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January 19, 2017

Oregon Public Utility Commission
Attention: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

Re: Application of Cascade Natural Gas Corporation for an Order Authorizing Cascade Natural Gas Corporation to Enter into a Revolving Credit Agreement

Filing Center:

Enclosed is Cascade Natural Gas Corporation's Application for an order authorizing Cascade Natural Gas Corporation to enter into a revolving credit agreement for up to five years. We respectfully request that you include this request in the agenda of the next Public Meeting.

If you have any questions regarding this information, please feel free to contact me at (509) 734-4593.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", with a long, sweeping underline.

Michael Parvinen
Director, Regulatory Affairs

Attachments

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

DOCKET UF _____

IN THE MATTER OF THE APPLICATION OF
CASCADE NATURAL GAS CORPORATION FOR
AN ORDER AUTHORIZING THE ISSUANCE OF
COMMON EQUITY, PREFERRED EQUITY, AND
DEBT SECURITIES

APPLICATION

Application is hereby made to the Public Utility Commission of Oregon (“Commission”) for an Order authorizing Cascade Natural Gas Corporation (“the Company” or “Applicant”) to enter into a revolving credit agreement in the amount of \$75,000,000 for up to five years pursuant to provisions of O.R.S. 757.400 et. seq. The following general information and specific exhibits are submitted in support thereof, as required by the Rules and Regulations of the Public Utility Commission of the State of Oregon.

1. In accordance with ORS 757.410(1), ORS 757.415(1), and Rule 860-27-030 of the Rules and Regulations of the Commission, Applicant respectfully submits the following:

- a. Name of Applicant

Cascade Natural Gas Corporation
8113 West Grandridge Blvd.
Kennewick, WA 99336-7166

- b. State and Date of Incorporation

Incorporated January 2, 1953, under the laws of the State of Washington;
qualified to do business in the State of Oregon.

- c. Name and Address of Person Authorized to Receive Notices and Communications

Michael Parvinen
Director, Regulatory Affairs
8113 West Grandridge Blvd.
Kennewick, WA 99336-7166
michael.parvinen@cngc.com
(509) 734-4593

d. Names, Titles and Addresses of Applicant's Principal Officers

Mark A. Chiles	Vice President-Regulatory Affairs and Customer Service	8113 West Grandridge Blvd. Kennewick, WA 99336
David L. Goodin	Chairman of the Board	1200 West Century Avenue Bismarck, ND 58506
Anne M. Jones	Vice President-Human Resources	1200 West Century Avenue Bismarck, ND 58506
Julie A. Krenz	Assistant Secretary	400 North Fourth Street Bismarck, ND 58501
Daniel S. Kuntz	General Counsel and Secretary	1200 West Century Avenue Bismarck, ND 58506
Scott W. Madison	Executive Vice President-Western Region Operations, Business Development and Strategy	555 South Cole Road Boise, ID 83709
Karl A. Liepitz	Assistant Secretary	1200 West Century Avenue Bismarck, ND 58506
Eric P. Matuscelli	Vice President - Operation	8113 West Grandridge Blvd. Kennewick, WA 99336
Nicole A. Kivisto	President and Chief Executive Officer	400 North Fourth Street Bismarck, ND 58501
Margaret (Peggy) A. Link	Chief Information Officer	1200 West Century Avenue Bismarck, ND 58506
Tammy J. Nygard	Controller	400 North Fourth Street Bismarck, ND 58501
Garret Senger	Executive Vice President-Regulatory Affairs, Customer Service and Gas Supply	400 North Fourth Street Bismarck, ND 58501
Jason L. Vollmer	Treasurer	1200 West Century Avenue Bismarck, ND 58506

e. Description of Business and Territory Served

Applicant's business is the distribution of natural gas, which it sells to residential, commercial and industrial customers in the States of Washington and Oregon.

The population of communities served by Applicant totals 1,304,266. At the end of December 2016, Applicant held the franchises necessary for the distribution of natural gas in all of the communities it serves in Washington and Oregon.

f. Statement of Capital Stock as of December 31, 2016:

	<u>Par Value</u>	<u>Authorized Shares</u>	<u>Shares Issued and Outstanding</u>	<u>Stated Value</u>
Common Stock	\$1.00	1,000	1,000	None

None of the above securities is held as re-acquired securities, pledged by Applicant, held by affiliated interests or held in sinking or other funds.

g. Statement of Long-Term Indebtedness December 31, 2016:

<u>Description</u>	<u>Due Date</u>	<u>Authorized and Outstanding</u>
7.48% Medium-Term Notes	September 15, 2027	\$20,000,000
7.10% Medium-Term Notes	March 16, 2029	\$15,000,000
5.25% Insured Quarterly Notes	February 1, 2035	\$24,471,000
5.21% Notes	September 1, 2020	\$15,000,000
5.79% Senior Notes	March 08, 2037	\$40,000,000
4.11% Senior Notes	August 23, 2025	\$25,000,000
4.36% Senior Notes	August 23, 2028	\$25,000,000
4.09% Senior Notes	November 24, 2044	\$12,500,000
4.24% Senior Notes	November 24, 2054	\$12,500,000
4.09% Senior Notes	January 15, 2045	\$12,500,000
4.24% Senior Notes	January 15, 2055	\$12,500,000

h. Description of the Securities Proposed to be Issued

Applicant proposes to borrow funds on the \$75,000,000 revolving line of credit obligating Applicant to pay interest on a periodic basis based on current interest rates at the time the Applicant borrows. Interest rates are based on LIBOR and are determined based on the Applicant's long-term debt ratings.

The interest rate on the amounts borrowed will be determined at the time they are issued. The proposed applicable margins for amounts outstanding under the line of credit are as follows:

<u>Pricing Level</u>	<u>Prime Rate Advances</u>	<u>LIBOR Rate Advances</u>
Pricing Level I	0%	0.875%
Pricing Level II	0%	1.000%
Pricing Level III	0%	1.125%
Pricing Level IV	.075%	1.250%
Pricing Level V	.275%	1.500%

"Pricing Level I" exists at any date if, on such date, Cascade's S&P Rating or Fitch Rating is A+ or better.

"Pricing Level II" exists at any date if, on such date, (i) Cascade has not qualified for Level I Status and (ii) Cascade's S&P Rating or Fitch Rating is A or better.

"Pricing Level III" exists at any date if, on such date, (i) Cascade has not qualified for Level I Status or Level II Status and (ii) Cascade's S&P Rating or Fitch Rating is A- or better.

"Pricing Level IV" exists at any date if, on such date, (i) Cascade has not qualified for Level I Status, Level II Status or Level III Status and (ii) Cascade's S&P Rating or Fitch Rating is BBB+ or better.

"Pricing Level V" exists at any date if, on such date, Cascade has not qualified for Level I Status through Level IV Status.

i. Description of the Proposed Transaction

A. Description of the proposed method of issuing and selling the securities

The Applicant will enter into a loan agreement with U.S. Bank National Association, a national banking association, as lead arranger and administrative agent for the Lenders. The loan agreement will also include Toronto Dominion (TD Bank) as lender in the syndication. Other lenders may enter into the syndication from time to time as needed. The revolving line of credit agreement will have a term of up to 5-years.

B. Whether securities are to be issued pro-rata, etc.

The Company will borrow under the line of credit as needed.

C. Statement showing why it is in Applicant's interest to issue proposed securities and why the proposed method of sale was adopted

The Applicant requires short-term borrowing to meet working capital needs and operations. This loan agreement is necessary to the Applicant as the current loan agreement will soon expire. The revolving loan agreement is also important to the

Applicant as it provides Letters of Credit as needed.

D. The Company has not requested an exemption from the competitive bidding requirements of any Federal or other state regulatory body.

j. Name and Address of any person receiving any fee for services rendered in connection with the negotiations and consummation of the sale of securities

The Applicant will pay the Agent (U.S. Bank National Association) a quarterly facility in an amount determined by applying the per annum Applicable Fee Percentage to the average daily revolving commitment amount of such Lender for the period from the closing date to the termination date.

"Applicable Fee Percentage" means, with respect to the Revolving Loan Fees, at all times during which the applicable Pricing Level set forth below is in effect, the annual percentage set forth below next to such Pricing Level for the applicable type of Revolving Loan Fee, subject to the provisions set forth below:

<u>Pricing Level</u>	<u>Facility Fee</u>
Pricing Level I	0.080%
Pricing Level II	0.100%
Pricing Level III	0.125%
Pricing Level IV	0.175%
Pricing Level V	0.225%

k. A statement showing both in total amount and per unit the price to the public, underwriting commissions ad net proceeds

The fees at closing of the loan agreement will be a \$75,000 arrangement fee to U.S. Bank National Association and a \$25,000 arrangement fee to Toronto Dominion as the Syndication Agent. An upfront fee of \$131,250 (17.5 bps) will also be paid to U.S. Bank. Annual administration fees of \$15,000 are also required.

l. Purpose for which the Securities are to be issued

The Applicant requires short-term borrowing to meet working capital needs and operations.

m. Statement whether or not any application or registration statement is required to be filed with any other regulatory body

A notification with the Washington Utilities and Transportation Commission will be filed.

n. Facts relied upon by Applicant to show that the issue

A. is for some lawful object within the corporate purposes of the Applicant

Applicant is a corporation authorized to do business within the State of Oregon. Applicant's Restated By-Laws give it the legal power to issue promissory notes.

B. is compatible with the public interest

Applicant is a public utility with a duty to provide natural gas service wherever economically feasible. The proceeds of this financing will provide funds that allow the Company to provide that service.

C. is necessary or appropriate for or consistent with the proper performance by the Applicant of service as a public utility

The revolving loan agreement will provide short-term borrowings to meet working capital needs and operations.

D. will not impair Applicant's ability to perform service

Funds borrowed will strengthen Applicant and its ability to perform service over the long-term.

E. is reasonably necessary or appropriate for such purposes

The Applicant requires short-term borrowing to meet working capital needs and operations. This loan agreement is necessary to the Applicant as the current loan agreement will soon expire. The revolving loan agreement is also important to the Applicant as it provides Letters of Credit as needed.

F. Not applicable.

o. Statement of all rights to be a corporation, franchise, permits, etc., included as assets of the Applicant

None included as assets.

2. Exhibits

The following exhibits are made a part of this application:

Exhibit	Description	Reference
Exhibit A	Articles of Incorporation	On file
Exhibit B	Bylaws, as amended	On file
Exhibit C	Board of Directors Resolution	Attached
Exhibit D	Indentures, security, etc.	Not applicable
Exhibit E	Balance Sheets	Attached
Exhibit F	Statement of Contingent Liabilities	Attached
Exhibit G	Income Statement	Attached
Exhibit H	Analysis of Surplus	Attached
Exhibit I	Sale, Lease, Purchase Contracts	Not applicable
Exhibit J	Proposed Journal Entry	Not applicable
Exhibit K	Supporting Schedules of Benefits	Not applicable

WHEREFORE, Applicant respectfully requests that the Commission enter an appropriate Order authorizing issuance of the securities as herein set forth.

CASCADE NATURAL GAS CORPORATION



Michael Parvinen
Director, Regulatory Affairs

EXHIBIT "A"

Articles of Incorporation on file.

EXHIBIT "A"

EXHIBIT "B"

By-laws on file.

EXHIBIT "B"

EXHIBIT "C"

(Original document on site)

I, JULIE A. KRENZ, hereby certify that I am the duly elected and qualified Assistant Secretary of Cascade Natural Gas Corporation, a Washington corporation; that the following is a true and correct copy of resolutions adopted by Written Consent of the Board of Directors dated January 17, 2017; and that said resolutions have not been modified or amended and are presently in full force and effect:

WHEREAS, there has been presented to the Board of Directors of Cascade Natural Gas Corporation (the "Company") a Summary of Proposed Revolver Terms outlining a Credit Agreement (the "Agreement"), by and among the Company and several financial institutions from time to time party to the Agreement and U.S. Bank National Association, as Administrative Agent (collectively referred to as the "Lenders"), whereby the Lenders would make revolving loans to the Company, from time to time, up to the aggregate principal amount of Seventy-Five Million Dollars (\$75,000,000), including a Twenty-Five Million Dollar (\$25,000,000) sublimit for the issuance of letters of credit, and with an option to increase the amount of commitments and borrow up to an additional Twenty-Five Million Dollars (\$25,000,000) for an aggregate loan commitment of One Hundred Million Dollars (\$100,000,000) not to exceed a five year period as set forth in the Agreement;

NOW, THEREFORE, BE IT RESOLVED, that the form of the Agreement, presented to the Board of Directors, be and hereby is approved and accepted; and the Chairman of the Board, Chief Executive Officer, President, any Vice President, General Counsel, or any other officer who performs a policy-making function (such as administration, operations, accounting, or finance) of the Company (the "Authorized Officers") be, and each of them hereby is, authorized to execute and deliver the Agreement, substantially in the form presented to the Board of Directors, with such changes, additions and deletions as to any or all of the terms and provisions thereof as the Authorized Officer executing the Agreement on behalf of the Company shall deem proper, such execution by the Authorized Officer of the Agreement to be conclusive evidence of the Authorized Officer's authority granted herein and the approval thereof by the Board of Directors;

FURTHER RESOLVED, that the Authorized Officers of the Company be, and each of them hereby is, authorized to execute and deliver a note or notes up to an aggregate principal amount of \$100,000,000 payable to the order of the Lenders, substantially in the form provided for in an exhibit to the Agreement, with such changes, additions and deletions as to any and all of the terms thereof as the Authorized Officer executing the same shall deem proper, such execution by the Authorized Officer of the Notes to be conclusive evidence of the Authorized Officer's authority granted herein and the approval thereof by the Board of Directors;

FURTHER RESOLVED, that each and every officer of the Company be, and hereby is, authorized and empowered, in the name and on behalf of the Company from time to time, to take such actions and to execute and deliver such agreements, certificates, instruments, notices and documents as may be required or as such officer may deem necessary, advisable, or proper in order to carry out and perform the obligations of the Company under the Agreement and other agreements executed by the Company pursuant to these resolutions; and all such actions to be performed in such manner, and all such agreements, certificates, instruments, notices, and documents to be executed and delivered in such form as the officer performing or executing the same shall approve, the performance or execution thereof by such officer to be evidence that such officer deems all of the terms and provisions thereof to be proper; and all actions previously taken by any officer of the Company in connection with the execution of the Agreement and the transactions contemplated by the foregoing resolutions are hereby ratified, approved, and confirmed in all respects; and

FURTHER RESOLVED, that all actions heretofore taken in good faith by any officer of the Company in anticipation of, or in connection with, the foregoing are hereby approved, ratified and confirmed in all respects as fully as if such actions had been presented to the Board of Directors for its approval prior to such actions being taken.

IN WITNESS WHEREOF, I have hereunto set my hand on January 18, 2017.



Julie A. Krenz, Assistant Secretary

EXHIBIT "C"

EXHIBIT "D"

Not applicable.

EXHIBIT "D"

EXHIBIT "E"

CASCADE NATURAL GAS CORPORATION

Balance Sheet
Year Ended December 31, 2016

ASSETS

Utility plant including CWIP	\$ 935,593,433.73
Less accumulated depreciation	<u>\$ (320,456,235.37)</u>
	\$ 615,137,198.36
Nonutility plant including CWIP	<u>\$ 202,030.18</u>
	<u>\$ 615,339,228.54</u>

Other Assets:

Investment in subsidiary companies	\$ -
Miscellaneous assets	<u>\$ 10,932,832.17</u>
	<u>\$ 10,932,832.17</u>

Current Assets:

Cash	\$ 3,541,862.52
Net accounts receivable intercompany	\$ 60,060.00
Net accounts receivable other	\$ 19,703,674.14
Accrued unbilled revenue	\$ 34,522,282.65
Gas in underground storage-current	\$ 1,705,163.69
Pipeline Imbalance	\$ 126,656.28
Prepayments and other current assets	\$ 2,456,769.61
Natural gas costs recoverable through rate adjustments	<u>\$ 318,120.33</u>
	<u>\$ 62,434,589.22</u>

Deferred Charges:

Unamortized debt expense and loss on reacquired debt	\$ 888,491.89
Other Deferred Charges	<u>\$ 85,986,659.81</u>
	<u>\$ 86,875,151.70</u>

Total	<u>\$ 775,581,801.63</u>
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Common Shareholders' Equity:

Common stock, par value \$1 per share	\$ 1,000
Additional paid-in capital	\$ 160,698,667.75
Accumulated other comprehensive income (loss)	\$ -
Retained earnings	\$ 31,852,511.10
	<u>\$ 192,552,178.85</u>

Long-term Debt

\$ 212,491,072.22

Current Liabilities:

Accounts payable Intercompany	\$ 1,606,767.51
Accounts payable other	\$ 28,766,552.66
Other accrued taxes	\$ 7,130,154.59
Current income taxes payable	\$ 1,288,737.78
Dividends declared	\$ 4,160,000.00
Natural gas costs recoverable through rate adj.	\$ 5,627,226.93
Consumer deposits	\$ 874,939.13
Accrued Compensation	\$ 2,518,715.25
Miscellaneous current liabilities	\$ 19,261,309.54
	<u>\$ 71,234,403.39</u>

Deferred Credits and Other

Customer advances for construction	\$ 4,482,129.79
Accumulated deferred investment tax credit	\$ 324,288.00
Accumulated deferred income taxes	\$ 109,736,114.80
Other	\$ 184,761,614.58
	<u>\$ 299,304,147.17</u>

TOTAL \$ 775,581,801.63

EXHIBIT "E"

EXHIBIT "F"

Statement of contingent liabilities

None

EXHIBIT "F"

EXHIBIT "G"

CASCADE NATURAL GAS CORPORATION

Statement of Income
Year Ended December 31, 2016

OPERATING REVENUES:	
RETAIL SALES	\$239,183,463.71
NET UNBILLED REVENUE	3,293,083.96
TRANSPORTATION	25,261,173.90
OTHER	<u>1,280,957.38</u>
TOTAL OPERATING REVENUES	<u>269,018,678.95</u>
OPERATING EXPENSES	
PURCHASED GAS SOLD	135,117,509.71
OPERATION & MAINTENANCE EXPENSES	55,796,993.73
PROVISION FOR DEPRECIATION	25,238,459.33
TAXES (OTHER THAN INCOME)	<u>25,929,819.92</u>
TOTAL OPERATING EXPENSES	<u>242,082,782.69</u>
UTILITY OPERATING INCOME	<u>26,935,896.26</u>
OTHER INCOME & (DEDUCTIONS):	
INTEREST INCOME	610,339.98
MISCELLANEOUS NON-OPERATING	17,666.43
AFUDC EQUITY	<u>361,161.84</u>
TOTAL OTHER INCOME & (DEDUCTIONS)	<u>989,168.25</u>
INTEREST EXPENSE	
INTEREST ON LONG-TERM DEBT	11,144,572.52
AMORT OF DEBT DISC, EXP & PREM	212,903.48
OTHER INTEREST	653,866.05
AFUDC BORROWED	<u>(284,974.61)</u>
TOTAL INTEREST EXPENSE	<u>11,726,367.44</u>
INCOME TAXES:	
UTILITY INCOME TAXES	6,146,454.71
NONREGULATED INCOME TAXES	(202,120.14)
INVESTMENT TAX CREDIT	(48,834.00)
ACCRUED TAX INTEREST	<u>0.00</u>
TOTAL INCOME TAXES	<u>5,895,500.57</u>
NET INCOME/(Net Loss)	<u><u>\$10,303,196.50</u></u>

EXHIBIT "G"

EXHIBIT "H"

CASCADE NATURAL GAS CORPORATION

Statement of Retained Earnings
Year Ended December 31, 2016

Balance - Beginning of Year	\$ 38,204,913
Net Income	\$ 10,303,196
Dividends Equivalents	\$ (15,598)
Common Stock	\$ (16,640,000)
Balance Year-To-Date	<u>\$ 31,852,511</u>

EXHIBIT "H"

EXHIBIT "I"

Not applicable

EXHIBIT "I"

EXHIBIT "J"

Proposed Journal Entries

Not applicable.

EXHIBIT "J"

EXHIBIT "K"

Not applicable.

EXHIBIT "K"