CASCADE NATURAL GAS CORPORATION
A Subsidiary of MDU Resources Group, Inc.

8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803
www.cngc.com

January 30, 2017

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

Re: Supplemental information in Docket UF 4300.

In consultation with Staff, Cascade files the following information as a supplement to the filing in Docket UF 4300.

Cascade originally requested inclusion of this request in the next agenda. Cascade clarifies and requests the filing be addressed and included in the February 21, 2017, agenda.

The primary reason Cascade is increasing its revolving line of credit from the current $50 million to $75 up to possibly $100 million is for flexibility. As Cascade incurs higher cap ex spending, it is more efficient and cost effective to go to the long-term debt markets less frequently and in bigger tranches (saves legal fees, due diligence costs, etc.) Therefore, to the extent Cascade can use the revolving facility as to spend these dollars and then group long-term issuances into larger tranches Cascade can experience some economies of scale.

Cascade is rated by two agencies, S&P and Fitch although Fitch issues its ratings as part of the MDUR publication. S&P rates Cascade as BBB+ Stable (See attached). Fitch rates Cascade as A- Stable (See pertinent sheet attached).

Fees for the new revolving line of credit are estimated but based on current market data and conversations with US Bank. The reason for the increase is largely due to the larger size of the facility. Typically these fees are charged as basis points times the facility amount resulting in higher fees for larger facilities.

The participating banks in the US Bank National Association include US Bank, N.A. as the agent and lead syndication bank for this facility. Cascade's current facility has Toronto Dominion Bank and JP Morgan as participating banks. Cascade expects that these banks will be included with the renewed facility as well, along with the potential to add one or more additional banks due to the larger size.

To be a little more specific, this facility will be Cascade's primary working capital support facility for operations, gas purchases, cap-ex, etc. Cascade will have the ability to borrow and repay during varying cash flow cycles (ex. heating months vs. non-heating months). However, if borrowings related to long-term capital items (cap ex, etc.) grow to a sizeable amount Cascade would then issue long-term notes and repay these short-term borrowings.

The interest rate for borrowings will primarily be LIBOR based – most likely on a 30 day LIBOR amount – plus the applicable credit spread listed in the table which correlates to our credit rating. Cascade currently is in Pricing Level III. Cascade will also have the ability to borrow for shorter durations at a higher rate (Prime Rate) if needed. Another item to note is that since Cascade will have the ability to borrow and repay under this agreement, Cascade will only pay interest on the amounts outstanding at any given time – not the entire facility amount.

If you have any questions concerning this submittal, please contact Michael Parvinen at (509) 734-4593.

Sincerely,

Michael Parvinen
Director, Regulatory Affairs