CHRISTINE O. GREGOIRE
Attorney General



Robert D. Cedarbaum
Assistant Attorney General

DATE: 5/7/96

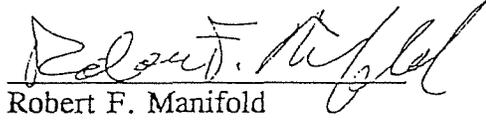
RECIP_ID	NAME	ADDRESS			
115480	Bateman, Glenn	2019 South 2ND Avenue	Yakima	WA	98903
112790	Bateman, Len	2019 S 2nd Ave	Yakima	WA	98903
112355	Budke, Wally	312 Stanley Blvd	Yakima	WA	98902
113573	Burdine, Craig	1538 Isaacs Ave.	Walla Walla	WA	99362
112324	Burke, Mr Thomas P	1237 East Fir Street	Othello	WA	99344
115138	Carosino, Bob	125 Spring St	Richland	WA	99352
78716	Cedarbaum, Robert D	WUTC; Attorney General Office; State Mail Stop 40128			
115116	Clark, Barbara	PO Box 1222	Walla Walla	WA	99362
112326	Conway, J. Carey	2104 Highland Drive	Anacortes	WA	98221
33187	COOK, BILLIE J	3167 300 AVE E # 2	OAK HARBOR	WA	98277
111744	Deets, Lawrence A & Patricia E	723 5th St	hoquiam	WA	98550-3415
113530	Demmon, Paul	1345 Welling Road	Bellingham	WA	98226
115491	Doherty, Mabel E	1216 W 1st Ave	Kennewick	WA	99336
28479	FINKLEA, EDWARD A	BALL, JANIK & NOVACK; 101 SW MAIN ST.; STE 1100	PORTLAND	OR	97204-3274
113354	Francis, Jane K	847 WoodVine Way	Bellingham	WA	98226
119272	Freeman, Lisa	Mega Watts News; 1616 N. Fort Myer STE 1000	Arlington	VA	22209-3100
88287	Golding, Wanda C	1208 East Spruce Street	Yakima	WA	98901
112795	Graves, David A	3906 W 6th St	Anacortes	WA	98221
112710	Hack, Mark W	346 29th Ave	Longview	WA	98632
115478	Hayes, John M	2916 Shawnee Place	Mount Vernon	WA	98273
112798	Herbst, Robert K	2630 Sandstone Lane	Richland	WA	99352-2179
22620	HUTTON, MARY ANN	NORTHWEST INDUSTRIAL GAS USERS; 9999 NE WORDEN HILL ROAD	DUNDEE	OR	97115-9147
92752	Kane, Maureen S	2611 Victor Street	Bellingham	WA	98225
113355	Korgan, M	17th Boyer	Walla Walla	WA	99362
116882	Kostandarithes, Heather	1914 Hood Avenue	Richland	WA	99352
92750	Krumdiack, Beverly	2116 36th Street	Bellingham	WA	98226
115486	Larson, Linda J	3206 Laurel Rd	Longview	WA	98632
26778	MANIFOLD, ROBERT F	OFFICE OF THE ATTORNEY GENERAL; PUBLIC COUNSEL; 900 4TH AVENUE STE 2000	SEATTLE	WA	98164
113570	Mansolf, John J	13710 Daybreak Pl. NW	Silverdale	WA	98383
111741	Marriner, Scott	Apple Country Pickens; 4001 Summitview Ave; 20 Westpark	Yakima	WA	98908
116759	Marriner, Scott	Apple Country Pickens; 4001 Summitview Ave; 20 Westpark	Yakima	WA	98908
116564	Masland, Lynne	616 North Forest Street	Bellingham	WA	98225
116761	Mathiasas, Christine	1853 NE Rustic Lane	Bremerton	WA	98310
115502	Ohler, Trone	PO Box 691	Blaine	WA	98231
112316	Passenger, Mr/Mrs Ron	814 Haines Avenue	Sedro Woolley	WA	98284
94129	Porter, Ronald A	2461 Pheasant Way	Ferndale	WA	98248
113180	Prusley, C A	209 South Third Ave	Yakima	WA	98902-3420
87021	Pyron, Paula	Ball, Janik and Novack; 101 S.W. Main STE 1100	Portland	OR	97204
39744	RAY, DONALD	814 VINE CIRCLE	LYNDEEN	WA	98264
111841	Richards, Mr John	6006 Portal Way,Space X	Ferndale	WA	98248
115518	Rockwell, Mr Paul	5494 Bellwlest Dr	Bellingham	WA	98226
115898	Sargent, Bill	104 East Maple	Bellingham	WA	98225
111672	Seaman, Charles	2625 Kulshan St	Bellingham	WA	98225-2340
112353	Shaw, Don	333 Weatheraxe Street	Sunnyside	WA	98944
115483	Spanel, Leslie E	901 Liberty Street	Bellingham	WA	98225
113132	Stevens, Dr Don J	1902 W 36th Pl	Kennewick	WA	99337
116765	Stolte, Gerbart	1622 So 15th Ave	Yakima	WA	98902
45580	Stoltz, John T	CASCADE NATURAL GAS; Rates and Planning; PO Box 24464	Seattle	WA	98124
116763	Thomas, Ross	933 Vine Ave	Sunnyside	WA	98944
112910	Trusley, C A	209 S 3rd Ave	Yakima	WA	98902-3423
112319	Vermeer, Mr Robert B	124 South Meadow Lane	Lynden	WA	98264
114494	Weber, Carl & Kaye	102 West 11th Street	Aberdeen	WA	98520
40132	WEST, JOHN L	MILLER NASH WIENER HAGER & CARLSEN; 4400 TWO UNION SQUARE; 601 UNION STREET	SEATTLE	WA	98101
113299	White, Kenneth	1710 Evergreen St	Walla Walla	WA	99362-2532

RECIP_ID	NAME	ADDRESS		
112792	Whitten, Diane	4802 W 8th Ave	Kenniwick	WA 99336
115499	Workentin, Anna	PO Box 331	Blaine	WA 98231

PUBLIC COUNSEL

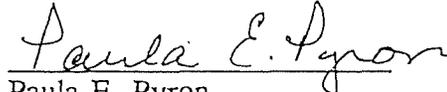
CHRISTINE O. GREGOIRE
Attorney General

DATE: _____


Robert F. Manifold
Assistant Attorney General

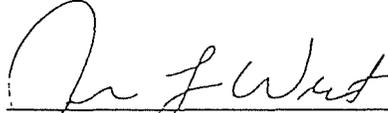
NORTHWEST INDUSTRIAL GAS
USERS

DATE: _____


Paula E. Pyron
Attorney

CASCADE NATURAL GAS
CORPORATION

DATE: 5/7/96


John L. West
Attorney

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

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BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

Docket No. UG-951415

SETTLEMENT AGREEMENT AND
PETITION

BACKGROUND

Cascade Natural Gas Corporation (the "Company") filed its general rate case (the "General Rate Case") with the Washington Utilities and Transportation Commission (the "Commission") on December 11, 1995. The General Rate Case was assigned Docket No. UG-951415. The Company also filed a petition for ratemaking treatment with respect to certain special contracts on March 15, 1995 (the "Special Contract Case"). The Special Contract Case was assigned Docket No. UG-950326. The General Rate Case and the Special Contract Case were consolidated by prior Commission order.

Since June 1995, the Company, Staff, Public Counsel and Northwest Industrial Gas Users have engaged in negotiations with a view toward settlement of the General Rate Case and the Special Contract Case. In connection with these negotiations the parties submitted and responded to data requests and conducted discovery with respect to both the General Rate Case and the Special Contract Case.

SETTLEMENT AGREEMENT AND
PETITION - 1

MILLER, NASH, WIENER,
HAGER & CARLSEN
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AND COUNSELORS AT LAW
TELEPHONE (206) 424-4444
400 TWO UNION SQUARE
601 UNION STREET, SEATTLE, WASHINGTON 98101-2352

1 3. Cost of Service. The parties do not agree to any cost of service
2 methodology or cost of service results. The rate spread accepted by the parties in section (4)
3 and set forth in Settlement Exhibit 1 of this agreement falls within a range of reasonableness
4 defined by the cost of service studies prepared during negotiations by the Company, Staff,
5 Public Counsel, and the Northwest Industrial Gas Users. This rate spread will result in rates
6 which are fair, just, and reasonable.

7 4. Rate Spread. The customer service charges of all core rate schedules
8 will increase by \$1.00 on each of the first and second anniversaries of the effectiveness of
9 New Rates. The rate schedule 663 and 664 rates will decrease in the aggregate by the same
10 amount as the revenue increases resulting from the increased customer service charge on the
11 same dates (revenue neutral filings). The Company shall file such revenue neutral filings at
12 least 30 days prior to their effective dates for 1997 and 1998. The settlement rate spread is
13 shown on the attached Settlement Exhibit 1.

14 The actual rate schedule decreases for Schedule 663 and 664 will be applied in
15 the following fashion:

16 a. For the rates effective 8/1/96, the margin decrease of \$176,241 will be
17 applied to reduce the fifth block of Schedule 663 and the second and third blocks of Schedule
18 664 (for consumption between 100,000 and 500,000 therms per month for each schedule),
19 with the rate levels for the subsequent blocks set equally at \$0.02000 per therm as shown in
20 Settlement Exhibit 2.

21 b. For the Schedule 663 and 664 rate reductions effective 8/1/97 and
22 8/1/98, the total amount of the customer service charge revenue generated from the
23 respective annual \$1.00 increases in residential and general service rate schedule customer
24 service charges shall be based upon the customer counts for those customer classes from the
25 most recent twelve months data available.

26

1 c. In calculating the actual rate decreases applicable to Schedule 663 and
 2 664 customers, the billing determinants used to establish the rates in 8/1/97 and 8/1/98 shall
 3 be based upon the same time frame used to establish the customer service charge revenue
 4 generated under this agreement for 663 and 664 rate decreases.

5 d. The fixed portion of the dispatch charge is to remain at \$500 during the
 6 general rate case moratorium period described in Section 2 above. The rate blocks shown on
 7 Settlement Exhibit 2 attached shall also remain unchanged during such moratorium period.
 8 In determining the actual rates to be effective on 8/1/97 and 8/1/98 for Schedules 663 and
 9 664, the decreases shall be applied in a manner such that the resulting rates for each rate
 10 block are proportional (equal percentage) to the illustrative rates shown on Settlement
 11 Exhibit 2. After applying these revenue allocations, the actual rates by rate block for
 12 Schedules 663 and 664 will be within +/- 5% of the 8/1/98 illustrative rates as shown on
 13 Settlement Exhibit 2. The rates resulting from implementation of the 8/1/98 decrease shall
 14 not be changed during the remainder of the general rate case moratorium period described in
 15 Section 2 above.

16 e. If the relationship between the Company's Schedule 663 and 664
 17 volumes and/or the Company's customer charge revenues differ so as to produce rates lower
 18 than the 8/1/98 illustrative rates by more than 5% per rate block, the Company shall pass
 19 back the excess revenue to the margin of the core schedules based on the amount of revenue
 20 contributed by the increased customer charge.

21 If the required adjustment to create actual rates that are within 5% of the
 22 illustrative rates exceeds the amount of dollars available from the customer service charge
 23 increase, the Company agrees to absorb the incremental dollars until it files its next general
 24 rate case. Such dollars will not be considered in any interim/emergency rate relief
 25 application described in Section 2 above.

1 5. Rate Design.

2 Residential: Rate schedules 501 and 503 will be combined in a new rate
3 schedule 503. The customer charge will be \$2.00 per month, with increases to \$3.00 per
4 month on the first anniversary of the effectiveness of New Rates, and to \$4.00 per month on
5 the second anniversary of the effectiveness of New Rates. Residential Rates will be a single
6 block rate.

7 Commercial: On Commercial rate schedule 504, the customer service charges
8 will become \$5.00 on the effective date of New Rates, increasing to \$6.00 and \$7.00 on the
9 first and second anniversary dates of New Rates, respectively.

10 Industrial: On Industrial rate schedule 505, the customer service charges will
11 become \$10.00 on the effective date of New Rates, increasing to \$11.00 and \$12.00 on the
12 first and second anniversary dates of New Rates, respectively.

13 Temporary Dry Out Service Schedule 502 will have a customer service charge
14 of \$5.00 on the effective date of the New Rates, increasing to \$6.00 and \$7.00 on the first
15 and second anniversary dates of the New Rates, respectively.

16 Large Volume General Service Schedule 511 will have a customer service
17 charge of \$20.00 on the effective date of the New Rates, increasing to \$21.00 and \$22.00 on
18 the first and second anniversary dates of the New Rates, respectively..

19 Compressed Natural Gas Service Schedule 512 will have a customer service
20 charge of \$5.00 on the effective date of the New Rates, increasing to \$6.00 and \$7.00 on the
21 first and second anniversary dates of the New Rates, respectively.

22 Interruptible Service Schedule 570 will have a customer service charge of
23 \$20.00 on the effective date of the New Rates, increasing to \$21.00 and \$22.00 on the first
24 and second anniversary dates of the New Rates, respectively.

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1 Limited Interruptible Service Schedule 577 will have a customer service charge
2 of \$20.00 on the effective date of the New Rates, increasing to \$21.00 and \$22.00 on the
3 first and second anniversary dates of the New Rates, respectively.

4 The minimum bill of Schedule 541 will have a charge of \$2.82 in the winter
5 and \$5.24 in the summer on the effective date of the New Rates, increasing to \$3.82 and
6 \$6.24 on the first anniversary date and \$4.82 and \$7.24 on the second anniversary date of
7 the New Rates, respectively.

8 Rate Schedules 663 and 664: New Rate Schedule 664 shall be available and
9 provide for a minimum bill to customers equal to the charge for minimum annual volumes of
10 2,400,000 therms per year. To be eligible for 664, a customer must have taken at least
11 2,400,000 therms of service in the prior 12 months, or have demonstrated to Cascade's
12 satisfaction that customer reasonably anticipates requiring 2,400,000 therms of service in the
13 contract year.

14 Settlement Exhibit 2 shows the estimated decline in 663 and 664 Rates over
15 the three-year period.

16 Schedule 664 shall contain a minimum annual throughput requirement of
17 2,400,000 therms during a contract year. If a 664 customer's actual annual throughput is
18 less than 2,400,000 therms for a contract year, the customer shall be liable for an annual
19 minimum bill under Schedule 664 rates based upon the difference between the customer's
20 actual annual throughput and 2,400,000 therms. The customer's annual minimum bill for the
21 resulting difference shall be calculated as if the customer's deficient consumption occurred
22 during the twelfth month of the contract year. Unless the customer can show circumstances
23 that were unforeseen and beyond the customer's control such as a force majeure event, the
24 customer will be shifted to Rate Schedule 663 for a period of not less than one year until
25 such time the customer uses and can maintain a usage of at least 2,400,000 therms per year.
26

1 6. Meter Reading and Billing. The Company agrees to prepare a plan for
 2 reducing expenses of meter reading and billing and will circulate such plan to all parties for
 3 comment not later than November 30, 1996. This plan will result in a reduction in meter
 4 reading and billing expenses or increases in revenues from such activities or a combination of
 5 both so that by December 31, 1999, such expenses would be not more than two-thirds of test
 6 year expenditures increased at the compound rate of the Seattle Consumer Price Index plus
 7 customer growth.

8 7. Revenue Credit. The Company agrees to reflect in its Temporary
 9 Technical Adjustment Schedule 595 a revenue credit for core customers in the state of
 10 Washington providing a credit of \$.00139 per therm. The revenue credit expires four years
 11 after the effective date of New Rates.

12 8. Deferrals. \$13 million of total gas cost account deferrals are to be
 13 transferred to a new deferral account, to be held at the Company's short term interest rates
 14 from time to time, until four years after the effective date of the New Rates at which time
 15 these funds shall be amortized to core customers over a period not to exceed four years. The
 16 balance of existing deferral accounts (approximately \$7 million) is to be passed back to core
 17 ratepayers beginning on the effective date of the New Rates, over a period of four years, on
 18 an equal cents per therm basis. The net refund applicable to Schedule 663 from Docket
 19 Nos. UG-960452 and 960453 shall be returned to both Schedule 663 and 664 over a one year
 20 period on an equal cents per therm basis. The Company shall refile its tariffs in Docket
 21 Nos. UG-960452 and 960453 to reflect only the changes agreed to herein. Such refiling
 22 shall be placed on the Commission's next available open meeting agenda for approval.

23 9. No addition of Firm Pipeline Capacity. For a period of three years
 24 after the effective date of the New Rates, the Company agrees not to request reimbursement
 25 for an increase in its TF-1 capacity at full tariff rates in any PGA filing beyond the amount
 26

1 of capacity the Company holds in its name at present, provided that such increases only may
 2 be requested if prudent, which the Company shall have the burden of establishing.

3 10. Reconnect and Field Collective Fees. The Company's reconnect fees
 4 will be \$16 during regular business hours and \$32 after regular business hours. Such fees
 5 shall apply to customers by address, not by individual requesting service. Field collection
 6 fees will be increased to \$8.

7 11. Extended Business Hours. The Company agrees to negotiate in good
 8 faith at its next regularly scheduled bargaining opportunity with its union to allow reasonable
 9 extension of hours for regular service calls beyond 5:00 p.m. in those service areas in which
 10 there is more than one service person. Customers will not be disconnected on Friday or the
 11 day before a holiday for non-payment. The extended business hours are to more effectively
 12 serve customers, who often are not at home before 5:00 p.m.

13 12. Balancing. Along with its New Rates the Company will file additions
 14 to its 663 and 664 tariffs to provide for balancing requirements equivalent to the monthly
 15 balancing requirements in the current Northwest Pipeline Company ("NPC") tariffs approved
 16 by the Federal Energy Regulatory Commission, and to amend the Company tariffs within 30
 17 days after the time the NPC tariffs are effective to reflect the current balancing requirements
 18 of NPC. To the extent the Company shall receive penalties under such balancing provisions,
 19 it shall defer the net amounts above any costs imposed by the subject imbalances for the
 20 benefit of its core customers. This provision shall not preclude any other parties, with good
 21 cause, from proposing balancing provisions after the New Rates become effective which may
 22 vary from NPC's balancing provisions.

23 13. Future PGAs. The Company agrees to file its 1996 and future PGAs
 24 on an "actual utilization under normal weather" basis. The parties reserve the right to
 25 question, among other things, the amount of gas capacity, amount of capacity release and
 26 other off-system gas sales revenue, and/or the prudence of gas acquisitions in all future

1 PGAs. The gas cost increments reflected in the New Rates, by individual schedule, shall be
 2 used from the effective date of the New Rates forward for the purpose of calculating the
 3 Company's Washington monthly gas cost deferrals. Future PGA commodity changes shall
 4 be allocated to core schedules on an equal cents per therm basis. Future demand cost
 5 changes shall be allocated to core schedules on an equal percent of demand increment basis.
 6 A non-core daily balancing rate (of \$.00050 per therm) times the non-core volumes shall be
 7 included in the monthly gas cost deferrals as a revenue credit against gas costs collected from
 8 core customers. At the time the Company files its 1997 PGA and deferral filing, the
 9 Company shall provide to the parties data and cost analysis to support any continuation,
 10 change or elimination of a daily balancing rate. This Settlement Agreement and the
 11 Commission's approval of this Settlement Agreement do not create any presumption as to the
 12 validity or appropriate level of any daily balancing rate. The parties reserve the right to
 13 contest the validity or appropriate level of any daily balancing rate or similar charge
 14 beginning with the 1997 PGA and deferral filing.

15 14. Special Contracts. The Company agrees to develop a method which it
 16 will use in evaluating the potential of special contracts not yet approved by the Commission
 17 which relies upon an incremental cash flow analysis. In order to develop and implement this
 18 approach, the Company agrees to maintain at a minimum the following documents:

19 1. Maps, notes of site visit(s), and where the Company is to
 20 construct new facilities, surveyor reports, comprehensive construction
 standards and construction company bids.

21 2. Independent external consulting engineers reports, with cost
 22 estimates stamped, signed and dated by a professional engineer. (In those
 23 cases where the Company does not believe such a report is necessary, the
 Company will consult with Staff and will document its reasons why such a
 report is not necessary).

24 3. Pressure/flow studies (for example, STONER or other model
 25 runs, etc.).

26 4. Notes of all meetings and phone calls and correspondence of any
 kind bearing on an explicit threat of action by the competitor.

1 5. Reports, memos, drawings, calculations and documents which
2 substantiate claims made for distance to pipeline, topography, obstacles, and
3 other relevant variables.

4 6. Financial and economic information which backs up the discount
5 rate estimates for the customer, to include weighted average cost of capital and
6 its derivations.

7 15. Deletion of Unused Rate Schedules. The Company agrees to delete
8 Rate Schedules 513, 687, 688 and 689, none of which are used to serve customers presently,
9 and tariff sheets 5000 and 5001 relating to demand side management programs that are no
10 longer effective.

11 16. Availability of Witnesses for Questioning. All parties agree to make
12 appropriate witnesses available at the request of the Commission for questions and to testify
13 in support of this Settlement Agreement and Joint Petition.

14 17. Waiver of Suspension Period. In the event hearings become necessary
15 because the Commission shall not enter orders as requested in this Settlement Agreement and
16 Petition, the Company agrees to waive the suspension period for a reasonable time so that
17 hearings may be scheduled.

18 18. Integration. This Settlement Agreement and Petition and the attached
19 exhibits represent an integrated agreement among the parties with respect to the settlement.
20 There are no other agreements or understandings (written or oral) which modify any part of
21 the settlement, as expressed herein.

22 19. Reservation of Rights. The parties agree that this Settlement
23 Agreement and Petition represents a negotiated settlement in the public interest with respect
24 to the matters as agreed to herein for the sole purpose of settlement of the matters agreed to
25 herein. The parties individually and collectively do not waive the right to assert any position
26 in any other proceeding before the Commission.

 20. Reopening of Record Upon Modification. The parties request that, if
 the Commission wishes to modify any matter agreed to herein, the Commission so notify the

parties in writing of the modification. If any party does not agree with the modification within three business days from receipt thereof, all parties shall jointly request that the matter be sent back for further proceedings and the record reopened for the purpose of receiving additional testimony from the parties with cross-examination thereon. If the record is reopened accordingly, no party shall be bound by the provisions of this Settlement Agreement and Petition.

21. Execution. This Settlement Agreement and Petition may be executed by the parties in several counterparts and as executed shall constitute one agreement.

PETITION

Based on the agreements set forth in Exhibit 57 and in this Settlement Agreement and Petition, and on the files and records in the proceedings to which they relate, the undersigned parties petition the Commission for entry of orders incorporating the substance of the terms and conditions agreed upon in Exhibit 57 and in this Settlement Agreement and Petition. The parties also request that the Commission's final orders provide that the New Rates may be effective August 1, 1996.

Dated this ____ day of June, 1996.

COMMISSION STAFF
CHRISTINE O. GREGOIRE
Attorney General

NORTHWEST INDUSTRIAL GAS
USERS

Robert D. Cedarbaum
Ann E. Rendahl
Assistant Attorneys General

Paula E. Pyron
Paula E. Pyron
Attorney

1 PUBLIC COUNSEL

CASCADE NATURAL GAS CORPORATION

2 CHRISTINE O. GREGOIRE
Attorney General

3 *Robert F. Marikold by*
4 Robert F. Marikold *Smaldon*
Assistant Attorney General 6/28/96

John L. West
5 John L. West
Attorney

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Docket No. UG-951415

Exhibit (SETTLEMENT-1)

Schedule 1 of 1

Page 1 of 1

Cascade Natural Gas Corporation							
PROPOSED CHANGE IN MARGIN TO REFLECT SETTLEMENT IN UG-951415							
State of Washington							
Line No.	Description	Rate Schedule	Total Adjusted Therms Sales	Total Adjusted Margin at @ 1-1-94 Rates	Proposed Increase Margin By Customer Group	Margin at Proposed Rates	Percentage Change in Margin
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Residential							
1	General Service	501	29,133,665	\$ 7,176,285	\$ 911,789	\$ 8,088,074	12.7056%
2	Optional Service	503	43,858,745	\$ 9,444,941	1,200,035	10,644,976	12.7056%
3	Total		<u>72,992,410</u>	<u>\$ 16,621,226</u>	<u>\$ 2,111,824</u>	<u>\$ 18,733,050</u>	
Res-Com Dual Service							
4	Dry-out	502	1,122,626	\$ 206,107	\$ 26,187	\$ 232,294	12.7056%
5	Gas Air Conditioning	541	572,517	\$ 104,813	13,317	118,130	12.7056%
6	Total		<u>1,695,143</u>	<u>\$ 310,920</u>	<u>\$ 39,504</u>	<u>\$ 350,424</u>	
Commercial							
7	General Service	504	63,610,113	\$ 11,849,759	\$ 1,505,581	\$ 13,355,340	12.7056%
8	Compressed Natural Gas	512	61,114	\$ 11,506	1,462	12,968	12.7056%
9	Total		<u>63,671,227</u>	<u>\$ 11,861,265</u>	<u>\$ 1,507,043</u>	<u>\$ 13,368,309</u>	
Com-Ind Dual Service							
10	Large Volume	511	28,370,393	\$ 3,084,138	195,929	3,280,067	6.3528%
11	Total		<u>28,370,393</u>	<u>\$ 3,084,138</u>	<u>\$ 195,929</u>	<u>\$ 3,280,067</u>	
Industrial Firm							
12	General Service	505	8,643,340	\$ 1,057,618	67,188	1,124,807	6.3528%
13	Total		<u>8,643,340</u>	<u>\$ 1,057,618</u>	<u>\$ 67,188</u>	<u>\$ 1,124,807</u>	
Interruptible							
14	General (Industrial)	570	8,721,399	\$ 422,241	53,648	475,889	12.7056%
15	Institutional	577	2,615,401	\$ 195,780	24,875	220,654	12.7056%
16	Total		<u>11,336,800</u>	<u>\$ 618,021</u>	<u>\$ 78,523</u>	<u>\$ 696,544</u>	
17	Total Core		<u>186,709,313</u>	<u>\$ 33,553,188</u>	<u>\$ 4,000,012</u>	<u>\$ 37,553,200</u>	
Non-Core							
18	Distribution Trans.	663	41,733,626	\$ 7,873,991	\$ (20,055)	\$ 7,853,936	-0.2547%
19	Large Vol. Distribution Tran	664	205,683,554	\$ 4,140,839	\$ (156,186)	3,984,653	-3.7718%
20	Special Contracts	901	481,701,943	8,782,638	0	8,782,638	
21	Cost of Gas						
22	Total Non-Core		<u>729,119,123</u>	<u>\$ 20,797,468</u>	<u>\$ (176,241)</u>	<u>\$ 20,621,227</u>	
23	SUBTOTAL		<u>915,828,436</u>	<u>\$ 54,350,656</u>	<u>\$ 3,823,771</u>	<u>\$ 58,174,427</u>	
Adjustments							
24	B&O Tax		0	\$ 3,970,141	\$ -	\$ 3,970,141	
25	Billing/Technical Adjustments		-	53,340	-	53,340	
26	Total Adjustments		<u>0</u>	<u>\$ 4,023,481</u>	<u>\$ -</u>	<u>\$ 4,023,481</u>	
27	TOTAL		<u>915,828,436</u>	<u>\$ 58,374,137</u>	<u>\$ 3,823,771</u>	<u>\$ 62,197,908</u>	
28	Other Op Rev			\$ 103,193	\$ 13,270	\$ 116,463	
29	TOTAL		<u>915,828,436</u>	<u>\$ 58,477,330</u>	<u>\$ 3,837,041</u>	<u>\$ 62,314,371</u>	

cket No. UG-951415
 Exhibit (SETTLEMENT-2)
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Cascade Natural Gas Corporation Illustrative Decline in New 664 Rates - (For Large Transportation Customers) State of Washington				
	Current	Estimated Effective 8/1/96	Estimated Effective 8/1/97	Estimated Effective 8/1/98
Dispatch Service Charge	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
First 100,000 Th/Mth	\$ 0.09660	\$ 0.09660	\$ 0.09129	\$ 0.06085
Next 200,000	\$ 0.04186	\$ 0.03951	\$ 0.03300	\$ 0.02769
Next 200,000	\$ 0.04186	\$ 0.03951	\$ 0.02137	\$ 0.01874
Next 100,000	\$ 0.02000	\$ 0.02000	\$ 0.01900	\$ 0.01874
Next 300,000	\$ 0.02000	\$ 0.02000	\$ 0.01850	\$ 0.01686
Next 400,000	\$ 0.02000	\$ 0.02000	\$ 0.01750	\$ 0.01486
Over 1,300,000	\$ 0.02000	\$ 0.02000	\$ 0.01625	\$ 0.01335
Annual Minimum Bill to qualify for this 664 service based upon 2,400,000 Therms per Year				
Estimated Decrease in New 664 Revenue Compared to Current 663 Revenue		\$ (156,186)	\$ (1,290,850)	\$ (1,349,266)

Cascade Natural Gas Corporation Illustrative Decline in 663 Rates - (For Small Transportation Customers) State of Washington				
	Current (663)	Estimated Effective 8/1/96	Estimated Effective 8/1/97	Estimated Effective 8/1/98
Dispatch Service Charge	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
First 10,000 Th/Mth	\$ 0.13313	\$ 0.13313	\$ 0.13313	\$ 0.13313
Next 10,000	\$ 0.12099	\$ 0.12099	\$ 0.12050	\$ 0.12000
Next 30,000	\$ 0.11423	\$ 0.11423	\$ 0.10700	\$ 0.10000
Next 50,000	\$ 0.07367	\$ 0.07367	\$ 0.06750	\$ 0.06000
Over 100,000	\$ 0.04186	\$ 0.03951	\$ 0.03470	\$ 0.03000
Estimated Decrease in 663 Revenues		\$ (20,055)	\$ (205,533)	\$ (215,484)