



DONELAN CLEARY
WOOD & MASER, P.C.

March 29, 1999

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum Import and Export Activities
Office of Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, SW
Washington, D.C. 20585

Re: *Cascade Natural Gas Corp.*, FE Docket No. 99-___-NG

Dear Mr. Glynn:

Enclosed please find an original and fifteen (15) copies of "Application by Cascade Natural Gas Corporation for Authorization to Import Natural Gas," along with a \$50.00 check to cover the filing fee.

Please contact me if you have any questions about the application. Thank you very much for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Scott A. Harvey", is written over a horizontal line.

Scott A. Harvey

Attorney for Cascade Natural Gas Corporation

Enclosure

8902/345

ATTORNEYS AND COUNSELORS AT LAW

1100 New York Avenue, Suite 750, N.W., Washington, D.C. 20005-3934, Tel. 202-371-9500, Fax: 202-371-0900

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY

RECEIVED DOE/FE
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Cascade Natural Gas Corporation)

FE Docket No. 99-²²NG²

**APPLICATION BY
CASCADE NATURAL GAS CORPORATION
FOR AUTHORIZATION TO IMPORT NATURAL GAS**

Cascade Natural Gas Corporation ("Cascade" or "Applicant"), pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b, Department of Energy ("DOE") Delegation Order Nos. 0204-111 and 0204-127,¹ and 10 C.F.R. Part 590, hereby submits this Application for authorization to import natural gas from Canada. Cascade requests authorization to import competitively-priced Canadian natural gas pursuant to a one year contract with Engage Energy US, L.P. ("Engage"), formerly known as Canadian Hydrocarbons Marketing, Inc. ("CHMI").

The objective of Cascade is to make competitively-priced Canadian gas available to U.S. consumers, primarily in the states of Washington and Oregon. This import mechanism is possible as a result of U.S. and Canadian government policy emphasis on competitive responsiveness to changing market conditions.

¹ On January 6, 1989, the authority to regulate natural gas imports and exports was transferred from the Department of Energy's Economic Regulatory Administration to the Assistant Secretary for Fossil Energy. DOE Delegation Order No. 0204-127 specifies the transferred functions. 54 F.R. 11436 (Mar. 20, 1989). The Order authorizes the Assistant Secretary for Fossil Energy to "[r]egulate natural gas imports and exports, pursuant to the Natural Gas Act, in accordance with Delegation Order No. 0204-111." 54 F.R. 11437.

The contract with Engage continues a prior arrangement between Cascade and CHMI to import Canadian natural gas during the five-year period between November 1, 1993 and October 31, 1998. The import authorization for the five-year arrangement is set forth in FE Docket No. 93-116-NG, Order No. 877. Although Order No. 877 expired on October 31, 1998, Cascade reported its gas transactions to DOE for the entire fourth quarter of 1998 (October, November, and December) as if the order was still in effect.

Under the circumstances, Cascade requests that DOE

- (i) issue a new order authorizing the importation of gas from Engage retroactively from November 1, 1998 through October 31, 1999; and
- (ii) specify that the reports Cascade submitted concerning imports under Order No. 877 after October 31, 1998 shall satisfy Cascade's reporting obligations under the new order for the periods covered by the reports.

Cascade submits that such an approach is necessary and appropriate to avoid the duplicative reporting of the same importing activity.²

DESCRIPTION OF APPLICANT

The exact legal name of Cascade is Cascade Natural Gas Corporation. Cascade is a corporation organized and existing under the laws of the State of Washington and is duly authorized to do business in the States of Washington and Oregon. Cascade's principal place of business is 222 Fairview Avenue North, Seattle, Washington 98109. Cascade is a public utility engaged in the distribution and sale of natural gas in intrastate commerce in 90 communities in the States of

² If DOE requires Cascade to re-submit its reports under Order No. 877 for import activity after October 1998, Cascade submits that it would be appropriate to report such activity either (i) under the new import authorization issued in response to this application or (ii) under Cascade's two-year blanket import authorization, FE 97-45-NG, Order No. 1281.

Washington and Oregon, and is subject to the jurisdiction of the Washington Utilities and Transportation Commission and the Public Utility Commission of Oregon. The proposed imports are within the corporate power of Cascade as the attached Opinion of Counsel demonstrates (Attached hereto as Exhibit A).

PERSONS TO BE SERVED

The names, titles, and mailing addresses of the persons to be served with communications concerning this filing are:

Mr. King Oberg
Vice President—Gas Supply
Cascade Natural Gas Corporation
Post Office Box 24464
Seattle, Washington 98124
(206) 624-3900

Thomas W. Wilcox, Esq.
Scott A. Harvey, Esq.
Donelan, Cleary, Wood & Maser, P.C.
Suite 750
1100 New York Avenue, NW
Washington, D.C. 20005-3934
(202) 371-9500

SUPPORT FOR REQUESTED IMPORT AUTHORITY

Pursuant to the authorization requested herein, Cascade contemplates purchasing natural gas supplies from Engage and reselling such supplies to its customers. DOE regulations relating to the import and export of natural gas, 10 C.F.R. Part 590, set forth several considerations which an Applicant must describe in order to provide the Office of Fossil Energy with sufficient information to examine the competitiveness of the import, the need for natural gas, and the security of supply. In order to satisfy these requirements and to demonstrate that the requested import authorization is not inconsistent with the public interest, Cascade shows the following:

1. Scope of the Project

The import authorization requested herein will apply to natural gas provided by Engage for sale to Cascade for its system supply. Under its contract with Engage, Cascade is eligible to purchase the following volumes of gas:

1. Up to 25,000 MMBtu per day for the period beginning November 1, 1998 and ending March 31, 1999.
2. Up to 15,000 MMBtu per day for the period beginning April 1, 1999 and ending October 31, 1999.

Imports are requested to be authorized at the interconnection facilities near Sumas, Washington at the U.S.-Canadian international boundary. The interconnection point is identical to the one used for imports under Order No. 877.

2. Source and Security of Supply

The general terms and conditions that govern the sale and delivery of gas by Engage to Cascade are set forth in a master contract entitled "Firm or Interruptible Gas Sales Agreement General Terms and Conditions." The specific volumes and the rates to be paid for such gas are set forth in two "Gas Transaction Confirmation" ("GTC") documents. Collectively, the master contract and the GTC documents make up the contract between Cascade and Engage (hereafter, the "Engage Contract"). See Exhibit B. The Engage Contract reflects a commitment on the part of Engage to supply gas in a manner that meets the quality and deliverability requirements of Cascade for the period between November 1, 1998 and October 31, 1999. The Engage Contract binds Cascade and Engage with respect to all price and related terms for this import, and can be relied upon by DOE to determine the competitiveness of the import.

Security of supply is demonstrated by the Energy Removal Certificate ("Certificate") issued by the Ministry of Energy, Mines and Petroleum Resources for the Province of British Columbia to Engage's Canadian affiliate, Engage Energy Canada, L.P. ("Engage Canada"). The Certificate, as modified by ERC-6(9603) Modification #3, indicates that for the period between April 1, 1998 and March 31, 2000, Engage Canada has authority to remove "4157.0 thousand cubic

metres [of natural gas] per day . . . and 3039.0 million cubic metres in total” from the Province of British Columbia for resale to Engage and “various” other buyers in the United States. *See* Exhibit C. Security of Supply is also demonstrated by National Energy Board Order OG-76-98, which authorizes Engage Canada to export gas to the United States for the “term commencing on 1 January 1999 and ending on 31 December 2000.” *See* Exhibit D.

Upon delivery of the natural gas at the U.S.-Canadian international border, Cascade will make arrangements for delivery of the imported natural gas to its facilities in a reliable, convenient, and economical manner.

3. Identity of Participants

Applicant Cascade Natural Gas Corporation is organized and exists under the laws of the State of Washington. Cascade is duly authorized to do business in Washington and Oregon, where its customers are located. In a number of prior filings with DOE, Cascade has submitted its articles of incorporation, bylaws, and documents that evidence its status as a Washington corporation eligible to conduct business in Washington and Oregon. *See, e.g.*, Application to Import Natural Gas, FE Docket No. 93-116-NG. Cascade avers that such previously submitted documents accurately reflect Cascade’s current articles of incorporation, bylaws, corporate status, and eligibility to conduct business in Washington and Oregon.

Engage is a Limited Partnership organized under the laws of Delaware. Its principal place of business is Five Greenway Plaza, Suite 1200, Houston, Texas 77046. Engage is the “Seller” referenced in the master contract and GTC documents. Engage accomplishes the exportation of Canadian natural gas through its affiliate, Engage Canada, which is authorized to do business in the Province of British Columbia. Engage Canada is a Limited Partnership organized under Canadian law. Its principal place of business is Canada Trust Tower, 1100, 421-7th Ave., S.W., Calgary, Alberta, Canada T2P 4K9.

Westcoast Energy, Inc. will provide for shipment of Seller's natural gas within British Columbia to the point of delivery at the international boundary between Canada and the United States, and Northwest Pipeline Corporation will provide transportation on its system from the point of delivery to Buyer's interconnection with Northwest.

4. Terms of the Transaction

The term of the Engage Contract covers the period beginning on November 1, 1998 and ending on October 31, 1999. Copies of the documents that make up the Engage Contract are attached at Exhibit B. As mentioned previously, Cascade has submitted a quarterly report to DOE that describes transactions with Engage for the months of October, November, and December 1998 under Order No. 877, which expired October 31, 1998. Cascade requests that the reporting for November and December under Order No. 877 shall be deemed to satisfy Cascade's reporting obligations for the same time periods under the new import authorization covering the Engage Contract.

5. Need for the Natural Gas

Consistent with the authorization sought and the policy approach of the Secretary of Energy, need for the gas is evidenced by the fact that Cascade, a local distribution company ("LDC"), has an established market for the gas. Cascade anticipates a continuing need for this important source of gas supply. Moreover, the Secretary's "Policy Guidelines Relating to the Regulation of Imported Natural Gas" indicate that imported gas marketed at competitive prices over the term of the contract is subject to a rebuttable presumption that such gas is needed.³

³ Delegation Order 0204-111, February 15, 1984, 49 Fed. Reg. 6684, 6687 (Feb. 22, 1984). Cascade's need for this gas as an element of its system supply ensures that the imported gas will be marketed at competitive prices.

6. Environmental Impact

Cascade intends to utilize existing facilities of U.S. and Canadian pipelines for the transportation and delivery of its imported gas supplies. Further, the imports for which authorization is requested herein do not contemplate the construction of any new facilities. Thus, no environmental impact is anticipated as a result of this authorization.

7. Statement Regarding the Public Interest

This application for authorization to import natural gas is consistent with the public interest as set forth in Section 201 of The Energy Policy Act of 1992, 15 U.S.C. § 717b(c). Section 201 states in pertinent part:

[T]he importation of the natural gas referred to in subsection (b) of this section, or the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest and applications for such importation or exportation shall be granted without modification or delay.

15 U.S.C. § 717b(c).

WHEREFORE, Cascade submits that approval of its import application under the terms and conditions proposed herein is required to allow gas consumers in the Pacific Northwest expanded access to competitively priced Canadian gas supplies.

LIST OF EXHIBITS

In support of this application and pursuant to 10 C.F.R. Part 590, Cascade submits the following Exhibits:

- Exhibit A Opinion of Counsel
- Exhibit B Copies of the "Firm or Interruptible Gas Sales Agreement General Terms and Conditions" and the "Gas Transaction Confirmation" documents that make up the Engage Contract.
- Exhibit C Copy of "Energy Removal Certificate Modification ERC-6(9603) Modification #3" issued to Engage Canada.
- Exhibit D Copy of National Energy Board Order GO-76-98 issued to Engage Canada.
- Exhibit E Verification

Respectfully submitted,

CASCADE NATURAL GAS CORPORATION

By: Thomas W. Wilcox

Thomas W. Wilcox, Esquire
Scott A. Harvey, Esquire
Donelan, Cleary, Wood & Maser, P.C.
Suite 750
1100 New York Avenue, NW
Washington, DC 20005-3934
(202) 371-9500

*Attorneys for Cascade Natural Gas
Corporation*

March 29, 1999

EXHIBIT A



DONELAN CLEARY
WOOD & MASER, P.C.

March 26, 1999

Mr. King Oberg
Vice President—Supply and Marketing
Cascade Natural Gas Corporation
P.O. Box 24464
Seattle, Washington 98124

Re: *Application by Cascade Natural Gas Corporation for
Authorization to Import Natural Gas Provided by Engage
Energy US, L.P.*

Dear Mr. Oberg:

In connection with the captioned application, you have asked our opinion as required by 10 C.F.R. §590.202(c). It is our opinion that Cascade Natural Gas Corporation as a corporation duly organized, validly existing and in good standing under the laws of the State of Washington, has within its corporate powers the importation of natural gas as proposed in the captioned application.

Very truly yours,

Thomas W. Wilcox
Scott A. Harvey
for Donelan, Cleary, Wood & Maser, P.C.

8902/345

EXHIBIT B

FIRM OR INTERRUPTIBLE
GAS SALES AGREEMENT
GENERAL TERMS AND CONDITIONS

between

ENGAGE ENERGY US, L.P.

as Seller

and

CASCADE NATURAL GAS CORPORATION

as Buyer

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EXHIBIT A

ENGAGE

October 26, 1998

Cascade Natural Gas Corporation
P.O. Box 24464
Seattle, WA 98124
Attn: King Oberg

Re: Firm or Interruptible Gas Sales Agreement dated November 1, 1998

Dear King:

For convenience and to better serve you, we have attached this form letter to the referenced Agreements. Please find enclosed:

- XX 2 Originals of the referenced Agreement for execution. Please execute both originals and return same to my attention. Engage will return 1 fully executed original for your records.
- _____ 2 Originals of the referenced Agreement for execution, inclusive of 2 completed Exhibit "A's." Please execute both originals of the Agreement and Exhibit "A" and return both originals of the Agreement and 1 original of the Exhibit "A" to my attention. Engage will return 1 fully executed original Agreement for your records.
- _____ 2 Originals of the referenced Agreement for execution, inclusive of 2 Exhibit "A's" and 2 Exhibit "B's." Please execute all originals and return 2 original Agreements, 1 original Exhibit "A" and 2 original Exhibit "B's" to Engage. Engage will return 1 fully executed original Agreement and Exhibit "B."
- _____ 2 Originals of the referenced Agreement which have already been executed by Engage. Please execute both originals and return 1 original to my attention.
- _____ 1 Fully executed original of the referenced Agreement for your records.
- XX If you have not already done so, please provide a copy of your Sales Tax Exemption Certificate or Resale Certificate, whichever is applicable, to Jean Feather in Engage's Tax Department. Jean's fax number is (713) 297-1858.
- _____ Other/Explanation:

If I may be of further assistance to you, please call me at 713/877-7454.

Sincerely,

Tamayra McRae
Sr. Contract Administrator

Enclosures

cc: Fred Scott, Engage
Jean Feather, Engage
K #10300304



October 26, 1998

Cascade Natural Gas Corporation
P.O. Box 24464
Seattle, WA 98124

Re: Recording of Telephone Conversations

Ladies and Gentlemen:

As you know, many if not most companies in the gas and electric marketing business record telephone conversations in order to have an additional record of their contracts and transactions. On January 1, 1998, Engage Energy US, L.P. ("Engage") began recording telephone conversations at its Houston office between Engage representatives and persons and firms with whom Engage does business by phone. Recording of such conversations also occurs at Engage's Southfield office, and similar recording capability may be added at other Engage offices in the future.

If you have any questions regarding this notice, please contact your Engage representative.

Sincerely,

ENGAGE ENERGY US, L.P.

Engage Energy US, L.P. Five Greenway Plaza, Suite 1200, Houston, TX 77046 Phone: (713) 877-7800

A JOINT VENTURE COMPANY OF THE COASTAL CORPORATION AND WESTCOAST ENERGY INC.

www.engageenergy.com

**King Oberg
CASCADE NATURAL GAS CORPORATION
P.O. Box 24464
Seattle, WA 98124**

**FIRM OR INTERRUPTIBLE GAS SALES AGREEMENT
GENERAL TERMS AND CONDITIONS**

AS OF THIS 1st day of November, 1998, ENGAGE ENERGY US, L.P., a Delaware limited partnership ("Seller") and CASCADE NATURAL GAS CORPORATION, a _____ corporation ("Buyer") who may hereinafter be referred to collectively as "Parties" or individually as "Party":

WITNESSETH:

WHEREAS, the Parties wish to enter into a Gas Sales Agreement covering the sale, delivery and purchase of gas.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the Parties agree as follows:

1. DEFINITIONS

- 1.1 The term "Agreement" shall mean these General Terms and Conditions and the Exhibit "A" hereto in effect from time to time.
- 1.2 The term "gas" shall mean any mixture of hydrocarbons or of hydrocarbons and noncombustible gasses, in a gaseous state, consisting essentially of methane.
- 1.3 The term "Btu" shall mean one (1) British thermal unit, which is the amount of heat required to raise the temperature of one (1) pound of water one degree (1°) Fahrenheit at sixty degrees (60°) Fahrenheit. Btu shall be measured on a dry basis at 14.73 p.s.i.a.
- 1.4 The term "MMBtu" shall mean one million (1,000,000) British thermal units.
- 1.5 The term "Seller's Transporter" shall mean the pipeline delivering gas at the Delivery Point(s).
- 1.6 The term "Receiving Pipeline" shall mean the pipeline receiving gas at the Delivery Point(s) as such pipeline is identified in Exhibit "A", or absent such Receiving Pipeline, the pipeline delivering gas at the Delivery Point(s).
- 1.7 The term "Delivery Point(s)" shall mean the point(s) identified in Exhibit "A" at which title to the gas is transferred from Seller to Buyer.

- 1.8 The term "Contract Quantity" (i) for each Exhibit "A" applicable to a firm transaction having a Delivery Period of one month or less, shall mean a quantity equal to the sum of the Daily Contract Quantity (as such is set forth in section 3.1 below) in effect for each day of the Delivery Period of the Exhibit "A" in question and (ii) for each Exhibit "A" applicable to a firm transaction having a Delivery Period of more than one month, shall mean a quantity, determined for each month in the Delivery Period of such Exhibit "A", equal to the sum of the Daily Contract Quantity in effect for every day of each month in such Delivery Period for which there is a Daily Contract Quantity.
- 1.9 The term "Exhibit "A"" shall mean the confirmation of each transaction substantially in the form of Exhibit "A"/Confirmation attached to these General Terms and Conditions and made a part hereof.
- 1.10 The term "Delivery Period" shall, for each Exhibit "A", mean the period of time that deliveries under each such Exhibit "A" are to be made.

2. CONFIRMATION

- 2.1 Seller will prepare and immediately transmit by facsimile to Buyer the Exhibit "A" attributable to each transaction.
- 2.2 Either Party or both Parties may electronically record any oral statement made by telephone or otherwise by a representative of either Party which pertains or may pertain to formation or performance of a transaction.

3. QUANTITY

- 3.1 The Exhibit "A" shall set forth the service level (firm or interruptible) and the daily quantity of gas that the Parties intend to purchase and sell (the "Daily Contract Quantity") during the Delivery Period set forth in the Exhibit "A". More than one Exhibit "A" may be in effect between the Parties from time to time. Subject to the terms of this Agreement, the Parties agree to nominate, deliver and purchase such agreed upon Daily Contract Quantity.
- a. If the service level is specified as "interruptible" in the applicable Exhibit "A", then either party may interrupt the sale or reduce the quantities to be sold without liability to the other (except as set forth in section 3.2 below) if Seller determines that it does not desire to sell gas to Buyer or Buyer determines

that it does not desire to purchase gas from Seller. The Parties shall promptly notify each other in the event of changes in the quantities to be purchased or sold and shall change their nominations to reflect such changes.

- b. If the service level is specified as "firm" in the applicable Exhibit "A", Seller shall sell and deliver and Buyer shall purchase and receive each day the Daily Contract Quantity specified in the applicable Exhibit "A" for the Delivery Period specified in such Exhibit "A".
 - i. If, for any Exhibit "A" in effect for firm service, Seller fails to deliver the Contract Quantity and such failure is not otherwise excused by any provision of this Agreement, by operation of law or Buyer's failure to meet its obligations hereunder, then Seller shall compensate Buyer for all costs and expenses incurred by Buyer in acquiring a quantity of gas ("Replacement Gas"), up to but not in excess of the difference between the Contract Quantity and the quantity delivered during the Delivery Period of such Exhibit "A" (or during each month thereof if the Delivery Period of such Exhibit "A" exceeds one month), which are (on a per MMBtu basis) in excess of the price payable under such Exhibit "A" ("Buyer's Incremental Costs"). Buyer agrees to use commercially reasonable efforts to obtain Replacement Gas at the lowest price available to Buyer. Within thirty (30) days after the actual quantities delivered by Seller under the applicable Exhibit "A" (or during each month thereof if the Delivery Period of such Exhibit "A" exceeds one month) are confirmed by Receiving Pipeline, Buyer shall render to Seller a statement of Buyer's Incremental Costs detailing the difference between the Contract Quantity and the quantity delivered under such Exhibit "A" during the period of time in question, the quantity of Replacement Gas and the costs and description of costs incurred by Buyer for such Replacement Gas. Within thirty (30) days of receipt of Buyer's statement, Seller shall reimburse Buyer for Buyer's Incremental Costs. Seller's reimbursement of Buyer's Incremental Costs shall constitute Buyer's sole and exclusive remedy for Seller's failure to deliver gas under the Exhibit "A" during the period of time in question and Seller shall not, under any circumstances whatsoever, be liable to Buyer for any

other costs, charges, expenses, losses or damages (except as provided under Section 3.2 below) of any nature or kind whatsoever whether direct or indirect, foreseeable or not foreseeable, consequential or incidental, arising from or in any way attributable to or suffered as a result of Seller's failure to deliver gas pursuant to the terms of the Exhibit "A" in question and this Agreement.

- ii. If, for any Exhibit "A" in effect for firm service, Buyer fails to take the Contract Quantity and such failure is not otherwise excused by any provision of this Agreement, by operation of law or Seller's failure to meet its obligations hereunder, and Seller sells all or a portion of the difference between the Contract Quantity and the quantity taken by Buyer under the Exhibit "A" in question (or during each month thereof if the Delivery Period of such Exhibit "A" exceeds one month) to another purchaser at a price less than the applicable price payable under such Exhibit "A", Buyer shall compensate Seller for the difference between the price per MMBtu which would have been paid to Seller under such Exhibit "A" and the price per MMBtu paid to Seller by such other purchaser(s) ("Seller's Incremental Costs"). Seller agrees to use commercially reasonable efforts to sell such gas at the highest price available to Seller. Within thirty (30) days after the actual quantities delivered under the applicable Exhibit "A" during the period of time in question are confirmed by Receiving Pipeline, Seller shall render to Buyer a statement of Seller's Incremental Costs detailing the difference between the Contract Quantity for such Exhibit "A" and the quantity of gas taken by Buyer under such Exhibit "A" during the period of time in question, the quantity of gas not taken by Buyer that was sold to another purchaser and the price Seller received from such other purchaser(s) for such gas. Buyer shall reimburse Seller for Seller's Incremental Costs within thirty (30) days of Buyer's receipt of Seller's invoice for Seller's Incremental Costs. Buyer's payment of Seller's Incremental Costs shall constitute Seller's sole and exclusive remedy for Buyer's failure to take gas under the Exhibit "A" during the period of time in question and Buyer shall not, under any circumstances whatsoever, be liable to Seller for any other costs, charges, expenses,

losses or damages (except as provided under Section 3.2 below) of any nature or kind whatsoever whether direct or indirect, foreseeable or not foreseeable, consequential or incidental, arising from or in any way attributable to or suffered as a result of Buyer's failure to take gas pursuant to the terms of the Exhibit "A" in question and this Agreement.

- 3.2 The Parties agree to fully cooperate to eliminate imbalances between nominations and deliveries of gas on Seller's Transporter and Receiving Pipeline. If any scheduling or imbalance penalties or charges (including, but not limited to, cash-outs) are imposed upon a Party hereto by Seller's Transporter or Receiving Pipeline in accordance with the provisions of its tariff in effect from time to time, as a result of a Party's failure to deliver or purchase an agreed upon nominated quantity of gas or as a result of the other Party's failure to perform any of its obligations hereunder, then the failing Party shall reimburse the non-failing Party the dollar amount of such penalties (or the failing Party's portion thereof) within thirty (30) days following receipt of an invoice therefor.

4. PRICE OF GAS

- 4.1 Exhibit(s) "A" in effect from time to time shall state the price per MMBtu for the gas that is sold by Seller to Buyer ("Price").
- a. Seller shall pay or cause to be paid all taxes imposed on or with respect to the gas prior to its delivery at the Delivery Point(s). Buyer shall pay, or cause to be paid, all taxes on or with respect to the gas at and after its delivery at the Delivery Point(s) including, without limitation, any and all federal, state or local sales, use, gross receipts, consumption, franchise fee or other similar fees, taxes or charges that may arise from or be levied upon a sale under this Agreement. If Seller is required to remit or pay such fees, taxes or charges, Buyer shall promptly reimburse Seller for same.
 - b. If Buyer is entitled to purchase gas free from any such taxes or charges, Buyer shall furnish Seller the necessary exemption or resale certificate covering the gas delivered hereunder at the Delivery Point(s). Buyer agrees to indemnify and hold harmless Seller from any and all costs, charges and expenses of any nature incurred by Seller as a result of Seller's reliance on Buyer's representation of exemption.

5. TERM

5.1 This Agreement shall be effective as of the date first written above, and, subject to the other provisions hereof, shall remain in effect until terminated by either Party upon at least ten (10) days prior written notice given to the other Party with such termination to be effective as of the first day of the month following expiration of such ten (10) day notice period, provided, however, that if an Exhibit "A" is in effect, termination shall not be effective as to any Exhibit "A" then in effect until expiration of the Delivery Period of each such Exhibit "A".

6. DELIVERY POINT(S); TITLE; RIGHTS OF POSSESSION

6.1 Title and right of possession to all gas delivered and sold hereunder shall pass to Buyer at the Delivery Point(s). Seller shall be deemed to be in exclusive control and possession of the gas and shall be fully responsible for and shall defend and indemnify Buyer, its successors and assigns, against any damage, loss or injury caused by the gas prior to the Delivery Point(s). Buyer shall be deemed to be in exclusive control and possession of the gas and shall be fully responsible for and shall defend and indemnify Seller, its successors and assigns, against any damage, loss or injury caused by the gas at and after the Delivery Point(s).

7. MEASUREMENTS AND TESTS

7.1 The measurement and testing of the gas sold hereunder shall be in accordance with the established procedures in use by Seller's Transporter and applicable to gas delivered at the Delivery Point(s).

8. QUALITY OF GAS

8.1 All gas delivered under the terms of this Agreement shall at all times conform to the quality specifications of Seller's Transporter at the Delivery Point(s), as such specifications are contained in Seller's Transporter tariff(s) in effect from time to time (or in Seller's Transporter standard transportation service agreement if no tariff is applicable).

9. DELIVERY PRESSURE

9.1 Seller shall deliver the gas at the pressure prevailing in Seller's Transporter's facilities at the Delivery Point specified in Exhibit "A".

10. BILLING AND PAYMENT

- 10.1 On or before the twelfth (12th) day of each month during the term of this Agreement, Seller shall render a statement to Buyer for the total quantity of gas delivered to Buyer during the preceding month and for any other amount due Seller under this Agreement for which an invoice is not otherwise provided. Buyer shall pay to Seller, on or before the twentieth (20th) day of each month, the amount due based on Seller's statement. All such payments shall be made to Seller by wire transfer, in immediately available funds, directed to Seller's account set forth in Article 14 below.
- a. To the extent that the actual quantity is not available to Seller by the twelfth (12th) day of each month, Seller may bill Buyer based on nominated quantities, subject to reduction for any known periods when nominated quantities were not delivered and subject to later correction based on actual data. If a statement is rendered based on nominated quantities rather than actual quantities, Seller shall render a corrected statement as soon as possible after actual quantities are known.
- 10.2 If presentation of a statement by Seller is delayed after the twelfth (12th) day of a month, then the time for payment shall be extended correspondingly, unless Buyer is responsible for such delay.
- 10.3 Buyer and Seller shall have the right during normal business hours, and upon reasonable prior notice, to examine the books, records and charts of the other Party to the extent necessary to verify any statement, charge or computation made pursuant to this Agreement.
- 10.4 If Buyer fails to pay when due the amount of any statement rendered by Seller, Seller may immediately suspend deliveries of gas hereunder and interest on the unpaid amount shall accrue from the due date until the date of payment, at the lesser of (i) the then current prime rate of interest charged by Citibank, N.A. to its best commercial and industrial borrowers plus two percent (2%) or (ii) the maximum lawful rate. This Section 10.4 shall not bar either Party from asserting any other remedy it may have at law or in equity.
- 10.5 If Buyer finds, within the later of (i) twenty-four (24) months after the date of any statement rendered by Seller or (ii) twenty-four (24) months after the date of any quantity adjustment by Seller's Transporter, that it has been overcharged and if Buyer has paid same and makes a claim for refund within such twenty-four (24) months,

the overcharge, if verified by Seller, shall be refunded within thirty (30) days, without interest. If Seller finds, within the later of (i) twenty-four (24) months after the date of any statement rendered by Seller or (ii) twenty-four (24) months after the date of any quantity adjustment by Seller's Transporter, that there has been an undercharge in the amount billed in such statement, Seller may within such twenty-four (24) month period submit a statement for such undercharge to Buyer and Buyer upon verifying the same, shall pay the undercharge to Seller within thirty (30) days, without interest. No adjustments shall be made unless the other Party is notified of a claim prior to the expiration of the applicable twenty-four (24) month period.

11. REGULATION

11.1 This Agreement shall be subject to all valid applicable and effective laws, orders, rules, regulations and directives of all duly constituted Federal, State and local governmental authorities having jurisdiction.

12. WARRANTIES OF TITLE

12.1 Seller warrants that it has the right to sell all gas delivered and that such gas is free and clear of all liens, encumbrances and adverse claims. Seller shall indemnify Buyer and save it harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of this warranty.

12.2 OTHER THAN THOSE EXPRESSLY STATED IN THIS AGREEMENT, THERE ARE NO GUARANTEES OR WARRANTIES, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS, OR SUITABILITY OF THE PRODUCT FOR A PARTICULAR PURPOSE NOTWITHSTANDING ANY COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE OR LACK THEREOF INCONSISTENT WITH THIS PARAGRAPH.

13. CREDIT WORTHINESS

13.1 Prior to the commencement of deliveries and sales of gas under this Agreement, and at any time and from time to time thereafter, Buyer shall furnish Seller with credit information as may be reasonably required to determine Buyer's credit worthiness. If requested by Seller, Buyer shall provide Seller with a satisfactory letter of credit, guarantee or other good and sufficient security of a continuing nature and in a satisfactory amount, as determined by Seller in its sole discretion. At any time Seller may immediately suspend deliveries and sales of gas to Buyer if Seller, in its sole judgment, determines that

Buyer's ability to pay for gas has become impaired for any reason. However, Seller may resume deliveries and sales of gas to Buyer at such time as Buyer has satisfied Seller of its ability to pay.

14. ADDRESSES AND ACCOUNTS

14.1 Notices and invoices to Buyer under this Agreement shall be made as follows:

Notices:

Cascade Natural Gas Corporation
P.O. Box 24464
Seattle, WA 98124
Attention: King Oberg
Fax No.: 206-624-7215

Invoices:

Cascade Natural Gas Corporation
P.O. Box 24464
Seattle, WA 98124
Attention: King Oberg
Fax No.: 206-624-7215

Notices and payments to Seller shall be made as follows:

Notices:

Engage Energy US, L.P.
Five Greenway Plaza, Suite 1200
Houston, Texas 77046-0502
Attn: Contract Administration
Fax No.: (713) 877-3583

Payments:

Engage Energy US, L.P.
Account #: 4071-9415
Citibank, N.A., N.Y., N.Y.
ABA #: 0210-00089

Either Party may change its address or account as set forth in this Article by written notice to the other Party. Unless otherwise

provided, all notices given by one Party to the other shall be sent by certified mail (return receipt requested), by courier delivery, by hand delivery or by telegraph or by facsimile and shall be effective upon receipt. However, routine communications, including monthly statements, shall be considered as delivered when mailed, properly addressed, by ordinary mail. Provided further, a communication by facsimile shall be deemed received on the next business day at the point of receipt if received at such point after four o'clock (4:00) p.m. or on a Saturday, Sunday or holiday recognized by the Party receiving the facsimile communication.

15. FORCE MAJEURE

15.1 If either Buyer or Seller is rendered unable wholly or in part, by force majeure or any other cause of any kind not reasonably within such Party's control to perform or comply with any obligation or condition of this Agreement, upon giving notice and reasonably full particulars to the other Party within a reasonable time after the event of force majeure, such obligation or condition shall be suspended during the continuance of the inability so caused and such Party shall be relieved of liability and shall suffer no prejudice for failure to perform the same during such period; provided, obligations to make payments shall not be suspended and the cause of suspension (other than strikes or lockouts) shall be remedied so far as possible with reasonable dispatch. Settlement of strikes and lockouts shall be wholly within the discretion of the Party having the difficulty. The term "force majeure" shall include, without limitation by the following enumeration, acts of God and the public enemy; failure or curtailment of transportation of gas by either Seller's Transporter or Receiving Pipeline; the elements; fire; accidents; breakdowns; shutdowns for purposes of necessary repairs or maintenance; relocation or construction of facilities; freezing, breakage, accidents or operational failures to wells, machinery or lines of pipe; inability to obtain materials, supplies, permits or labor to perform or comply with any obligation or condition of this Agreement; strikes and any other industrial, civil or public disturbances; and restraints of any government or governmental body or authority, civil or military.

15.2 Notwithstanding the preceding paragraph, if the service level is specified as firm in the applicable Exhibit "A", interruption or curtailment of interruptible transportation by either Receiving Pipeline or Seller's Transporter shall not be considered an event of force majeure unless firm transportation by such pipeline(s) is also being interrupted or curtailed.

16. TRANSFER AND ASSIGNMENT

16.1 Any entity that shall succeed by purchase, merger, or consolidation to the properties, substantially or in their entirety, of either Party shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. No other assignment of this Agreement or of any rights or obligations hereunder shall be made by either Party without the written consent of the other Party, which consent shall not be unreasonably withheld. This Article 16 shall not prevent either Party from assigning; pledging or mortgaging its rights hereunder as security for its indebtedness. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Parties.

17. NON-WAIVER OF FUTURE DEFAULTS

17.1 No waiver by either Party of any one or more defaults by the other Party in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

18. ENTIRE AGREEMENT

18.1 This Agreement constitutes the entire agreement between the Parties for the sale, delivery and purchase of gas as contemplated herein. This Agreement supersedes all prior negotiations, representations, contracts or agreements, either written or oral, regarding the subject matter hereof. No modification, alteration, or amendment of this Agreement and/or any Exhibit "A" in effect shall be binding upon either Party unless executed in writing by the Party to be bound.

19. LIMITATION ON CLAIMS

19.1 Neither Party shall be liable for any damages for any breach of this Agreement, unless a claim is presented in writing within two (2) years after the alleged damages occurred. The claim shall set forth in full the nature, character, cause, and amount of the damage.

19.2 NEITHER PARTY HERETO SHALL BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES ARISING OUT OF, OR RELATED TO, A BREACH OF THIS AGREEMENT.

20. MISCELLANEOUS

- 20.1 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, NOTWITHSTANDING ANY CONFLICT OF LAWS PRINCIPLES OF SAID JURISDICTION THAT MIGHT REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.**
- 20.2 There is no third party beneficiary to this Agreement, and the provisions of this Agreement shall not impart rights enforceable by any person, firm or organization not a Party or not a successor or assignee of a Party to this Agreement.**
- 20.3 This Agreement was prepared jointly by the Parties hereto and shall not be construed more stringently against either Party hereto than the other.**
- 20.4 Each Party hereby certifies that its taxpayer identification number provided below is correct and each shall, upon request by the other, execute such forms as are necessary to verify same.**
- 20.5 The Parties represent and warrant that they have full and complete authority to enter into and to perform this Agreement. Each person who executes this Agreement on behalf of a Party represents and warrants that he or she has full and complete authority to do so and that their Party will be bound hereby.**
- 20.6 Descriptive headings used herein, if any, are neither part of this Agreement nor an aid to interpreting it.**

IN WITNESS WHEREOF, the Parties have caused these presents to be executed in duplicate originals by their proper officers duly authorized in that behalf, as of the date first above written.

ENGAGE ENERGY US, L.P.

By: _____

Name:

Title:

Taxpayer I.D. #76-052-7677

"Seller"

CASCADE NATURAL GAS
CORPORATION

By: _____

Name: KING OBERG

Title: VICE PRESIDENT

Taxpayer I.D. # _____

"Buyer"

Signature page to Gas Sales Agreement between Engage Energy US, L.P. and Cascade Natural Gas Corporation dated November 1, 1998.

Engage Base Form: clevml\engage\salefit.wpt

EXHIBIT "A"/CONFIRMATION

COMPANY: Cascade Natural Gas Corporation
ADDRESS: P.O. Box 2464
 Seattle, WA 98124
ATTN: King Oberg
FAX #: 206-624-7215

DATE: _____
BUYER: Cascade Natural Gas Corporation
SELLER: Engage Energy US, L.P. (ENGAGE)
ENGAGE TRADER: _____
ENGAGE CONTRACT #: _____

1. REFERENCE General Terms and Conditions dated November 1, 1998.
2. This is the Confirmation of a sale of gas. This confirmation is transmitted by Engage Energy US, L.P., Five Greenway Plaza, Suite 1200, Houston, TX 77046-0199. Phone (713) 877-7800. Fax (713) 877-3583.
3. This sale is subject to the Base Contract identified above in §1 ("REFERENCE"), except that if (a) the date stated in §1 above is June 1, 1997, and (b) the General Terms and Conditions dated June 1, 1997, are attached to this Confirmation, this sale is subject to the attached General Terms and Conditions.
4. (a) Service Level, (b) Delivery Point(s), (c) Delivery Period(s) or "From Date - Through Date," (d) Quantity, i.e., Daily Contract Quantity, or Daily Maximum and Minimum Quantities or Requirements, and (e) Price(s) (US\$ per MMBtu/dry) of this sale are shown in the table below.
5. If you object to the contents of this confirmation, provide timely written notice of objection to Engage Energy US, L.P., at the fax number shown above in §2. The Base Contract identified above in ("REFERENCE") may contain provisions governing this Confirmation and notice of objection thereto.

RECEIVING PIPELINE: _____ **SERVICE LEVEL:** _____
 Price/ Quantities stated in US\$ per MMBtu/dry Deal Number: _____

DELIVERY POINT/METER #	FROM DATE	THRU DATE	DAILY CONTRACT QUANTITY	PRICE
			DAILY MASS DAILY MIN or REQUIREMENTS	

6. Signatures. (a) The signature of Engage Energy US, L.P., is printed below. (b) In signing §6(c) below, your signature is not required if unnecessary under the Base Contract identified above in §1 ("REFERENCE") or under Section 1-204(b) of the Uniform Commercial Code. (c) Please indicate your agreement to the contract of sale stated above by signing this confirmation in the space provided below and returning it to Engage Energy US, L.P., at the fax number shown above in §2.

Signature
 ENGAGE ENERGY US, L.P.

Signature
 CASCADE NATURAL GAS CORPORATION

By: _____
 Title: _____



Via Courier

October 15, 1998

Cascade Natural Gas Corporation
222 Fairview Avenue North
Seattle, Washington
98109

Attention: Melissa Whitten

Dear Melissa:

Re: Gas Transaction Confirmation dated October 2, 1998

Attached in duplicate is a Gas Transaction Confirmation ("GTC") dated October 2, 1998 covering the period November 1, 1998 to April 1, 1999 which relates to our 1998-1999 seasonal supply arrangement at Sumas.

Please indicate your acceptance by signing both copies of the GTC and returning one copy for our files.

If you have any questions please give me a call at (403) 297-1838.

Yours truly,

ENGAGE ENERGY CANADA, L.P.


Jeff Thompson
Vice President, Supply and Marketing
British Columbia/Pacific Northwest Region

Att.
JAT/tw
c.c. Lydia Sloan

Engage Energy Canada, L.P. 1100, 421 7th Ave. S.W., Calgary, Alberta, Canada T2P 4K9


Phone: (403) 297-0333 Fax: (403) 269-5909



GAS TRANSACTION CONFIRMATION

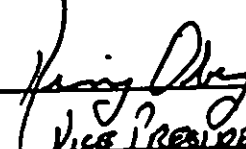
1. BUYER: Cascade Natural Gas Corporation			SELLER: Engage Energy US, L.P.			GAS TRANS. AG. EFF. DATE: July 1, 1994		DATE FORM DELIVERED: October 02, 1998	
2. DETAILS OF TRANSACTIONS:									
Trans. No.	Start Date/Time	End Date/Time	Quantity/day (MMBtu, GJ, cu. metres, or mcf)	Commodity Price & Currency (C\$ or US\$) (See 3. Below)	Qual. Of Service (Int, Firm or EFP)	Del. Point	Del. Pipe	Rec. Pipe	
1.	Nov.01/98 0800h	Apr.01/99 0800h	25,000 MMBtu	See Section 3 Below	Firm	Sumas	WEI	WEI	
Total:			3,775,000						
3. SPECIAL PROVISIONS, INCLUDING PRICE DETAILS (if any):									
<p>Price is the first of the month index as published by "Inside F.E.R.C.'s Gas Market Report" under the heading "Northwest Pipeline Corp., Canadian Border" plus \$0.09 U.S/MMBtu.</p> <p>100% Load Factor.</p>									
4. ADDRESSES, OPERATIONS AND BILLINGS AND PAYMENT INFORMATION:									
Engage Energy US, L.P. ("Engage") 1100, 421 - 7th Avenue S.W. Calgary, Alberta T2P 4K9					Cascade Natural Gas Corporation ("Customer") 222 Fairview Avenue North Seattle, Washington U.S.A. 98109				
Marketing Representative Name: Jeff Thompson Phone: (403) 297-1838 Fax: (403) 269-5909					Marketing Representative: Melissa Whitten Phone: (206) 624-3900 Fax: (206) 624-7215				
Accounting Contact: David Spetz Phone: (403) 297-0364 Fax: (403) 269-5909					Accounting Contact: Melissa Whitten Phone: (206) 624-3900 Fax: (206) 624-7215				
Operations Contact: Shelley Nord Phone: (403) 297-0381 Fax: (403) 221-8643					Operations Contact: Phone: (206) Fax: (206)				
Wire Transfer Acct:					Wire Transfer Acct:				
<p>5. (a) The above are the essential binding terms of the transaction in question. If a formal master physical agreement is in effect between the parties, then the above confirmation terms are subject to that agreement. In the event of any conflict between this transaction and the terms of the formal agreement, the terms above prevail. If no formal agreement exists, then the parties will finalize and sign one, failing which this transaction remains binding on the parties. Upon finalizing that agreement, the above transaction will form a part of, and be subject to, that formal agreement.</p>									

ENGAGE ENERGY CANADA, L.P. ("Engage")

Per: 
 Title: JEFF A. THOMPSON
 Vice President, Supply and Marketing
 BC/PNW Region

Dated: October 15, 1998.

CASCADE NATURAL GAS CORPORATION (the "Customer")

Per: 
 Title: VICE PRESIDENT

Dated: October 15, 1998.
 DECEMBER 15, 1998

Engage Energy Canada, L.P. 1100, 421 7th Ave. S.W., Calgary, Alberta, Canada T2P 4K9



Via Courier

October 14, 1998

Cascade Natural Gas Corporation
222 Fairview Avenue North
Seattle, Washington
98109

Attention: Melissa Whitten

Dear Melissa:

Re: Gas Transaction Confirmation dated October 2, 1998

Attached in duplicate for your review and execution is a Gas Transaction Confirmation ("GTC") dated October 2, 1998. This GTC relates to our 1998-1999 seasonal supply arrangement at Sumas.

If you are in agreement with the terms please indicate your acceptance by signing both copies of the GTC and returning one copy for our files.

If you have any questions please give me a call at (403) 297-1838.

Yours truly,

ENGAGE ENERGY CANADA, L.P.



Jeff Thompson,
Vice President, Supply and Marketing
British Columbia/Pacific Northwest Region

Att
JAT/tw
c.c. Lydia Sloan



GAS TRANSACTION CONFIRMATION

1. BUYER: Cascade Natural Gas Corporation			SELLER: Engage Energy US, L.P.			GAS TRANS. AG. EFF. DATE: July 1, 1994		DATE FORM DELIVERED: October 02, 1998	
2. DETAILS OF TRANSACTIONS:									
Trans. No.	Start Date/Time	End Date/Time	Quantity/day (MMBtu, GJ, cu. metres, or mcf)	Commodity Price & Currency (C\$ or US\$) (See 3. Below)	Qual. Of Service (Int, Firm or EFP)	Del. Point	Del. Pipe	Rec. Pipe	
1.	Apr.01/99 0800h	Nov.01/99 0800h	15,000 MMBtu	See Section 3 Below	Firm	Sumas	WEI	WEI	
Total:			3,210,000						
3. SPECIAL PROVISIONS, INCLUDING PRICE DETAILS (if any):									
<p>Price is the first of the month index as published by "Inside F.E.R.C.'s Gas Market Report" under the heading "Northwest Pipeline Corp., Canadian Border".</p> <p>Cascade shall have the right, upon 8 days notice prior to the start of any contract month, to nominate for any volume of gas up to 15,000 MMBtu/Day. Once nominated, the volume will remain unchanged for the duration of the month.</p>									
4. ADDRESSES, OPERATIONS AND BILLINGS AND PAYMENT INFORMATION:									
Engage Energy US, L.P. ("Engage") 1100, 421 - 7th Avenue S.W. Calgary, Alberta T2P 4K9					Cascade Natural Gas Corporation ("Customer") 222 Fairview Avenue North Seattle, Washington U.S.A. 98109				
Marketing Representative Name: Jeff Thompson Phone: (403) 297-1838 Fax: (403) 269-5909					Marketing Representative: Melissa Whitten Phone: (206) 624-3900 Fax: (206) 624-7215				
Accounting Contact: David Spetz Phone: (403) 297-0364 Fax: (403) 269-5909					Accounting Contact: Melissa Whitten Phone: (206) 624-3900 Fax: (206) 624-7215				
Operations Contact: Shelley Nord Phone: (403) 297-0381 Fax: (403) 221-8643					Operations Contact: Phone: (206) Fax: (206)				
Wire Transfer Acct: .					Wire Transfer Acct:				
<p>5. (a) The above are the essential binding terms of the transaction in question. If a formal master physical agreement is in effect between the parties, then the above confirmation terms are subject to that agreement. In the event of any conflict between this transaction and the terms of the formal agreement, the terms above prevail. If no formal agreement exists, then the parties will finalize and sign one, falling which this transaction remains binding on the parties. Upon finalizing that agreement, the above transaction will form a part of, and be subject to, that formal agreement.</p>									

ENGAGE ENERGY CANADA, L.P. ("Engage")

CASCADE NATURAL GAS CORP. ("the "Customer")

Per:  _____

Per:  _____

Title: JEFF A. THOMPSON
Vice President, Supply and Marketing

Title: VICE PRESIDENT

BC/PNW Region

Dated: October 14, 1998.

Dated: October _____, 1998.
DECEMBER 15, 1998

Engage Energy Canada, L.P. 1100, 421 7th Ave. S.W., Calgary, Alberta, Canada T2P 4K9

Phone: (403) 297-0333 Fax: (403) 269-5909

EXHIBIT C

COPY

**IN THE MATTER OF
THE UTILITIES COMMISSION ACT
S.B.C., 1980, c. 60
(the Act)**

and

**IN THE MATTER OF AN
ENERGY REMOVAL CERTIFICATE ISSUED TO
ENGAGE ENERGY CANADA, L.P. (the Applicant)
AUTHORIZING THE REMOVAL OF AN ENERGY RESOURCE
FROM BRITISH COLUMBIA (the Province)**

**ENERGY REMOVAL CERTIFICATE MODIFICATION
ERC-6(9603) MODIFICATION #3**

WHEREAS:

- (1) the Applicant applied for an Energy Removal Certificate (the Certificate) on March 15, 1996; and
- (2) the Minister of Finance and Corporate Relations issued the Certificate dated March 28, 1996; and
- (3) the Certificate was modified by the Minister of Finance and Corporate Relations on January 20, 1997, upon request by the Applicant; and
- (4) the Certificate was further modified by the Minister of Finance and Corporate Relations on May 5, 1997, upon request by the Applicant; and
- (5) the Applicant applied for a further modification of the Certificate on February 19, 1998;

WHEREAS, the Modification Application consists of the documentation described in Schedule "B";

NOW THEREFORE, the Certificate is further modified by the Minister of Employment and Investment:

- (6) in Condition 2, by deleting "and 2029.0 million cubic metres in total" and inserting "4157.0 thousand cubic metres per day during the period April 1, 1998 to March 31, 2000 and 3039.0 million cubic metres in total";

(7) in Schedule "A" by deleting all downstream buyers and inserting "Various - USA".



b. Mike Farnworth
Minister

Dated for reference this 1st day of April 1998
ERC-6(9603)M3

SCHEDULE "A" ERC: 6(9603)

AUTHORIZED BUYERS

BUYER

Engage Energy US, L.P.

DOWNSTREAM BUYER(S)

Various-USA

SCHEDULE "B" ERC: 6(9603)

Application dated February 19, 1998 from Josie Verellen, Regulatory Assistant, Engage Energy Canada, L.P.

SCHEDULE "C" ERC: 6(9603)

AUTHORIZED REMOVAL POINTS

Huntingdon, British Columbia
Kingsgate, British Columbia

EXHIBIT D

National Energy
Board



Office national
de l'énergie

COPY

ORDER GO-76-98

IN THE MATTER OF the *National Energy Board Act* and the regulations made thereunder; and

IN THE MATTER OF an application by Engage Energy Canada L.P. ("Engage Canada") for an order pursuant to paragraph 15(a)(i) of the *National Energy Board Act Part VI (Oil and Gas) Regulations* filed with the Board under File 7425-E099.

BEFORE the Board on 30 November 1998.

WHEREAS Engage Canada filed an application dated 24 November 1998 for an order authorizing the exportation of gas;

AND WHEREAS the Board considered the said application;

IT IS ORDERED THAT Engage Canada be and is hereby authorized, under paragraph 15(a)(i) of the *National Energy Board Act Part VI (Oil and Gas) Regulations*, to export gas for the term commencing on 1 January 1999 and ending on 31 December 2000.

NATIONAL ENERGY BOARD

A handwritten signature in black ink, appearing to read "Mantha".

Michel L. Mantha
Secretary

Canada

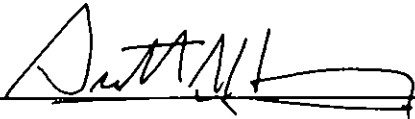
EXHIBIT E

CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that, in accordance with 10 C.F.R. Part 590.107, I have this day served the foregoing document upon the Assistant Secretary for Fossil Energy of the Department of Energy.

Dated at Washington, D.C. this 29th day of March 1999.



Scott A. Harvey

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DOE/FE
100-5-1 A 641

CASCADE NATURAL GAS CORPORATION) FE DOCKET NO. 99-22-NG
_____)

ORDER GRANTING AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1474

APRIL 06, 1999

I. DESCRIPTION OF REQUEST

On March 29, 1999, Cascade Natural Gas Corporation (Cascade) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)^{1/} and DOE Delegation Order Nos. 0204-111 and 204-127, for authorization to import from Canada up to 25,000 MMBtu per day of natural gas from November 1, 1998, through March 31, 1999, and up to 15,000 MMBtu per day of natural gas from April 1, 1999, through October 31, 1999.^{2/} Cascade is a public utility engaged in the distribution and sale of natural gas in the States of Oregon and Washington. Cascade is a corporation organized and existing under the laws of the State of Washington with its principal place of business in Seattle. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Cascade has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Cascade to import natural

^{1/} 15 U.S.C. § 717b.

^{2/} The contract underlying the instant import arrangement between Cascade and Engage Energy US, L.P. (Engage) basically is a continuation of a prior import arrangement between Cascade and Engage during the 5-year period between November 1, 1993, and October 31, 1998 (See DOE/FE Order No. 877 (1 FE ¶ 70,877)).

gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Cascade Natural Gas Corporation (Cascade) is authorized to import from Canada up to 25,000 MMBtu per day of natural gas from November 1, 1998, through March 31, 1999, and up to 15,000 MMBtu per day of natural gas from April 1, 1999, through October 31, 1999.

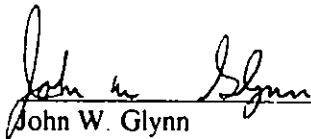
B. This natural gas may be imported at Sumas, Washington, consistent with the terms of its gas sales agreement with Engage Energy US, L.P., dated November 1, 1998.

C. With respect to the natural gas imports authorized by this Order, Cascade shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Cascade must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The monthly volumes imported by Cascade shall be reported by transportation facility used by Cascade: the Northwest Pipeline System, or Cascade's interconnection with Westcoast Energy, Inc. (Sumas-Cascade Pipeline).

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1999, and should cover the period from January 1, 1999, until the end of the first calendar quarter, March 31, 1999.

E. The quarterly reports shall be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

Issued in Washington, D.C., on April 6, 1999.



John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy

WINTHROP, STIMSON, PUTNAM & ROBERTS

ONE BATTERY PARK PLAZA
NEW YORK, NY 10004-1490
TELEPHONE: 212-858-1000
TELEFAX: 212-858-1500

695 EAST MAIN STREET
STAMFORD, CT 06904-6760
TELEPHONE: 203-348-2300
TELEFAX: 203-965-8226

125 WORTH AVENUE
PALM BEACH, FL 33480
TELEPHONE: 561-655-7297
TELEFAX: 561-833-6726

WRITER'S DIRECT DIAL

1133 CONNECTICUT AVENUE, N. W.
WASHINGTON, DC 20036

TELEPHONE: 202-775-9800
TELEFAX: 202-833-8491
TELEX: 316229 WINSTIM DC

2 THROUGHORTON AVENUE
LONDON EC2N 2DL ENGLAND
TELEPHONE: 011-44171-628-4931
TELEFAX: 011-44171-638-0443

RUE DU FACITURNE 42
B-1000 BRUSSELS, BELGIUM
TELEPHONE: 011-322-230-1392
TELEFAX: 011-322-230-9288

6-7, ATAGO 1-CHOME
MINATO KU, TOKYO 105, JAPAN
TELEPHONE: 011-813-3437-9740
TELEFAX: 011-813-3437-9261

2505 ASIA PACIFIC FINANCE TOWER
CITIBANK PLAZA
3 GARDEN ROAD, CENTRAL, HONG KONG
TELEPHONE: 011-852-2530-3400
TELEFAX: 011-852-2530-3355

October 26, 1999

Via Hand Delivery

Office of Fuels Programs
Fossil Energy
U.S. Department of Energy
Forrestal Building
1000 Independence Avenue, S.W.
Docket Room 3F-056, FE-50
Washington, D.C. 20585

Re: Application of Cascade Natural Gas Corporation for Extension of
Authorization to Import Natural Gas from Canada
FE Docket No. 99-~~20~~2-NG

REC'D DOE/FE
1999 OCT 26 A 11:06

Dear Sir or Madam:

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, and Part 590 of the Administrative Procedures of the Department of Energy ("DOE"), Office of Fossil Energy ("FE"), 10 C.F.R. Part 590 (1999), Cascade Natural Gas Corporation ("Cascade") hereby submits an original and fifteen (15) copies of its Application for a one-year extension of Cascade's current authorization to import up to 25,000 MMBtu per day of Canadian natural gas and seeks an increase in authorized import volumes enabling Cascade to import up to 30,000 MMBtu per day. Cascade requests this extension and the increase in volumes in order that gas supplies will continue to be available to Cascade to serve its growing markets in the States of Washington and Oregon. Cascade's requested one-year extension would commence on November 1, 1999, and run through October 31, 2000.

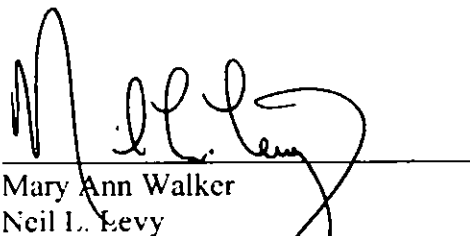
Cascade is herein seeking waiver of the ninety (90) day advance filing requirement set forth in § 590.201(b) of DOE's regulations, and maintains that good cause exists for granting such a waiver. Due to an administrative oversight, Cascade failed to file its Application ninety days in advance of November 1, 1999, as set forth in the regulations. However, because the

Office of Fuels Programs
Fossil Energy
October 26, 1999
Page 2

instant Application only seeks a one-year extension of the import authorization (and a modest increase in volumes) previously found by DOE/FE to be in the public interest. Cascade submits that waiver of § 590.201(b) would be appropriate in this instance. Cascade requests DOE action on the instant Application on or before October 31, 1999, the date on which its current import authorization will expire.

In accordance with DOE's regulations, Cascade is herein enclosing the applicable filing fee in the amount of \$50.00 payable to the Treasury of the United States. Additionally, for the convenience of DOE, Cascade is enclosing a computer diskette in Microsoft Word format containing a Notice of the above Application suitable for publication in the *Federal Register*.

Thank you in advance for your attention to this matter. Any questions may be directed to the undersigned.



Mary Ann Walker
Neil L. Levy

Counsel for Cascade Natural Gas Corporation

Enclosures

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

Cascade Natural Gas Corporation)

FE Docket No. 99-___-NG

APPLICATION OF
CASCADE NATURAL GAS CORPORATION
FOR EXTENSION OF IMPORT AUTHORIZATION

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, Department of Energy ("DOE") Delegation Order Nos. 0204-111 and 0204-127, 49 *Fed. Reg.* 6684 (Feb. 22, 1984) and 54 *Fed. Reg.* 11,436 (Mar. 20, 1989), respectively, and Section 590.201 *et seq.*, of the Administrative Procedures of the DOE, Office of Fossil Energy ("FE"), 10 C.F.R. § 590.201, *et seq.* (1999), Cascade Natural Gas Corporation ("Cascade") hereby submits this Application to allow it to continue to import competitively-priced natural gas from Canada. Cascade requests a one year extension of its current authorization and an increase in authorized volumes to enable Cascade to import up to 30,000 MMBtu per day of natural gas pursuant to a one year contract extension with Engage Energy Canada, L.P. ("Engage") to ensure that competitively-priced natural gas supplies will continue to be available to U.S. consumers primarily in the States of Washington and Oregon.

Cascade respectfully requests waiver of § 590.201(b) of DOE's regulations, and maintains that good cause exists for granting such a waiver. Due to an administrative oversight, Cascade did not file this Application ninety (90) days in advance of November 1, 1999, as set forth in the regulations. However, because the instant Application only seeks a one year extension of the import authorization previously found by DOE/FE to be in the public interest, Cascade submits that waiver of § 590.201(b) would be appropriate in this instance.

In further support of its Application, Cascade states the following:

I.

Communications concerning this Application should be addressed to the following persons:

Mr. King Oberg
Vice President – Gas Supply
Cascade Natural Gas Corporation
P.O. Box 24464
Seattle, WA 98124
(206) 624-3900

and

Mary Ann Walker, Esq.
Neil I. Levy, Esq.
Winthrop, Stimson, Putnam & Roberts
1133 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 775-9800

II.

The exact legal name of Cascade is Cascade Natural Gas Corporation. Cascade is a corporation organized and existing under the laws of the State of Washington and is duly authorized to do business in the States of Washington and Oregon. Cascade is a local distribution company ("LDC") engaged in the distribution and sale of natural gas in intrastate commerce in 90 communities in the States of Washington and Oregon, and is subject to the jurisdiction of the Washington Utilities and Transportation Commission and the Public Utility Commission of Oregon. The proposed imports are within the corporate power of Cascade as the attached Opinion of Counsel demonstrates (*see* Exhibit A).

III.

The contract between Cascade and Engage continues a prior arrangement between Cascade and Canadian Hydrocarbons Marketing, Inc. ("CHMI")¹ to import Canadian natural gas during the five year period between November 1, 1993 and October 31, 1998. The import authorization for that five year arrangement is set forth in FE Docket No. 93-116-NG. See DOE/FE Order No. 877, 1 FE ¶ 70,877. In addition, in DOE/FE Order No. 1474, issued in Docket No. 99-22-NG on April 6, 1999, DOE/FE granted Cascade's request for continued authorization to import from Canada up to 25,000 MMBtu per day of natural gas from November 1, 1998 through March 31, 1999, and up to 15,000 MMBtu per day of natural gas from April 1, 1999 through October 31, 1999. In its April 6, 1999 Order, DOE/FE specifically found that the extension of Cascade's import authorization is consistent with the public interest requirement of Section 3 of the NGA, as amended by Section 201 of the Energy Policy Act of 1992, Pub. L. 102-486, 106 Stat. 2776.

Cascade's import authorization granted in DOE/FE Order No. 1474 will expire on October 31, 1999. Cascade submits that the circumstances upon which DOE/FE's findings in Order No. 1474 were based continue to exist in all respects. In addition, in order to serve Cascade's growing markets in Washington and Oregon, Cascade is requesting authority to import up to 30,000 MMBtu per day of natural gas. Thus, Cascade respectfully requests that it be granted a one-year extension under the terms of the authorization requested above, as modified, commencing November 1, 1999 through and including October 31, 2000.

¹ CHMI is now doing business as Engage Energy US, L.P., which, through its Canadian affiliate, Engage, exports natural gas from Canada.

IV.

Pursuant to the authorization requested herein, Cascade will purchase natural gas supplies from Engage and will resell such supplies to its customers. DOE's regulations relating to the import of natural gas set forth several considerations which an Applicant must address in order to provide FE with sufficient information to examine the competitiveness of the import, the need for natural gas, and the security of supply. See 10 C.F.R. § 590.202(b)(1)-(7) (1999). In order to satisfy these requirements and to demonstrate that the requested import authorization is not inconsistent with the public interest, Cascade submits the following:

A. *Scope of the Project*

The import authorization requested herein will apply to natural gas provided by Engage for sale to Cascade for its system supply. Under its contract with Engage, as amended, Cascade will be eligible to purchase the following volumes of gas:

1. Up to 30,000 MMBtu per day for the period beginning November 1, 1999 and ending March 31, 2000.
2. Up to 30,000 MMBtu per day for the period beginning April 1, 2000 and ending October 31, 2000.

Imports are requested to be authorized at the interconnection facilities near Sumas, Washington at the U.S.-Canadian international boundary. The interconnection point is identical to the one used for imports under Order Nos. 877 and 1474.

B. *Source and Security of Supply*

The general terms and conditions that govern the sale and delivery of gas by Engage to Cascade are set forth in a master contract entitled "Firm or Interruptible Gas Sales Agreement General Terms and Conditions." The specific volumes and the rates to be paid for such gas are

set forth in two "Gas Transaction Confirmation" ("GTC") documents. Collectively, the master contract and the GTC documents make up the contract between Cascade and Engage. These agreements were submitted by Cascade to DOE/FE with Cascade's Application in FE Docket No. 99-22-NG and are on file with DOE in that docket. The Cascade/Engage Contract, as modified by the terms of the extension agreement attached hereto at Exhibit B, binds Cascade and Engage with respect to all price and related terms for this import, and can be relied upon by DOE to determine the competitiveness of the import.

Security of supply is demonstrated by the National Energy Board Order GO-76-98, which authorizes Engage to export gas to the United States for the "term commencing on 1 January 1999 and ending on 31 December 2000." See Exhibit C. Upon delivery of the natural gas at the U.S.-Canadian international border, Cascade will make arrangements for delivery of the imported natural gas to its facilities in a reliable, convenient, and economical manner.

C. *Identity of Participants*

Applicant Cascade Natural Gas Corporation is organized and exists under the laws of the State of Washington. Cascade is duly authorized to do business in Washington and Oregon, where its customers are located. In a number of prior filings with DOE/FE, Cascade has submitted its articles of incorporation, bylaws, and documents that evidence its status as a Washington corporation eligible to conduct business in Washington and Oregon. See, e.g., Application to Import Natural Gas, FE Docket No. 93-116-NG. Cascade submits that such previously submitted documents accurately reflect Cascade's current articles of incorporation, bylaws, corporate status, and eligibility to conduct business in Washington and Oregon. Engage, a limited partnership organized under Canadian law, is authorized to do business in the Province of British Columbia. Its principal place of business is Canada Trust Tower, 1100, 427-7th Ave.,

S.W., Calgary, Alberta, Canada T2P 4K9. Westcoast Energy, Inc. will provide for the shipment of natural gas within British Columbia to the point of delivery at the international boundary between Canada and the United States, and Northwest Pipeline Corporation will provide transportation on its system from the point of delivery to Cascade's interconnection with Northwest.

D. *Terms of the Transaction*

The term of the Cascade/Engage Contract covers the period beginning on November 1, 1999, and ending on October 31, 2000. As stated previously, a copy of the terms of the contract extension with Engage is attached hereto at Exhibit B. The original documents that make up the Cascade-Engage contract were previously submitted to DOE/FE in FE Docket No. 99-22-NG. As it has done in the past, Cascade will continue to submit quarterly reports indicating for each month the total volumes and the average purchase price of gas per MMBtu at the international border.

E. *Need for the Natural Gas*

Consistent with the authorization sought and the policy approach of the Secretary of Energy, need for the gas is evidenced by the fact that Cascade, an LDC, has an established market for the gas. Cascade anticipates a continuing need for this important source of gas supply. Moreover, the Secretary's "Policy Guidelines Relating to the Regulation of Imported Natural Gas" indicates that imported gas marketed at competitive prices over the term of the contract is subject to a rebuttable presumption that such gas is needed.²

² DOE Delegation Order 0204-111, February 15, 1984, 49 *Fed. Reg.* 6684, 6687 (Feb. 22, 1984). Cascade's need for this gas as an element of its system supply ensures that the imported gas will be marketed at competitive prices.

F. *Environmental Impact*

Cascade intends to utilize existing facilities of U.S. and Canadian pipelines for the transportation and delivery of its imported gas supplies. Further, the import extension for which authorization is requested herein does not contemplate the construction of any new facilities. Thus, no environmental impact is anticipated as a result of this authorization.

G. *Statement Regarding the Public Interest*

Cascade's request to continue its authorized importation of Canadian natural gas will provide a competitively priced and secure gas supply that will serve the public interest. Under Section 3 of the NGA, 15 U.S.C. § 717b, importation of natural gas is to be authorized unless there is a finding that it "will not be consistent with the public interest." In this case, Cascade's application for authorization to import natural gas is clearly consistent with the public interest as set forth in Section 201 of The Energy Policy Act of 1992, 15 U.S.C. § 717b(c). Section 201 states in pertinent part:

[T]he importation of the natural gas referred to in subsection (b) of this section, or the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation or exportation shall be granted without modification or delay.

15 U.S.C. § 717b(c)

Cascade submits that in DOE/FE Order Nos. 877 and 1474, DOE/FE found that Cascade's requested import authority met the public interest requirements of Section 3 of the NGA. Accordingly, Cascade requests that the DOE likewise reach the same conclusion here.

V.

Cascade submits the following exhibits in support of its Application:

- Exhibit A - Opinion of Counsel (as required by 10 C.F.R. § 590.202(c) (1999)).
- Exhibit B - Copy of the terms of the amended Cascade/Engage contract.
- Exhibit C - Copy of National Energy Board Order GO-76-98 issued to Engage.
- Exhibit D - Form of notice suitable for publication in the *Federal Register*.

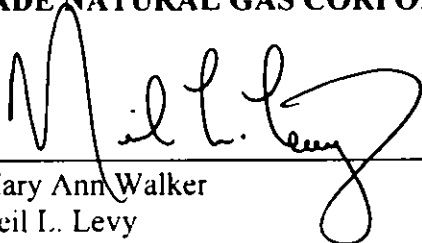
VI.

WHEREFORE, Cascade respectfully requests that DOE/FE find, pursuant to Section 3 of the NGA, 15 U.S.C. § 717b, that Cascade's importation of up to 30,000 MMBtu per day of Canadian natural gas for the requested one-year period, and under the conditions as previously authorized by DOE/FE in Order No. 1474, is consistent with the public interest.

Respectfully submitted,

CASACADE NATURAL GAS CORPORATION

By:


Mary Ann Walker
Neil I. Levy
Winthrop, Stimson, Putnam & Roberts
1133 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 775-9800

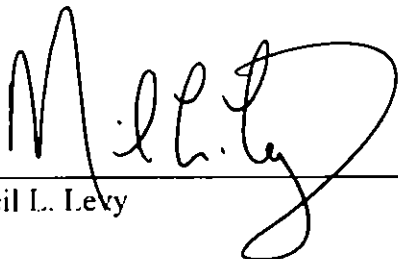
Counsel for Cascade Natural Gas Corporation

Dated: October 26, 1999

VERIFICATION

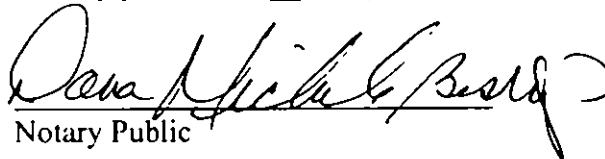
City of Washington)
District of Columbia) ss:

Neil L. Levy, being first duly sworn, on oath states that he is a duly authorized representative of Cascade Natural Gas Corporation, and is authorized to make this verification; that he has read the foregoing document and is familiar with the contents thereof; that the statements contained therein are true and accurate to the best of his knowledge, information, and belief; that he is authorized to file this document with the Department of Energy, Office of Fossil Energy; and that, to the best of his knowledge, information and belief, the same or a related matter is not being considered by any other part of the Department of Energy, including the Federal Energy Regulatory Commission, or any other Federal agency or department.



Neil L. Levy

Subscribed and sworn to me, a notary public, this 25th day of October, 1999.



Notary Public

My Commission expires:

7/14/02



EXHIBIT A

WINTHROP, STIMSON, PUTNAM & ROBERTS

ONE BATTERY PARK PLAZA
NEW YORK, NY 10004-1490
TELEPHONE: 212-858-1000
TELEFAX: 212-858-1500

695 EAST MAIN STREET
STAMFORD, CT 06904-6760
TELEPHONE: 203-348-2300
TELEFAX: 203-965-8226

125 WORTH AVENUE
PALM BEACH, FL 33480
TELEPHONE: 561-655-7297
TELEFAX: 561-833-6726

WRITER'S DIRECT DIAL

1133 CONNECTICUT AVENUE, N. W.
WASHINGTON, DC 20036

TELEPHONE: 202-775-9800
TELEFAX: 202-833-8491
TELEX: 316229 WINSTIM DC

2 THROUGHORTON AVENUE
LONDON EC2N 2DL ENGLAND
TELEPHONE: OII-44171-628-4931
TELEFAX: OII-44171-638-0443

RUE DU TACITURNE 42
B-1000 BRUSSELS, BELGIUM
TELEPHONE: OII-322-230-1392
TELEFAX: OII-322-230-9288

6-7, ATAGO 1-CHOME
MINATO-KU, TOKYO 105, JAPAN
TELEPHONE: OII-813-3437-9740
TELEFAX: OII-813-3437-9261

2505 ASIA PACIFIC FINANCE TOWER
CITIBANK PLAZA
3 GARDEN ROAD CENTRAL, HONG KONG
TELEPHONE: OII-852-2530-3400
TELEFAX: OII-852-2530-3355

October 21, 1999

Mr. John W. Glynn
Director of the Office of Natural Gas
Office of Fuels Programs
Fossil Energy
Forrestal Building
1000 Independence Avenue, S.W.
Room 3H-087
Washington, D.C. 20585

Re: Application of Cascade Natural Gas Corporation for Extension of
Authorization to Import Natural Gas from Canada

Dear Mr. Glynn:

Pursuant to Section 590.202(c) of the Administrative Procedures of the Department of Energy, 10 C.F.R. § 590.202(c), I am hereby providing our firm's legal opinion with respect to the corporate power of Cascade Natural Gas Corporation. ("Cascade") to import Canadian natural gas.

Our firm has examined Cascade's Articles of Incorporation and its Bylaws. Based upon the review of these two documents, it is our opinion that Cascade is a duly organized and validly existing corporation under the laws of the State of Washington. Furthermore, it is our opinion that Cascade is not precluded by its Articles of Incorporation or its Bylaws from importing natural gas.

Respectfully submitted,

WINTHROP, STIMSON, PUTNAM & ROBERTS

By: 

EXHIBIT B



GAS TRANSACTION CONFIRMATION

1. BUYER: Cascade Natural Gas Corp.		SELLER: Engage Energy Canada, L.P.		GAS TRANS. AG. EFF. DATE: October 1, 1995 #2350	DATE FORM DELIVERED: Sept. 2, 1999			
2. DETAILS OF TRANSACTIONS:								
Trans. No.	Start Date/Time	End Date/Time	Quantity/day (MMBtu)	Price (US\$) (See 3. below)	Qual. of Service (Int. Firm or EFP)	Del. Point	Del. Pipe	Rec. Pipe
241071	4/1/00 8:00	11/1/00 8:00	30000 MMBtu	See Section 3	INT	SUMAS	WEI	WEI
3. SPECIAL PROVISIONS INCLUDING PRICE DETAILS (if any):								
<p>Price is the first of the month Index as published by Inside F.E.R.C.'s Gas Market Report under the heading "Northwest Pipeline Corp., Canadian Border" Plus \$0.015 US/MMBTU.</p> <p>Nomination to be made 6 business days prior to the beginning of the next gas month. Volume elected shall have a Minimum Load Factor of 100% for that month. In the event that Buyer is unable to take up to the Minimum Load Factor on a daily or weekly basis, Seller, upon notice from Buyer on or before 7:30 PST of the gas day prior, will repurchase the deficient quantity at 99% of the midpoint of the daily common range as published in "Gas Daily", Canadian Gas, NW Sumas.</p>								
4. ADDRESSES, OPERATIONS AND BILLINGS AND PAYMENT INFORMATION:								
Engage Energy Canada, L.P. 1100, 421 - 7th Avenue S.W. Calgary, Alberta Canada T2P 4K9			Cascade Natural Gas Corp. ("Customer") 222 Fairview Avenue North Seattle WA 98109 U.S.A.					
Marketing Representative Name: Jeff Thompson Phone: (403) 297-1838 Fax: (403) 269-5908			Marketing Representative: King Oberg Phone: (206) 624-3900 Fax: (206) 624-7215					
Accounting Contact: David Spetz Phone: (403) 297-0386 Fax: (403) 269-5909			Accounting Contact: Phone: (403) Fax: (403)					
Operations Contact: Shetley Nord Phone: (403) 297-0381 Fax: (403) 269-5909			Operations Contact: Phone: (403) Fax: (403)					
Wire Transfer Acct:			Wire Transfer Acct:					
<p>5. (a) The above are the essential binding terms of the transaction in question. If a formal master physical agreement is in effect between the parties, then the above confirmation terms are subject to that agreement. In the event of any conflict between this transaction and the terms of the formal agreement, the terms above prevail. If no formal agreement exists, then the parties will finalize and sign one, falling which this transaction remains binding on the parties. Upon finalizing that agreement, the above transaction will form a part of, and be subject to, that formal agreement.</p>								



GAS TRANSACTION CONFIRMATION

1. BUYER: Cascade Natural Gas Corp.	SELLER: Engage Energy Canada, L.P.	GAS TRANS. AG. EFF. DATE: October 1, 1995 #2350	DATE FORM DELIVERED: Sept. 2, 1999
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2. DETAILS OF TRANSACTIONS:									
Trans.No	Start Date/Time	End Date/Time	Quantity/day (MMBtu)	Price (US\$) (See 3. below)	Qual. of Service (Inc. Firm or EFP)	Del. Point	Del. Pipe	Rec. Pipe	
241066	11/1/99 8:00	4/1/00 8:00	30000 MMBtu	See Section 3	INT	SUMAS	WEI	WEI	

3. SPECIAL PROVISIONS INCLUDING PRICE DETAILS (if any):

Price is the first of the month index as published by Inside F.E.R.C.'s Gas Market Report under the heading "Northwest Pipeline Corp., Canadian Border" Plus \$0.045 US/MMBTU.

Nomination to be made 6 business days prior to the beginning of the next gas month. Volume elected shall have a Minimum Load Factor of 100% for that month. In the event that Buyer is unable to take up to the Minimum Load Factor on a daily or weekly basis. Seller, upon notice from Buyer on or before 7:30 PST of the gas day prior, will repurchase the deficient quantity at 99% of the midpoint of the daily common range as published in "Gas Daily", Canadian Gas, NW Sumas.

4. ADDRESSES, OPERATIONS AND BILLINGS AND PAYMENT INFORMATION:	
Engage Energy Canada, L.P. 1100, 421 - 7th Avenue S.W. Calgary, Alberta Canada T2P 4K9	Cascade Natural Gas Corp. ("Customer") 222 Fairview Avenue North Seattle WA 98109 U.S.A.
Marketing Representative Name: Jeff Thompson Phone: (403) 297-1838 Fax: (403) 269-5909	Marketing Representative: King Oberg Phone: (206) 624-3900 Fax: (206) 624-7215
Accounting Contact: David Spetz Phone: (403) 297-0388 Fax: (403) 269-5909	Accounting Contact: Phone: (403) Fax: (403)
Operations Contact: Shelley Nord Phone: (403) 297-0381 Fax: (403) 269-5909	Operations Contact: Phone: (403) Fax: (403)
Wire Transfer Acct:	Wire Transfer Acct:

5. (a) The above are the essential binding terms of the transaction in question. If a formal master physical agreement is in effect between the parties, then the above confirmation terms are subject to that agreement. In the event of any conflict between this transaction and the terms of the formal agreement, the terms above prevail. If no formal agreement exists, then the parties will finalize and sign one, failing which this transaction remains binding on the parties. Upon finalizing that agreement, the above transaction will form a part of, and be subject to, that formal agreement.

EXHIBIT C

National Energy
Board



Office national
de l'énergie

COPY

ORDER GO-76-98

IN THE MATTER OF the *National Energy Board Act* and the regulations made thereunder; and

IN THE MATTER OF an application by Engage Energy Canada L.P. ("Engage Canada") for an order pursuant to paragraph 15(a)(i) of the *National Energy Board Act Part VI (Oil and Gas) Regulations* filed with the Board under File 7425-E099.

BEFORE the Board on 30 November 1998.

WHEREAS Engage Canada filed an application dated 24 November 1998 for an order authorizing the exportation of gas;

AND WHEREAS the Board considered the said application;

IT IS ORDERED THAT Engage Canada be and is hereby authorized, under paragraph 15(a)(i) of the *National Energy Board Act Part VI (Oil and Gas) Regulations*, to export gas for the term commencing on 1 January 1999 and ending on 31 December 2000.

NATIONAL ENERGY BOARD

A handwritten signature in black ink, appearing to read "Mantha".

Michel L. Mantha
Secretary

Canada

EXHIBIT D

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY
[DOCKET NO. 99-__-NG]

NATURAL GAS IMPORTS

CASCADE NATURAL GAS CORPORATION

APPLICATION FOR EXTENSION OF IMPORT AUTHORIZATION

AGENCY: Office of Fossil Energy, Department of Energy.

ACTION: Notice of Application for Extension of Blanket Authorization to Import Natural Gas From Canada.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt on October 26, 1999, of an Application filed by Cascade Natural Gas Corporation (Cascade) requesting an extension of its current authorization and an increase in volumes enabling Cascade to import up to 30,000 MMBtu per day of natural gas from Canada over a one-year term beginning on November 1, 1999, the date on which the current one-year blanket import authorization granted Cascade by DOE/FE Order No. 1474, FE Docket No. 99-22-NG will expire. Cascade states that no additional facilities are required to import the Canadian gas and that it will submit quarterly reports detailing each transaction.

The Application is filed with DOE/FE pursuant to Section 3 of the Natural Gas Act and DOE Delegation Order Nos. 0204-111 and 0204-127. Protests, motions to intervene and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures and written comments are to be filed at the address written below no later than 4:30 p.m., Eastern Time, _____, 1999.

ADDRESS: Office of Fuels Programs, Fossil Energy, U.S. Department of Energy, Forrestal Building, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, DC 20585.

FOR FURTHER INFORMATION CONTACT:

Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Forrestal Building, Room _____, FE 50
1000 Independence Avenue, S.W.
Washington, D.C. 20585
(202) ____ - ____

Office of Assistant General Counsel
for Fossil Energy
U.S. Department of Energy
Forrestal Building, Room _____, FE-50
1000 Independence Avenue, S.W.
Washington, D.C. 20585
(202) ____ - ____

SUPPLEMENTAL INFORMATION:

Cascade is a corporation organized and existing under the laws of the State of Washington and is duly authorized to do business in the States of Washington and Oregon. Cascade is a public utility engaged in the distribution and sale of natural gas in intrastate commerce in 90 communities in the States of Washington and Oregon, and is subject to the jurisdiction of the Washington Utilities and Transportation Commission and the Public Utility Commission of Oregon. Cascade seeks an extension of its currently-effective authorization to

import up to 25,000 MMBtu per day of natural gas and seeks an increase in authorized import volumes up to 30,000 MMBtu per day during the one-year extension period. Cascade represents that extension of its import authorization and the increase in volumes will allow it to meet its growing natural gas demand in the States of Washington and Oregon

Cascade was originally granted import authorization to import natural gas from Canada over a five-year period by DOE/FE Order No. 877, 1 FE ¶ 70,877. That authorization was followed by a further one-year authorization granted by DOE/FE in Order No 1474. Cascade requests authorization to continue to import competitively priced natural gas from Canada for one year commencing November 1, 1999, the day following the expiration of its current import authorization, through and including October 31, 2000.

The decision on this Application for import authority will be made consistent with the DOE's gas import policy guidelines, under which the competitiveness of an import arrangement in the markets served is the primary consideration in determining whether it is in the public interest (*see 49 Fed. Reg.* 6,684, February 22, 1984). Parties, especially those that may oppose this Application, should comment on the issue of competitiveness as set forth in the policy guidelines regarding the requested import authority. The applicant asserts that imports made under the proposed arrangement will be competitive. Parties opposing the arrangement bear the burden of overcoming this assertion.

NEPA Compliance. The National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed actions. No final decision will be issued in this proceeding until DOE has met its NEPA responsibilities.

Public Comment Procedures: In response to this notice, any person may file a protest, motion to intervene, or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have their written comments considered as the basis for any decision on the Application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this Application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate procedural action to be taken on the Application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 C.F.R. Part 590 (1999). Protests, motions to intervene, notices of intervention, requests for additional procedures, and written comments should be filed with the Office of Fuels Programs at the address listed above.

It is intended that a decisional record on the Application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or a trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference should materially advance the proceeding. Any request for a trial-type hearing must

show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this notice, in accordance with 10 C.F.R. § 590.316 (1999).

A copy of Cascade's Application is available for public inspection and copying in the Office of Fuels Programs Docket Room, Room 3F-056, FE-50, at the above address. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, D.C. on _____, 1999.

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DOE/FE
OCT 28 1999 12:05

_____)
CASCADE NATURAL GAS CORPORATION) FE DOCKET NO. 99-22-NG
_____)

ORDER AMENDING AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1474-A

OCTOBER 28, 1999

I. DESCRIPTION OF REQUEST

On October 26, 1999, Cascade Natural Gas Corporation (Cascade) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)^{1/} and DOE Delegation Order Nos. 0204-111 and 204-127, to amend its natural gas import authorization granted in DOE/FE Order No. 1474 (Order 1474).^{2/} The amendment would increase Cascade's import volumes to 30,000 MMBtu per day and extend its term from November 1, 1999, through October 31, 2000.^{3/} In all other respects the terms and conditions of the current authority would remain unchanged.

Cascade is a public utility engaged in the distribution and sale of natural gas in the States of Oregon and Washington. Order 1474 granted Cascade authority to import from Canada up to 25,000 MMBtu per day of natural gas from November 1, 1998, through March 31, 1999, and up to 15,000 MMBtu per day of natural gas from April 1, 1999, through October 31, 1999.

II. FINDING

The application filed by Cascade has been evaluated to determine if the proposed amendment to its import authorization meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the

^{1/} 15 U.S.C. § 717b.

^{2/} 2 FE ¶ 70,318 (April 6, 1999).


^{3/} The contract underlying the amended import arrangement between Cascade and Engage Energy US, L.P. (Engage) is basically a continuation of an import arrangement between Cascade and Engage (See DOE/FE Order No. 877 (1 FE ¶ 70,877)).

public interest and must be granted without modification or delay. The proposal by Cascade to amend its authorization to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that DOE/FE Order No. 1474 (Order 1474) is amended to increase the currently authorized volumes of natural gas to 30,000 MMBtu per day Cascade Natural Gas Corporation may import from Canada. The term of the authorization is extended from November 1, 1999, through October 31, 2000. All other terms and conditions in Order 1474 remain in full force and effect.

Issued in Washington, D.C., on October 28, 1999.



John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy

WINTHROP, STIMSON, PUTNAM & ROBERTS

ONE BATTERY PARK PLAZA
NEW YORK, NY 10004-1490
TELEPHONE: 212-858-1000
TELEFAX: 212-858-1500

695 EAST MAIN STREET
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TELEPHONE: 203-348-2300
TELEFAX: 203-965-8226

125 WORTH AVENUE
PALM BEACH, FL 33460
TELEPHONE: 561-855-7297
TELEFAX: 561-833-6726

MARY ANN WALKER
202-775-9840

1133 CONNECTICUT AVENUE, N. W.
WASHINGTON, DC 20036

TELEPHONE: 202-775-9800
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October 4, 2000

Via Hand Delivery

Office of Fuels Programs
Fossil Energy
U.S. Department of Energy
Forrestal Building
1000 Independence Avenue, S.W.
Docket Room 3F-056, FE-50
Washington, D.C. 20585

REC'D DOE/FE
OCT 11 P 5:23

Re: Application of Cascade Natural Gas Corporation for Extension of
Authorization to Import Natural Gas from Canada
FE Docket No. 99-22-NG

Dear Sir or Madam:

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, and Part 590 of the Administrative Procedures of the Department of Energy ("DOE"), Office of Fossil Energy ("FE"), 10 C.F.R. Part 590 (1999), Cascade Natural Gas Corporation ("Cascade") hereby submits an original and fifteen (15) copies of its Application for a one-year extension of Cascade's current authorization to import up to 30,000 MMBtu per day of Canadian natural gas. Cascade requests this extension in order that gas supplies will continue to be available to Cascade to serve its markets in the States of Washington and Oregon. Cascade's requested one-year extension would commence on November 1, 2000, and run through October 31, 2001.

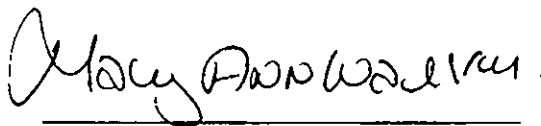
Cascade is herein seeking waiver of the ninety (90) day advance filing requirement set forth in § 590.201(b) of DOE's regulations, and maintains that good cause exists for granting such a waiver. Due to an administrative oversight, its Application was not filed ninety days in advance of November 1, 2000, as set forth in the regulations. However, because the

Office of Fuels Programs
Fossil Energy
October 4, 2000
Page 2

instant Application only seeks a one-year extension of the import authorization previously found by DOE/FE to be in the public interest, Cascade submits that waiver of § 590.201(b) would be appropriate in this instance. Cascade requests DOE action on the instant Application on or before October 31, 2000, the date on which its current import authorization will expire.

In accordance with DOE's regulations, Cascade is herein enclosing the applicable filing fee in the amount of \$50.00 payable to the Treasury of the United States. Additionally, for the convenience of DOE, Cascade is enclosing a computer diskette in Microsoft Word format containing a Notice of the above Application suitable for publication in the *Federal Register*.

Thank you in advance for your attention to this matter. Any questions may be directed to the undersigned.



Mary Ann Walker

Counsel for Cascade Natural Gas Corporation

Enclosures

cc: Mr. John W. Glynn
Manager, Natural Gas Regulation

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

Cascade Natural Gas Corporation)

FE Docket No. 99-22-NG

REC'D DOE/FE
MAY 11 11 51 23

APPLICATION OF
CASCADE NATURAL GAS CORPORATION
FOR EXTENSION OF IMPORT AUTHORIZATION

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, Department of Energy ("DOE") Delegation Order Nos. 0204-111 and 0204-127, 49 *Fed. Reg.* 6684 (Feb. 22, 1984) and 54 *Fed. Reg.* 11,436 (Mar. 20, 1989), respectively, and Section 590.201 *et seq.*, of the Administrative Procedures of the DOE, Office of Fossil Energy ("FE"), 10 C.F.R. § 590.201, *et seq.* (1999), Cascade Natural Gas Corporation ("Cascade") hereby submits this Application to allow it to continue to import competitively-priced natural gas from Canada. Cascade requests a one year extension of its current authorization to ensure that competitively-priced natural gas supplies will continue to be available to U.S. consumers primarily in the States of Washington and Oregon.

Cascade respectfully requests waiver of § 590.201(b) of DOE's regulations, and maintains that good cause exists for granting such a waiver. Due to an administrative oversight, this Application was not filed ninety (90) days in advance of November 1, 2000, as set forth in the regulations. However, because the instant Application only seeks a one year extension of the import authorization previously found by DOE/FE to be in the public interest, Cascade submits that waiver of § 590.201(b) would be appropriate in this instance.

In further support of its Application, Cascade states the following:

I.

Communications concerning this Application should be addressed to the following persons:

Mr. King Oberg
Vice President – Gas Supply
Cascade Natural Gas Corporation
P.O. Box 24464
Seattle, WA 98124
(206) 624-3900

and

Mary Ann Walker, Esq.
Winthrop, Stimson, Putnam & Roberts
1133 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 775-9800

II.

The exact legal name of Cascade is Cascade Natural Gas Corporation. Cascade is a corporation organized and existing under the laws of the State of Washington and is duly authorized to do business in the States of Washington and Oregon. Cascade is a local distribution company ("LDC") engaged in the distribution and sale of natural gas in intrastate commerce in 90 communities in the States of Washington and Oregon, and is subject to the jurisdiction of the Washington Utilities and Transportation Commission and the Public Utility Commission of Oregon. The proposed imports are within the corporate power of Cascade as the attached Opinion of Counsel demonstrates (*see* Exhibit A).

III.

The contract between Cascade and Engage continues a prior arrangement between Cascade and Canadian Hydrocarbons Marketing, Inc. ("CHMI")¹ to import Canadian natural gas during the five year period between November 1, 1993 and October 31, 1998. The import authorization for that five year arrangement is set forth in FE Docket No. 93-116-NG. See DOE/FE Order No. 877, 1 FE ¶ 70,877. In addition, in DOE/FE Order No. 1474, issued in Docket No. 99-22-NG on April 6, 1999, DOE/FE granted Cascade's request for continued authorization to import from Canada up to 25,000 MMBtu per day of natural gas from November 1, 1998 through March 31, 1999, and up to 15,000 MMBtu per day of natural gas from April 1, 1999 through October 31, 1999. In its April 6, 1999 Order, DOE/FE specifically found that the extension of Cascade's import authorization is consistent with the public interest requirement of Section 3 of the NGA, as amended by Section 201 of the Energy Policy Act of 1992, Pub. L. 102-486, 106 Stat. 2776. Further, on October 28, 1999 DOE/FE granted a further one year extension of Cascade's import authorization and granted an increase in volumes of 30,000 MMBtu per day from November 1, 1999 through October 31, 2000. See DOE/FE Order No. 1474-A, 2 FE ¶ 70,318.

Cascade's import authorization granted in DOE/FE Order No. 1474-A will expire on October 31, 2000. Cascade submits that the circumstances upon which DOE/FE's findings in Order No. 1474-A were based continue to exist in all respects. Thus, Cascade respectfully

¹ CHMI is now doing business as Engage Energy US, L.P., which, through its Canadian affiliate, Engage, exports natural gas from Canada.

requests that it be granted a one-year extension under the terms of the authorization granted in Order No. 1474-A commencing November 1, 2000 through and including October 31, 2001.

IV.

Pursuant to the authorization requested herein, Cascade will purchase natural gas supplies from Engage and will resell such supplies to its customers. DOE's regulations relating to the import of natural gas set forth several considerations which an Applicant must address in order to provide FE with sufficient information to examine the competitiveness of the import, the need for natural gas, and the security of supply. See 10 C.F.R. § 590.202(b)(1)-(7) (1999). In order to satisfy these requirements and to demonstrate that the requested import authorization is not inconsistent with the public interest, Cascade submits the following:

A. *Scope of the Project*

The import authorization requested herein will apply to natural gas provided by Engage for sale to Cascade for its system supply. Under its contract with Engage, as amended, Cascade will be eligible to purchase up to 30,000 MMBtu per day from November 1, 2000 through October 31, 2001.

Imports are requested to be authorized at the interconnection facilities near Sumas, Washington at the U.S.-Canadian international boundary. The interconnection point is identical to the one used for imports under Order Nos. 877, 1474 and 1474-A.

B. *Source and Security of Supply*

The general terms and conditions that govern the sale and delivery of gas by Engage to Cascade are set forth in a master contract entitled "Firm or Interruptible Gas Sales Agreement General Terms and Conditions." The specific volumes and the rates to be paid for such gas are set forth in two "Gas Transaction Confirmation" ("GTC") documents. Collectively, the master contract and the GTC documents make up the contract between Cascade and Engage. These agreements, and the amendments thereto, were submitted by Cascade to DOE/FE with Cascade's Application in FE Docket No. 99-22-NG and are on file with DOE in that docket. The Cascade/Engage Contract, as modified by the terms of the extension agreement attached hereto at Exhibit B, binds Cascade and Engage with respect to all price and related terms for this import, and can be relied upon by DOE to determine the competitiveness of the import.

The security of this Canadian gas supply is not disputed. Natural gas has been imported from Canada under the original agreement, as amended, for nine years, and there has been no instance of a major natural gas supply interruption that would call into question Engage's reliability as a natural gas supplier to this country.

C. *Identity of Participants*

Applicant Cascade Natural Gas Corporation is organized and exists under the laws of the State of Washington. Cascade is duly authorized to do business in Washington and Oregon, where its customers are located. In a number of prior filings with DOE/FE, Cascade has submitted its articles of incorporation, bylaws, and documents that evidence its status as a Washington corporation eligible to conduct business in Washington and Oregon. *See, e.g.,* Application to Import Natural Gas, FE Docket No. 93-116-NG. Cascade submits that such previously submitted documents accurately reflect Cascade's current articles of incorporation,

bylaws, corporate status, and eligibility to conduct business in Washington and Oregon. Engage, a limited partnership organized under Canadian law, is authorized to do business in the Province of British Columbia. Its principal place of business is Canada Trust Tower, 1100, 421-7th Ave., S.W., Calgary, Alberta, Canada T2P 4K9. Westcoast Energy, Inc. will provide for the shipment of natural gas within British Columbia to the point of delivery at the international boundary between Canada and the United States, and Northwest Pipeline Corporation will provide transportation on its system from the point of delivery to Cascade's interconnection with Northwest.

D. *Terms of the Transaction*

The term of the Cascade/Engage Contract, as extended, covers the period beginning on November 1, 2000, and ending on October 31, 2001. As stated previously, a copy of the terms of the contract extension with Engage is attached hereto at Exhibit B. The original documents that make up the Cascade-Engage contract, and amendments thereto, were previously submitted to DOE/FE in FE Docket No. 99-22-NG. As it has done in the past, Cascade will continue to submit quarterly reports indicating for each month the total volumes and the average purchase price of gas per MMBtu at the international border.

E. *Need for the Natural Gas*

Consistent with the authorization sought and the policy approach of the Secretary of Energy, need for the gas is evidenced by the fact that Cascade, an LDC, has an established market for the gas. Cascade anticipates a continuing need for this important source of gas supply. Moreover, the Secretary's "Policy Guidelines Relating to the Regulation of Imported

Natural Gas" indicates that imported gas marketed at competitive prices over the term of the contract is subject to a rebuttable presumption that such gas is needed.²

F. *Environmental Impact*

Cascade intends to utilize existing facilities of U.S. and Canadian pipelines for the transportation and delivery of its imported gas supplies. Further, the import extension for which authorization is requested herein does not contemplate the construction of any new facilities. Thus, no environmental impact is anticipated as a result of this authorization.

G. *Statement Regarding the Public Interest*

Cascade's request to continue its authorized importation of Canadian natural gas will provide a competitively priced and secure gas supply that will serve the public interest. Under Section 3 of the NGA, 15 U.S.C. § 717b, importation of natural gas is to be authorized unless there is a finding that it "will not be consistent with the public interest." In this case, Cascade's application for authorization to import natural gas is clearly consistent with the public interest as set forth in Section 201 of The Energy Policy Act of 1992, 15 U.S.C. § 717b(c). Section 201 states in pertinent part:

[T]he importation of the natural gas referred to in subsection (b) of this section, or the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation or exportation shall be granted without modification or delay.

15 U.S.C. § 717b(c)

² DOE Delegation Order 0204-111, February 15, 1984, 49 *Fed. Reg.* 6684, 6687 (Feb. 22, 1984). Cascade's need for this gas as an element of its system supply ensures that the imported gas will be marketed at competitive prices.

Cascade submits that in DOE/FE Order Nos. 877, 1474 and 1474-A, DOE/FE found that Cascade's requested import authority met the public interest requirements of Section 3 of the NGA. Accordingly, Cascade requests that the DOE likewise reach the same conclusion here.

V.

Cascade submits the following exhibits in support of its Application:

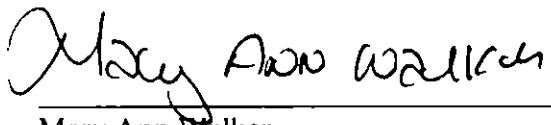
- Exhibit A - Opinion of Counsel (as required by 10 C.F.R. § 590.202(c) (1999)).
- Exhibit B - Copy of the Cascade/Engage contract extension.
- Exhibit C - Form of notice suitable for publication in the *Federal Register*.

VI.

WHEREFORE, Cascade respectfully requests that DOE/FE find, pursuant to Section 3 of the NGA, 15 U.S.C. § 717b, that Cascade's importation of up to 30,000 MMBtu per day of Canadian natural gas for the requested one-year period, and under the conditions as previously authorized by DOE/FE in Order No. 1474-A, is consistent with the public interest.

Respectfully submitted,

CASACADE NATURAL GAS CORPORATION

By: 

Mary Ann Walker
Winthrop, Stimson, Putnam & Roberts
1133 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 775-9800

Counsel for Cascade Natural Gas Corporation

Dated: October 4, 2000

EXHIBIT A

WINTHROP, STIMSON, PUTNAM & ROBERTS

ONE BATTERY PARK PLAZA
NEW YORK, NY 10004-1490
TELEPHONE: 212-858-1000
TELEFAX: 212-858-1500

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TELEFAX: 203-965-8226

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TELEFAX: 011-44171-638-0443

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6-7, ATAGO 1-CHOME
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CITIBANK PLAZA
3 GARDEN ROAD, CENTRAL, HONG KONG
TELEPHONE: 011-852-2530-3400
TELEFAX: 011-852-2530-3355

October 4, 2000

MARY ANN WALKER
202-775-9840

Mr. John W. Glynn
Director of the Office of Natural Gas
Office of Fuels Programs
Fossil Energy
Forrestal Building
1000 Independence Avenue, S.W.
Room 3H-087
Washington, D.C. 20585

Re: Application of Cascade Natural Gas Corporation for Extension of
Authorization to Import Natural Gas from Canada

Dear Mr. Glynn:

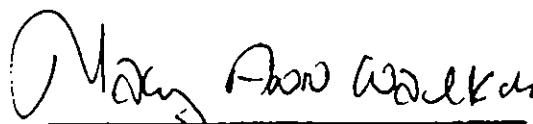
Pursuant to Section 590.202(c) of the Administrative Procedures of the Department of Energy, 10 C.F.R. § 590.202(c), I am hereby providing our firm's legal opinion with respect to the corporate power of Cascade Natural Gas Corporation. ("Cascade") to import Canadian natural gas.

Our firm has examined Cascade's Articles of Incorporation and its Bylaws. Based upon the review of these two documents, it is our opinion that Cascade is a duly organized and validly existing corporation under the laws of the State of Washington. Furthermore, it is our opinion that Cascade is not precluded by its Articles of Incorporation or its Bylaws from importing natural gas.

Respectfully submitted,

WINTHROP, STIMSON, PUTNAM & ROBERTS

By:



Mary Ann Walker, of the Firm

EXHIBIT B



AUG 17 2000

August 15, 2000

Via Courier

**Cascade Natural Gas Corporation
222 Fairview Avenue North
Seattle, Washington
98109**

Attention: Pattie Grable

Dear Pattie:

Re: Amended and Restated Natural Gas Sales Agreement dated August 17, 1994 between Engage Energy Canada, L.P. ("Engage") ("Seller") and Cascade Natural Gas Corporation ("Cascade") ("Buyer") (the "Kingsgate Agreement")

Further to recent discussions, this letter shall confirm the agreement between Engage and Cascade to extend the current provisions of Section 7.8 of the above-referenced agreement for the period November 1, 2000 through October 31, 2001. For further clarification the terms are as follows:

7.8 Gas Commodity Price

- a. The Gas Commodity Price to be paid for gas delivered each month during the period commencing on November 1, 2000 and expiring on October 31, 2001 shall be calculated as a percentage price determined under Subsection c below, based upon a weighted average of the following published prices (the "Index Price"):
- (i) the "Rocky Mountain" designated supply source into the Northwest pipeline system, as that price is provided in the publication entitled, *"Inside F.E.R.C.'s Gas Market Report"* in the table entitled, *"Prices of Spot Gas Delivered to Pipelines.....(per MMBtu dry)*, under the *"Northwest Pipeline Corp."* entry multiplied by 26%; and
 - (ii) the "Canadian Border" designated supply source into the Northwest pipeline system, as that price is provided in the publication entitled, *"Inside F.E.R.C.'s Gas Market Report"* in the table entitled, *"Prices of Spot Gas Delivered to Pipelines.....(per MMBtu dry)*, under the *"Northwest Pipeline Corp"* entry multiplied by 35%; and
 - (iii) the "AECO "C" & N.I.T. One-Month Spot" price as published by the *"Canadian Gas Price Reporter"* in the table entitled, *"Canadian Natural Gas Supply Prices"* under the column entitled "Avg." in U.S\$/MMBtu multiplied by 39%.
- b. The reference publication issue to determine the Gas Commodity Price for a month shall be the first issue which is published after the first day of the month.

Engage Energy Canada, L.P. 1100, 421 7th Ave. S.W., Calgary, Alberta, Canada T2P 4K9

Phone: (403) 297-0333 Fax: (403) 269-5909

- c. The percentage of the Index Price shall be determined in accordance with the following table:

"INDEX PRICE" PERCENTAGE TABLE

Period	Applicable Percentage of "Index Price"
November 1, 2000-March 31, 2001	91%
April 1, 2001-October 31, 2001	87.5%

Engage and Cascade agree to add the following Subsection 4.3 c.

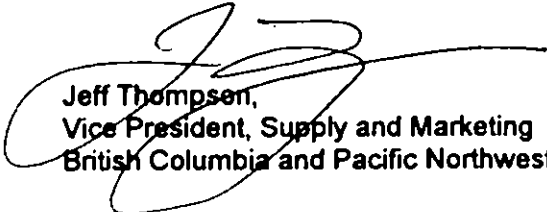
- c. Notwithstanding any other provision of this Section 4.3, Buyer shall purchase from Seller at the Delivery Point, or if not purchased and taken, shall nevertheless pay for at the Gas Commodity Price specified in Section 7.10 as in effect on the last day of the period, a minimum daily quantity of gas which shall equal to 15,000 MMBtu.

Terms or phrases defined or used in the Gas Sales Agreement shall have the same meaning herein unless specifically stated otherwise.

Please indicate your agreement with the foregoing by signing both copies of this letter in the space provided below. Upon receipt of one executed copy, Engage will proceed to obtain, pursuant to Section 7.15 of the above referenced agreement, Requisite Producer Support.

Yours truly,

ENGAGE ENERGY CANADA, L.P.


Jeff Thompson,
Vice President, Supply and Marketing
British Columbia and Pacific Northwest Region

JAT/w
c.c. Kathy Puls

Accepted and Agreed to this 23rd day of August, 2000.

CASCADE NATURAL GAS CORPORATION

Per:  _____

Title: _____

EXHIBIT C

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY
[DOCKET NO. 99-22-NG]**

NATURAL GAS IMPORTS

CASCADE NATURAL GAS CORPORATION

APPLICATION FOR EXTENSION OF IMPORT AUTHORIZATION

AGENCY: Office of Fossil Energy, Department of Energy.

ACTION: Notice of Application for Extension of Blanket Authorization to Import Natural Gas From Canada.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt on October 4, 2000, of an Application filed by Cascade Natural Gas Corporation (Cascade) requesting an extension of its current authorization enabling Cascade to import up to 30,000 MMBtu per day of natural gas from Canada over a one-year term beginning on November 1, 2000, the date on which the current one-year blanket import authorization granted Cascade by DOE/FE Order No. 1474-A, FE Docket No. 99-22-NG, will expire. Cascade states that no additional facilities are required to import the Canadian gas and that it will submit quarterly reports detailing each transaction.

The Application is filed with DOE/FE pursuant to Section 3 of the Natural Gas Act and DOE Delegation Order Nos. 0204-111 and 0204-127. Protests, motions to intervene and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures and written comments are to be filed at the address written below no later than 4:30 p.m., Eastern Time, _____, 2000.

ADDRESS: Office of Fuels Programs, Fossil Energy, U.S. Department of Energy, Forrestal Building, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, DC 20585.

FOR FURTHER INFORMATION CONTACT:

Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Forrestal Building, Room _____, FE 50
1000 Independence Avenue, S.W.
Washington, D.C. 20585
(202) ____ - ____

Office of Assistant General Counsel
for Fossil Energy
U.S. Department of Energy
Forrestal Building, Room __ __, FE-50
1000 Independence Avenue, S.W.
Washington, D.C. 20585
(202) ____ - ____

SUPPLEMENTAL INFORMATION:

Cascade is a corporation organized and existing under the laws of the State of Washington and is duly authorized to do business in the States of Washington and Oregon. Cascade is a public utility engaged in the distribution and sale of natural gas in intrastate commerce in 90 communities in the States of Washington and Oregon, and is subject to the jurisdiction of the Washington Utilities and Transportation Commission and the Public Utility Commission of Oregon. Cascade seeks an extension of its currently-effective authorization to

import up to 30,000 MMBtu per day of natural gas during the one-year extension period. Cascade represents that extension of its import authorization will allow it to meet its natural gas demand in the States of Washington and Oregon

Cascade was originally granted import authorization to import natural gas from Canada over a five-year period by DOE/FE Order No. 877, 1 FE ¶ 70,877. That authorization was followed by one-year extension authorizations granted by DOE/FE in Order Nos. 1474 and 1474-A. Cascade requests authorization to continue to import competitively priced natural gas from Canada for one year commencing November 1, 2000, the day following the expiration of its current import authorization, through and including October 31, 2001.

The decision on this Application for import authority will be made consistent with the DOE's gas import policy guidelines, under which the competitiveness of an import arrangement in the markets served is the primary consideration in determining whether it is in the public interest (*see 49 Fed. Reg.* 6,684, February 22, 1984). Parties, especially those that may oppose this Application, should comment on the issue of competitiveness as set forth in the policy guidelines regarding the requested import authority. The applicant asserts that imports made under the proposed arrangement will be competitive. Parties opposing the arrangement bear the burden of overcoming this assertion.

NEPA Compliance. The National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed actions. No final decision will be issued in this proceeding until DOE has met its NEPA responsibilities.

Public Comment Procedures: In response to this notice, any person may file a protest, motion to intervene, or notice of intervention, as applicable, and written comments. Any person

wishing to become a party to the proceeding and to have their written comments considered as the basis for any decision on the Application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this Application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate procedural action to be taken on the Application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 C.F.R. Part 590 (1999). Protests, motions to intervene, notices of intervention, requests for additional procedures, and written comments should be filed with the Office of Fuels Programs at the address listed above.

It is intended that a decisional record on the Application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or a trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference should materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this notice, in accordance with 10 C.F.R. § 590.316 (1999).

A copy of Cascade's Application is available for public inspection and copying in the Office of Fuels Programs Docket Room, Room 3F-056, FE-50, at the above address. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, D.C. on _____, 2000.

VERIFICATION

City of Washington)
District of Columbia) ss:

Mary Ann Walker, being first duly sworn, on oath states that she is a duly authorized representative of Cascade Natural Gas Corporation, and is authorized to make this verification; that she has read the foregoing document and is familiar with the contents thereof; that the statements contained therein are true and accurate to the best of her knowledge, information, and belief; that she is authorized to file this document with the Department of Energy, Office of Fossil Energy; and that, to the best of her knowledge, information and belief, the same or a related matter is not being considered by any other part of the Department of Energy, including the Federal Energy Regulatory Commission, or any other Federal agency or department.

Mary Ann Walker

Mary Ann Walker

Subscribed and sworn to me, a notary public, this 4th day of October, 2000.

Marie B. Kramer

Notary Public

My Commission expires:

12/14/2004

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

1000 DOE/FE
2000 10 24 P 2:24

CASCADE NATURAL GAS)
CORPORATION)
_____)

FE DOCKET NO. 99-22-NG

ORDER EXTENDING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1474-B

OCTOBER 24, 2000

I. DESCRIPTION OF REQUEST

On October 4, 2000, Cascade Natural Gas Corporation (Cascade) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)^{1/} and DOE Delegation Order Nos. 0204-111 and 204-127, requesting that the Department extend Cascade's authorization to import natural gas from Canada for one year, beginning on November 1, 2000, and extending through October 31, 2001. Cascade, a Washington corporation with its principal place of business in Seattle, is a public utility which distributes and sells natural gas in the States of Oregon and Washington. Currently, Cascade is authorized to import from Engage Energy Canada, L.P. (Engage) up to 30,000 MMBtu^{2/} per day of natural gas during the one-year period beginning on November 1, 1999, and extending through October 31, 2000, pursuant to DOE/FE Order No. 1474, as amended by DOE/FE Order No. 1474-A.^{3/} The gas enters the United States at the interconnection of the pipeline systems of Westcoast Energy, Inc. and Northwest Pipeline Corporation (Northwest) near Sumas, Washington.

On August 23, 2000, Cascade and Engage extended their gas sales agreement through October 31, 2001. During the extension period, the commodity price Cascade pays will be calculated based on an index of spot prices for gas delivered into Northwest's system at the Canadian border and in the Rocky Mountains, which are published each month by *Inside FERC's Gas Market Report*, and by the *Canadian Gas Price Reporter* for spot market gas in Canada. The sales agreement imposes a minimum purchase requirement of 15,000 MMBtu per day.

^{1/} 15 U.S.C. § 717b.

^{2/} One MMBtu equals approximately one Mcf.

^{3/} See 2 FE ¶ 70,318 (April 6, 1999) and ¶ 70,400 (October 28, 1999).

II. FINDING

The application filed by Cascade has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. Cascade's request for a one-year extension of its authorization to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Cascade Natural Gas Corporation (Cascade) is authorized to import from Canada up to 30,000 MMBtu per day of natural gas beginning on November 1, 2000, and extending through October 31, 2001.

B. This natural gas may be imported at Sumas, Washington, consistent with the authorizations conferred by DOE/FE Order Nos. 1474 and 1474-A and the terms of Cascade's gas sales agreement with Engage Energy Canada, L.P., as amended August 23, 2000.

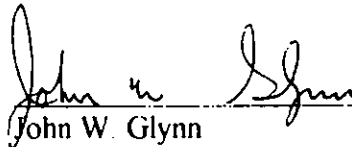
C. With respect to the natural gas imports authorized by this Order, Cascade will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be

filed. If imports have occurred, Cascade must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. [OMB No.: 1901-0294]

D. The quarterly reports will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 2001, and should cover the period from November 1, 2000, until the end of the fourth calendar quarter, December 31, 2000.

Issued in Washington, D.C., on October 24, 2000.



John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy



PILLSBURY WINTHROP LLP

REC'D DOE/FE

2001 OCT 10 A 9:31

October 9, 2001

Via Hand Delivery

Office of Fuels Programs
Fossil Energy
U.S. Department of Energy
Forrestal Building
1000 Independence Avenue, S.W.
Docket Room 3F-056, FE-50
Washington, D.C. 20585

Re: Application of Cascade Natural Gas Corporation for Extension of
Authorization to Import Natural Gas from Canada
FE Docket No. 99-22-NG

Dear Sir or Madam:

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, and Part 590 of the Administrative Procedures of the Department of Energy ("DOE"), Office of Fossil Energy ("FE"), 10 C.F.R. Part 590 (1999), Cascade Natural Gas Corporation ("Cascade") hereby submits an original and fifteen (15) copies of its Application for a three-year extension of Cascade's current authorization to import up to 30,000 MMBtu per day of Canadian natural gas. Cascade requests this extension in order that gas supplies will continue to be available to Cascade to serve its markets in the States of Washington and Oregon. Cascade's requested one-year extension would commence on November 1, 2001, and run through October 31, 2004.

Cascade is herein seeking waiver of the ninety (90) day advance filing requirement set forth in § 590.201(b) of DOE's regulations, and maintains that good cause exists for granting such a waiver. Due to an administrative oversight, its Application was not filed ninety days in advance of November 1, 2001, as set forth in the regulations. However, because the

Office of Fuels Programs
Fossil Energy
October 9, 2001
Page 2



instant Application only seeks a three-year extension of the import authorization previously found by DOE/FE to be in the public interest, Cascade submits that waiver of § 590.201(b) would be appropriate in this instance. Cascade requests DOE action on the instant Application on or before October 31, 2001, the date on which its current import authorization will expire.

In accordance with DOE's regulations, Cascade is herein enclosing the applicable filing fee in the amount of \$50.00 payable to the Treasury of the United States. Additionally, for the convenience of DOE, Cascade is enclosing a computer diskette in Microsoft Word format containing a Notice of the above Application suitable for publication in the *Federal Register*.

Thank you in advance for your attention to this matter. Any questions may be directed to the undersigned.

A handwritten signature in cursive script that reads "Mary Ann Walker".

Mary Ann Walker

Counsel for Cascade Natural Gas Corporation

Enclosures

cc: Mr. Clifford P. Tomaszewski
Manager, Natural Gas Regulation

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

Cascade Natural Gas Corporation)

FE Docket No. 99-22-NG

APPLICATION OF
CASCADE NATURAL GAS CORPORATION
FOR EXTENSION OF IMPORT AUTHORIZATION

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, Department of Energy ("DOE") Delegation Order Nos. 0204-111 and 0204-127, 49 *Fed. Reg.* 6684 (Feb. 22, 1984) and 54 *Fed. Reg.* 11,436 (Mar. 20, 1989), respectively, and Section 590.201 *et seq.*, of the Administrative Procedures of the DOE, Office of Fossil Energy ("FE"), 10 C.F.R. § 590.201, *et seq.* (1999), Cascade Natural Gas Corporation ("Cascade") hereby submits this Application to allow it to continue to import competitively-priced natural gas from Canada. Cascade requests a three year extension of its current authorization to ensure that competitively-priced natural gas supplies will continue to be available to U.S. consumers primarily in the States of Washington and Oregon.

Cascade respectfully requests waiver of § 590.201(b) of DOE's regulations, and maintains that good cause exists for granting such a waiver. Due to an administrative oversight, this Application was not filed ninety (90) days in advance of November 1, 2001, as set forth in the regulations. However, because the instant Application only seeks a three year extension of the import authorization previously found by DOE/FE to be in the public interest, Cascade submits that waiver of § 590.201(b) would be appropriate in this instance.

In further support of its Application, Cascade states the following:

I.

Communications concerning this Application should be addressed to the following persons:

Mr. King Oberg
Vice President – Gas Supply
Cascade Natural Gas Corporation
P.O. Box 24464
Seattle, WA 98124
(206) 624-3900

and

Mary Ann Walker, Esq.
Pillsbury, Winthrop LLP
1133 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 775-9800

II.

The exact legal name of Cascade is Cascade Natural Gas Corporation. Cascade is a corporation organized and existing under the laws of the State of Washington and is duly authorized to do business in the States of Washington and Oregon. Cascade is a local distribution company ("LDC") engaged in the distribution and sale of natural gas in intrastate commerce in 90 communities in the States of Washington and Oregon, and is subject to the jurisdiction of the Washington Utilities and Transportation Commission and the Public Utility Commission of Oregon. The proposed imports are within the corporate power of Cascade as the attached Opinion of Counsel demonstrates (*see Exhibit A*).

III.

The contract between Cascade and Engage continues a prior arrangement between Cascade and Canadian Hydrocarbons Marketing, Inc. ("CHMI")¹ to import Canadian natural gas during the five year period between November 1, 1993 and October 31, 1998. The import authorization for that five year arrangement is set forth in FE Docket No. 93-116-NG. See DOE/FE Order No. 877, 1 FE ¶ 70,877. In addition, in DOE/FE Order No. 1474, issued in Docket No. 99-22-NG on April 6, 1999, DOE/FE granted Cascade's request for continued authorization to import from Canada up to 25,000 MMBtu per day of natural gas from November 1, 1998 through March 31, 1999, and up to 15,000 MMBtu per day of natural gas from April 1, 1999 through October 31, 1999. In its April 6, 1999 Order, DOE/FE specifically found that the extension of Cascade's import authorization is consistent with the public interest requirement of Section 3 of the NGA, as amended by Section 201 of the Energy Policy Act of 1992, Pub. L. 102-486, 106 Stat. 2776. Further, on October 28, 1999 DOE/FE granted a further one year extension of Cascade's import authorization and granted an increase in volumes of 30,000 MMBtu per day from November 1, 1999 through October 31, 2000 (See DOE/FE Order No. 1474-A, 2 FE ¶ 70,318), and on October 24, 2000 DOE/FE granted a further one year extension of Cascade's import authorization from November 1, 2000 through October 31, 2001. See DOE/FE Order No. 1474-B.

Cascade's import authorization granted in DOE/FE 1474-B will expire on October 31, 2001. Cascade submits that the circumstances upon which DOE/FE's findings in 1474-B were based continue to exist in all respects. Thus, Cascade respectfully

¹ CHMI is now doing business as Engage Energy US, L.P., which, through its Canadian affiliate, Engage, exports natural gas from Canada.

requests that it be granted a three-year extension under the terms of the authorization granted in Order No. 1474-B commencing November 1, 2001 through and including October 31, 2004.

IV.

Pursuant to the authorization requested herein, Cascade will purchase natural gas supplies from Engage and will resell such supplies to its customers. DOE's regulations relating to the import of natural gas set forth several considerations which an Applicant must address in order to provide FE with sufficient information to examine the competitiveness of the import, the need for natural gas, and the security of supply. See 10 C.F.R. § 590.202(b)(1)-(7) (1999). In order to satisfy these requirements and to demonstrate that the requested import authorization is not inconsistent with the public interest, Cascade submits the following:

A. *Scope of the Project*

The import authorization requested herein will apply to natural gas provided by Engage for sale to Cascade for its system supply. Under its contract with Engage, as amended, Cascade will be eligible to purchase up to 30,000 MMBtu per day from November 1, 2001 through October 31, 2004.

Imports are requested to be authorized at the interconnection facilities near Sumas, Washington at the U.S.-Canadian international boundary. The interconnection point is identical to the ones used for imports under all prior orders underlying this extension.

B. *Source and Security of Supply*

The general terms and conditions that govern the sale and delivery of gas by Engage to Cascade are set forth in a master contract entitled "Firm or Interruptible Gas Sales Agreement General Terms and Conditions." The specific volumes and the rates to be paid for such gas are set forth in two "Gas Transaction Confirmation" ("GTC") documents. Collectively, the master contract and the GTC documents make up the contract between Cascade and Engage. These agreements, and the amendments thereto, were submitted by Cascade to DOE/FE with Cascade's Application in FE Docket No. 99-22-NG and are on file with DOE in that docket. The Cascade/Engage Contract, as modified by the terms of the extension agreement attached hereto at Exhibit B, binds Cascade and Engage with respect to all price and related terms for this import, and can be relied upon by DOE to determine the competitiveness of the import.

The security of this Canadian gas supply is not disputed. Natural gas has been imported from Canada under the original agreement, as amended, for nine years, and there has been no instance of a major natural gas supply interruption that would call into question Engage's reliability as a natural gas supplier to this country.

C. *Identity of Participants*

Applicant Cascade Natural Gas Corporation is organized and exists under the laws of the State of Washington. Cascade is duly authorized to do business in Washington and Oregon, where its customers are located. In a number of prior filings with DOE/FE, Cascade has submitted its articles of incorporation, bylaws, and documents that evidence its status as a Washington corporation eligible to conduct business in Washington and Oregon. *See, e.g.*, Application to Import Natural Gas, FE Docket No. 93-116-NG. Cascade submits that such previously submitted documents accurately reflect Cascade's current articles of incorporation,

bylaws, corporate status, and eligibility to conduct business in Washington and Oregon. Engage, a limited partnership organized under Canadian law, is authorized to do business in the Province of British Columbia. Its principal place of business is Canada Trust Tower, 1100, 421-7th Ave., S.W., Calgary, Alberta, Canada T2P 4K9. Westcoast Energy, Inc. will provide for the shipment of natural gas within British Columbia to the point of delivery at the international boundary between Canada and the United States, and Northwest Pipeline Corporation will provide transportation on its system from the point of delivery to Cascade's interconnection with Northwest.

D. *Terms of the Transaction*

The term of the Cascade/Engage Contract, as extended, covers the period beginning on November 1, 2001, and ending on October 31, 2004. As stated previously, a copy of the terms of the contract extension with Engage is attached hereto at Exhibit B. The original documents that make up the Cascade-Engage contract, and amendments thereto, were previously submitted to DOE/FE in FE Docket No. 99-22-NG. As it has done in the past, Cascade will continue to submit quarterly reports indicating for each month the total volumes and the average purchase price of gas per MMBtu at the international border.

E. *Need for the Natural Gas*

Consistent with the authorization sought and the policy approach of the Secretary of Energy, need for the gas is evidenced by the fact that Cascade, an LDC, has an established market for the gas. Cascade anticipates a continuing need for this important source of gas supply. Moreover, the Secretary's "Policy Guidelines Relating to the Regulation of Imported

Natural Gas" indicates that imported gas marketed at competitive prices over the term of the contract is subject to a rebuttable presumption that such gas is needed.²

F. *Environmental Impact*

Cascade intends to utilize existing facilities of U.S. and Canadian pipelines for the transportation and delivery of its imported gas supplies. Further, the import extension for which authorization is requested herein does not contemplate the construction of any new facilities. Thus, no environmental impact is anticipated as a result of this authorization.

G. *Statement Regarding the Public Interest*

Cascade's request to continue its authorized importation of Canadian natural gas will provide a competitively priced and secure gas supply that will serve the public interest. Under Section 3 of the NGA, 15 U.S.C. § 717b, importation of natural gas is to be authorized unless there is a finding that it "will not be consistent with the public interest." In this case, Cascade's application for authorization to import natural gas is clearly consistent with the public interest as set forth in Section 201 of The Energy Policy Act of 1992, 15 U.S.C. § 717b(c). Section 201 states in pertinent part:

[T]he importation of the natural gas referred to in subsection (b) of this section, or the exportation of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for such importation or exportation shall be granted without modification or delay.

15 U.S.C. § 717b(c)

² DOE Delegation Order 0204-111, February 15, 1984, 49 *Fed. Reg.* 6684, 6687 (Feb. 22, 1984). Cascade's need for this gas as an element of its system supply ensures that the imported gas will be marketed at competitive prices.

Cascade submits that in DOE/FE Order Nos. 877, 1474, 1474-A, and 1474-B, DOE/FE found that Cascade's requested import authority met the public interest requirements of Section 3 of the NGA. Accordingly, Cascade requests that the DOE likewise reach the same conclusion here.

V.

Cascade submits the following exhibits in support of its Application:

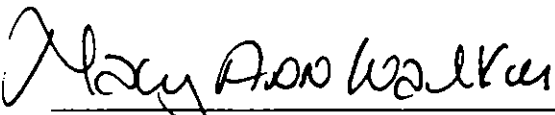
- Exhibit A - Opinion of Counsel (as required by 10 C.F.R. § 590.202(c) (1999)).
- Exhibit B - Copy of the Cascade/Engage contract extension.
- Exhibit C - Form of notice suitable for publication in the *Federal Register*.

VI.

WHEREFORE, Cascade respectfully requests that DOE/FE find, pursuant to Section 3 of the NGA, 15 U.S.C. § 717b, that Cascade's importation of up to 30,000 MMBtu per day of Canadian natural gas for the requested one-year period, and under the conditions as previously authorized by DOE/FE in Order No. 1474-B, is consistent with the public interest.

Respectfully submitted,

CASACADE NATURAL GAS CORPORATION

By: 

Mary Ann Walker
Pillsbury Winthrop LLP
1133 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 775-9800

Counsel for Cascade Natural Gas Corporation

Dated: October 9, 2001

EXHIBIT A



PILLSBURY WINTHROP LLP

October 9, 2001

Mr. Clifford P. Tomaszewski
Manager, Natural Gas Regulation
Natural Gas & Petroleum Import & Export Activities
Office of Fossil Energy
Forrestal Building
1000 Independence Avenue, S.W.
Room 3E-042, FE-34
Washington, D.C. 20585

Re: Application of Cascade Natural Gas Corporation for Extension of
Authorization to Import Natural Gas from Canada

Dear Mr. Tomaszewski:

Pursuant to Section 590.202(c) of the Administrative Procedures of the Department of Energy, 10 C.F.R. § 590.202(c), I am hereby providing our firm's legal opinion with respect to the corporate power of Cascade Natural Gas Corporation. ("Cascade") to import Canadian natural gas.

Our firm has examined Cascade's Articles of Incorporation and its Bylaws. Based upon the review of these two documents, it is our opinion that Cascade is a duly organized and validly existing corporation under the laws of the State of Washington. Furthermore, it is our opinion that Cascade is not precluded by its Articles of Incorporation or its Bylaws from importing natural gas.

Respectfully submitted,

Pillsbury Winthrop LLP

By:

Mary Ann Walker, of the Firm

EXHIBIT B



REVISED GAS TRANSACTION CONFIRMATION
Supersedes GTC dated October 26, 2000

Contract #2350

1. BUYER: Cascade Natural Gas Corporation	SELLER: Engage Energy Canada, L.P.	GAS TRANS. AG. EFF. DATE: October 1, 1995	DATE FORM DELIVERED: May 7, 2001
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2. DETAILS OF TRANSACTIONS:								
Trans.No.	Start Date/Time	End Date/Time	Quantity/day (MMBtu)	Price (Cdn\$) (See 3. below)	Qual. of Service (Int, Firm or EFP)	Del. Point	Del. Pipe	Rec. Pipe
1)	See Section 3	See Section 3	27,037 MMBtu	See Section 3	Firm	Kingsgate	WEI	WEI

3. SPECIAL PROVISIONS INCLUDING PRICE DETAILS (if any):

1) **Commodity Price of Original August 17, 1994 Contract.**
 Price as per Amending Agreement dated August 15, 2000 as follows:

a. The Gas Commodity Price to be paid for gas delivered each month during the period commencing on November 1, 2001 and expiring on October 31, 2004 shall be calculated as a percentage price determined under Subsection c below, based upon a weighted average of the following published prices (the "Index Price"):

- (i) the "Rocky Mountain" designated supply source into the Northwest pipeline system, as that price is provided in the publication entitled, "Inside F.E.R.C.'s Gas Market Report" in the table entitled, "Prices of Spot Gas Delivered to Pipelines.....(per MMBtu dry), under the "Northwest Pipeline Corp." entry multiplied by 26%; and
- (ii) the "Canadian Border" designated supply source into the Northwest pipeline system, as that price is provided in the publication entitled, "Inside F.E.R.C.'s Gas Market Report" in the table entitled, "Prices of Spot Gas Delivered to Pipelines.....(per MMBtu dry), under the "Northwest Pipeline Corp" entry multiplied by 35%; and
- (iii) the "AECO "C" & N.I.T. One-Month Spot" price as published by the "Canadian Gas Price Reporter" in the table entitled, "Canadian Natural Gas Supply Prices" under the column entitled "Avg" in U.S\$/MMBtu multiplied by 39%.

b. The reference publication issue to determine the Gas Commodity Price for a month shall be the first issue which is published after the first day of the month.

c. The percentage of the Index Price shall be as follows:
 November 1, 2000 March 31, 2001 - 91%
 April 1, 2001 - October 31, 2001 - 87.5%

2) **Price Conversion:**

- i) Nov. 1/01 - Oct. 31/04
 Price conversion transacted on April 3 and 4th, 2001 for the entire 27,037 MMBtu/Day
 Price = US \$4.66 per MMBtu
- ii) The Parties acknowledge and agree that the fixed price conversion hedge set out above is and will remain in full force and effect, even if the Index Price percentage components set out in Section 1)a. above and the percentage of the Index Price as set out in Section 1)c. are renegotiated.
- iii) If:
 - A) at any time prior to October 31, 2004;
 - B) through annual price renegotiations with Pan-Alberta Gas and Cascade under the original August 17, 1994 Amended and Restated Natural Gas Sales Agreement, there are changes to the percentages to the individual percentage components comprising the Index Price or the Index Price otherwise is amended in any material fashion; and
 - C) the changes or amendments result in the Buyer being overhedged or underhedged based on the fixed price of US\$4.66 per MMBtu set out in Subsection 2 i) above;

then Seller will use commercially reasonable efforts to implement hedge changes consistent with the Index Price changes or amendments. Notwithstanding such efforts, Buyer will remain liable for any losses or gains resulting from Buyer being overhedged or underhedged due to the Index Price changes or amendments.

Engage Energy Canada, L.P. 1100, 421 7th Ave. S.W., Calgary, Alberta, Canada T2P 4K9
 Phone: (403) 297-0333 Fax: (403) 269-5909

iv) If price renegotiations are commenced between Buyer and Seller and between Seller and PanAlberta in accordance with the August 17, 1994 Agreement then Seller shall use commercially reasonable efforts to ensure any such Index Price changes or amendments do not result in Buyer being underhedged or overhedged in accordance with the above.

v) In the event:

- A) Seller's credit rating as determined by Standard and Poors falls below "BBB"; or
- B) the aggregate mark to market valuation for all forms of energy related agreements, arrangements and transactions between Buyer and Seller (as such valuation is determined by Seller acting reasonably) exceeds US \$35 million ;

then Buyer will provide to Seller a Letter of Credit in an amount determined by Seller acting reasonably to securitize Seller's calculated net exposure to Buyer.

3) **Load Factor Commitment**

- i) All price conversion volumes shall be purchased and sold on a Firm, 100% load factor basis for the entire Quantity/day.

4. ADDRESSES, OPERATIONS AND BILLINGS AND PAYMENT INFORMATION:

Engage Energy Canada, L.P. 1100, 421 - 7th Avenue S.W. Calgary, Alberta Canada T2P 4K9	Cascade Natural Gas Corporation ("Customer") 222 Fairview Avenue North Seattle WA 98109 U.S.A.
Marketing Representative Name: Kevin Turchanski Phone: (403) 297-0361 Fax: (403) 269-5909	Marketing Representative: Pattie Grable Phone: (206) 381-6829 Fax: (206) 624-7215
Accounting Contact: Lisa Freund Phone: (403) 297-0364 Fax: (403) 269-5909	Accounting Contact: Phone: (206) Fax: (206)
Operations Contact: Shelley Langdon Phone: (403) 297-0381 Fax: (403) 221-8643	Operations Contact: Phone: (206) Fax: (206)
Wire Transfer Acct:	Wire Transfer Acct:

5. (a) The above are the essential binding terms of the transaction in question. If a formal master physical agreement is in effect between the parties, then the above confirmation terms are subject to that agreement. In the event of any conflict between this transaction and the terms of the formal agreement, the terms above prevail. If no formal agreement exists, then the parties will finalize and sign one, failing which this transaction remains binding on the parties. Upon finalizing that agreement, the above transaction will form a part of, and be subject to, that formal agreement.

ENGAGE ENERGY CANADA, L.P. ("Engage")

CASCADE NATURAL GAS CORPORATION ("the 'Customer'")

Per: _____

Per: _____

Title: Jeff Thompson
Senior Vice-President-West Region

Title: Vice President, Gas Supply

Dated: May 7, 2001

Dated: August 30, _____, 2001.

EXHIBIT C

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY
[DOCKET NO. 99-22-NG]

NATURAL GAS IMPORTS

CASCADE NATURAL GAS CORPORATION

APPLICATION FOR EXTENSION OF IMPORT AUTHORIZATION

AGENCY: Office of Fossil Energy, Department of Energy.

ACTION: Notice of Application for Extension of Blanket Authorization to Import Natural Gas From Canada.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt on October 9, 2000, of an Application filed by Cascade Natural Gas Corporation (Cascade) requesting an extension of its current authorization enabling Cascade to import up to 30,000 MMBtu per day of natural gas from Canada over a three-year term beginning on November 1, 2001, the date on which the current one-year blanket import authorization granted Cascade by DOE/FE 1474-B, FE Docket No. 99-22-NG, will expire. Cascade states that no additional facilities are required to import the Canadian gas and that it will submit quarterly reports detailing each transaction.

The Application is filed with DOE/FE pursuant to Section 3 of the Natural Gas Act and DOE Delegation Order Nos. 0204-111 and 0204-127. Protests, motions to intervene and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures and written comments are to be filed at the address written below no later than 4:30 p.m., Eastern Time, _____, 2000.

ADDRESS: Office of Fuels Programs, Fossil Energy, U.S. Department of Energy, Forrestal Building, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, DC 20585.

FOR FURTHER INFORMATION CONTACT:

Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Forrestal Building, Room _____, FE 50
1000 Independence Avenue, S.W.
Washington, D.C. 20585
(202) ____ - ____

Office of Assistant General Counsel
for Fossil Energy
U.S. Department of Energy
Forrestal Building, Room _____, FE-50
1000 Independence Avenue, S.W.
Washington, D.C. 20585
(202) ____ - ____

SUPPLEMENTAL INFORMATION:

Cascade is a corporation organized and existing under the laws of the State of Washington and is duly authorized to do business in the States of Washington and Oregon. Cascade is a public utility engaged in the distribution and sale of natural gas in intrastate commerce in 90 communities in the States of Washington and Oregon, and is subject to the jurisdiction of the Washington Utilities and Transportation Commission and the Public Utility Commission of Oregon. Cascade seeks an extension of its currently-effective authorization to

import up to 30,000 MMBtu per day of natural gas during the three-year extension period. Cascade represents that extension of its import authorization will allow it to meet its natural gas demand in the States of Washington and Oregon

Cascade was originally granted import authorization to import natural gas from Canada over a five-year period by DOE/FE Order No. 877, 1 FE ¶ 70,877. That authorization was extended by DOE/FE to include import authorizations through October 31, 2001. Cascade requests authorization to continue to import competitively priced natural gas from Canada for one year commencing November 1, 2001, the day following the expiration of its current import authorization, through and including October 31, 2004.

The decision on this Application for import authority will be made consistent with the DOE's gas import policy guidelines, under which the competitiveness of an import arrangement in the markets served is the primary consideration in determining whether it is in the public interest (*see 49 Fed. Reg.* 6,684, February 22, 1984). Parties, especially those that may oppose this Application, should comment on the issue of competitiveness as set forth in the policy guidelines regarding the requested import authority. The applicant asserts that imports made under the proposed arrangement will be competitive. Parties opposing the arrangement bear the burden of overcoming this assertion.

NEPA Compliance. The National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed actions. No final decision will be issued in this proceeding until DOE has met its NEPA responsibilities.

Public Comment Procedures: In response to this notice, any person may file a protest, motion to intervene, or notice of intervention, as applicable, and written comments. Any person

wishing to become a party to the proceeding and to have their written comments considered as the basis for any decision on the Application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this Application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate procedural action to be taken on the Application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 C.F.R. Part 590 (1999). Protests, motions to intervene, notices of intervention, requests for additional procedures, and written comments should be filed with the Office of Fuels Programs at the address listed above.

It is intended that a decisional record on the Application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or a trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference should materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the Application and responses filed by parties pursuant to this notice, in accordance with 10 C.F.R. § 590.316 (1999).

A copy of Cascade's Application is available for public inspection and copying in the Office of Fuels Programs Docket Room, Room 3F-056, FE-50, at the above address. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, D.C. on _____, 2000.

VERIFICATION

City of Washington)
District of Columbia) ss:

Mary Ann Walker, being first duly sworn, on oath states that she is a duly authorized representative of Cascade Natural Gas Corporation, and is authorized to make this verification; that she has read the foregoing document and is familiar with the contents thereof; that the statements contained therein are true and accurate to the best of her knowledge, information, and belief; that she is authorized to file this document with the Department of Energy, Office of Fossil Energy; and that, to the best of her knowledge, information and belief, the same or a related matter is not being considered by any other part of the Department of Energy, including the Federal Energy Regulatory Commission, or any other Federal agency or department.

Mary Ann Walker
Mary Ann Walker

Subscribed and sworn to me, a notary public, this 9th day of October, 2001.

Dana Michaluk Besler
Notary Public

My Commission expires:

7/14/02



UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DOE/FE
2001 OCT 26 P 3:20

CASCADE NATURAL GAS CORPORATION

FE DOCKET NO. 99-22-NG

ORDER EXTENDING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1474-C

OCTOBER 26, 2001

I. DESCRIPTION OF REQUEST

On October 10, 2001, Cascade Natural Gas Corporation (Cascade) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting that the Department extend Cascade's authorization to import natural gas from Canada for three years beginning on November 1, 2001, and extending through October 31, 2004. Currently, Cascade is authorized to import from Engage Energy Canada, L.P. (Engage) up to 30,000 MMBtu^{2/} per day of natural gas pursuant to DOE/FE Order No. 1474, as amended by DOE/FE Order No. 1474-A and DOE/FE Order No. 1474-B.^{3/} Under its contract with Engage, as amended, Cascade will be eligible to purchase up to 30,000 MMBtu per day of natural gas from November 1, 2001 through October 31, 2004. Cascade, a Washington corporation with its principal place of business in Seattle, is a public utility which distributes and sells natural gas in the States of Washington and Oregon. The gas enters the United States at the interconnection of the pipeline systems of Westcoast Energy, Inc. and Northwest Pipeline Corporation near Sumas, Washington. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Cascade has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import

^{1/} 15 U.S.C. § 717b.

^{2/} One MMBtu equals approximately one Mcf.

^{3/} Cascade's current import authorization expires October 31, 2001. See 2 FE ¶ 70,318 (April 6, 1999), 2 FE ¶ 70,400 (October 28, 1999), and 2 FE ¶ 70,551 (October 24, 2000).

of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. Cascade's request for a three-year extension of its authorization to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Cascade Natural Gas Corporation (Cascade) is authorized to import up to 30,000 MMBtu per day of natural gas from Canada beginning November 1, 2001, and extending through October 31, 2004.

B. This natural gas may be imported at Sumas, Washington, consistent with the authorizations conferred by DOE/FE Order Nos. 1474, 1474-A and 1474-B and the terms of Cascade's gas sales agreement with Engage Energy Canada, L.P., as amended August 30, 2001.

C. With respect to the natural gas imports authorized by this Order, Cascade shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Cascade must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The monthly price information shall itemize separately the monthly demand and commodity charges, fuel charges, and, if

applicable, a breakdown of the import volumes showing the amount sold in each State and to each of its customers. [OMB No.: 1901-0294]

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 2002, and should cover the period from November 1, 2001, until the end of the fourth calendar quarter, December 30, 2001.

E. The quarterly reports required by Ordering Paragraph C of this Order shall be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S. W., Washington, D.C., 20585.

Issued in Washington, D.C., on October 26, 2001.



Yvonne Caudillo
Acting Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy