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October 31, 2013

Oregon Public Utility Commission
Attn: Kathy Williams
P.O. Box 1088
Salem, OR 97308-1088

Re: UM 1636(2) Request for Deferral Accounting for the Cost of Expenses for Manufactured Gas Plant in Eugene

Dear Ms. Williams

In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation applies herewith for an accounting order reauthorizing the Company to record and defer Cascade's expenses for environmental remediation work at the Manufactured Gas Plant (MGP) in Eugene, Oregon.

The Company respectfully requests that the deferral commence as of the date of this filing for later amortization in rates.

Please contact me directly at (509) 734-4593 with any questions concerning this filing.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", with a long horizontal flourish extending to the right.

Michael Parvinen
Director, Regulatory Affairs

Enclosures

1 “identifiable utility expenses or revenues, the recovery or refund of which the
2 commission finds should be deferred in order to minimize the frequency of rate
3 changes... or to match appropriately the costs borne by and benefits received by
4 ratepayers.” *ORS 757.259(2)(e)*
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6 **3. COMMUNICATIONS**

7 Communications regarding this Application should be addressed to:

8 Michael Parvinen
9 Director, Regulatory Affairs
10 Cascade Natural Gas Corporation
11 8113 West Grandridge Boulevard
12 Kennewick, WA 99336-7166
13 Telephone: (509) 734-4593
14 E-mail: michael.parvinen@cngc.com

14 **4. BASIS FOR APPLICATION**

15 Due to the variable and unpredictable nature of environmental remediation costs,
16 Cascade seeks authorization to record all environmental costs, which shall include, but
17 are not necessarily limited to, all costs related to investigation, monitoring, legal, study,
18 oversight, and remediation costs, and all costs associated with pursuing insurance
19 recoveries (hereafter “Environmental Costs”) that are associated with MGP projects.

20 Cascade will pay its share (to be determined at a later date) of the remediation
21 costs in the future and the other parties will pay the remainder of the costs. Through
22 September 30, Cascade has deferred \$1,427,631.47.
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5. AMOUNTS SUBJECT TO DEFERRAL

Sufficient information is currently not available to determine the total cost of remediation of the MGP site or the liability involved. Management cannot predict the ultimate outcome of this matter.

For the 12-month period, Cascade proposes to transfer expenses incurred from operation and maintenance/administrative and general accounts to a deferred asset account. The proposed deferred asset account to be used is FERC Account 186.

6. ACCOUNTING

Cascade’s proposed deferrals would be recorded in a sub-account of FERC Account 186 (Miscellaneous Deferred Debits). In the absence of deferral approval, Cascade would record the Environmental Costs of labor to FERC Account 920, Administrative and General Salaries, and the costs of outside services (e.g. consulting) to FERC Account 923, Outside Services Employed.

WHEREFORE, Cascade respectfully requests that in accordance with ORS 757.259 and OAR 860-027-0300, the Commission issue an order authorizing the Company to record and defer, commencing as of the date of this filing, expenses for environmental remediation work at the Manufactured Gas Plant (MGP) in Eugene, as described in this Application.

1 DATED: October 31, 2013.

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4 Respectfully submitted,

5 CASCADE NATURAL GAS CORPORATION

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8 Michael Parvinen
9 Director, Regulatory Affairs
10 Cascade Natural Gas Corporation
11 8113 West Grandridge Boulevard
12 Kennewick, WA 99336-7166
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14 E-mail: michael.parvinen@cngc.com
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