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November 28, 2007

Oregon Public Utility Commission
C/o Vikie Bailey-Goggins
550 Capitol Street NE, Suite 215
Salem, OR 97308-2148

Re: APPLICATION OF CASCADE NATURAL GAS CORPORATION FOR AN
ORDER AUTHORIZING THE CASCADE NATURAL GAS CORPORATION TO
ENTER INTO A REVOLVING CREDIT AGREEMENT

Dear Ms. Bailey-Goggins,

Enclosed is Cascade Natural Gas Corporation's Application for an order authorizing the Cascade Natural Gas Corporation to enter into a 5-year revolving credit agreement. We respectfully request that you include our request in the agenda of the next Public Meeting.

If you have any questions regarding this information, please feel free to contact me at (206) 381-6777.

Sincerely,

Cascade Natural Gas Corporation

A handwritten signature in black ink that reads "Matt McArthur".

Matt McArthur
Treasurer

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 five year revolving credit agreement in the amount of \$50,000,000, 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
222 Fairview Avenue North
Seattle, Washington 98109

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

Matthew D. McArthur
Treasurer
222 Fairview Avenue North
Seattle, Washington 98109
(206) 381-6777

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

Terry D. Hildestad	Chairman of the Board	1200 West Century Avenue Bismarck, ND 58506
Bruce T. Imsdahl	Chief Executive Officer	400 North Fourth St. Bismarck, ND 58501
David L. Goodin	President	222 Fairview Ave. North Seattle, WA 98109
James E. Haug	Chief Accounting Officer	222 Fairview Ave. North Seattle, WA 98109

Jon T. Stoltz	Senior Vice President Regulatory & Gas Supply	222 Fairview Ave. North Seattle, WA 98109
Larry C. Rosok	Vice President Human Resources Corporate Secretary	222 Fairview Ave. North Seattle, WA 98109
Michael J. Gardner	Vice President of Operations	222 Fairview Ave. North Seattle, WA 98109
Julie A. Marshall	Vice President of Customer Service	222 Fairview Ave. North Seattle, WA 98109
Paul K. Sandness	General counsel and Secretary	1200 West Century Avenue Bismarck, ND 58506
Daniel S. Kuntz	Assistant Secretary	1200 West Century Avenue Bismarck, ND 58506
Daniel E. Meredith	Designated Engineer	222 Fairview Ave. North Seattle, WA 98109
Doris Brettell	Assistant Controller	222 Fairview Ave. North Seattle, WA 98109
Matthew D. McArthur	Treasurer	222 Fairview Ave. North Seattle, WA 98109

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 approximately 1,080,000. At the end of September 2007, 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 September 30, 2007:

	Par Value	Authorized Shares	Shares Issued and Outstanding	Stated Value
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 September 30, 2007:

<u>Description</u>	<u>Due Date</u>	<u>Authorized and Outstanding</u>
8.06% Medium-Term Notes	September 4, 2012	\$14,000,000
8.10% Medium-Term Notes	October 8, 2012	\$5,000,000
8.11% Medium-Term Notes	October 8, 2012	\$3,000,000
7.95% Medium-Term Notes	February 4, 2013	\$4,000,000
8.01% Medium-Term Notes	February 12, 2013	\$10,000,000
7.95% Medium-Term Notes	February 25, 2013	\$10,000,000
7.48% Medium-Term Notes	September 2027	\$20,000,000
7.09% Medium-Term Notes	March 17, 2029	\$15,000,000
5.21% Notes	September 1, 2020	\$15,000,000
5.25% Unsecured Notes	February 1, 2035	\$28,803,000
5.79% Notes	March 8, 2037	\$40,000,000

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.

h) Description of the Securities Proposed to be Issued

Applicant proposes to borrow funds on the \$50,000,000 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. Applicant's outstanding notes are currently rated: "Baa1" by Moody's and "BBB+" by Standard & Poor's.

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:

TABLE 1

<u>Pricing Level</u>	<u>Prime Rate Advances</u>	<u>LIBOR Rate Advances</u>
Pricing Level I	0%	0.2300%
Pricing Level II	0%	0.2700%
Pricing Level III	0%	0.3500%
Pricing Level IV	0%	0.5000%
Pricing Level V	0.2500%	0.6500%

"Pricing Level I" means any time when Borrower Debt Rating is (i) A- or higher by S&P or (ii) A3 or higher by Moody's.

"Pricing Level II" means any time when (i) Borrower Debt Rating is (a) BBB+ or higher by S&P or (b) Baa1 or higher by Moody's and (ii) Pricing Level I does not apply.

"Pricing Level III" means any time when (i) Borrower Debt Rating is (a) BBB or higher by S&P or (b) Baa2 or higher by Moody's and (ii) Pricing Levels I and II do not apply.

"Pricing Level IV" means any time when (i) Borrower Debt Rating is (a) BBB- or higher by S&P or (b) Baa3 or higher by Moody's and (ii) Pricing Levels I, II and III do not apply.

"Pricing Level V" means any time when Pricing Levels I, II, III and IV do not apply.

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 (Texas), Inc. and JPMorgan Chase Bank, N.A. as lenders 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 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. The Applicant will also pay the Agent (U.S. Bank National Association) for the account of each Lender a quarterly utilization fee in an amount equal to the sum of all Daily Utilization Fees for each utilization day occurring during the fiscal quarter in which such Utilization Fee is due. The Utilization fee only applies when the borrowings are in excess of 50% of the total line of credit (\$50,000,000).

“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>	<u>Utilization Fee</u>
Pricing Level I	0.0700%	0.0500%
Pricing Level II	0.0800%	0.0500%
Pricing Level III	0.1000%	0.0500%
Pricing Level IV	0.1250%	0.1000%
Pricing Level V	0.2000%	0.1000%

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

The fees at closing of the loan agreement will be a \$50,000 arrangement fee to U.S. Bank National Association and a 'new money' fee of 3 bps or \$30,000,000 for the new banks in the syndication. Annual administration fees of \$5,000 per lender 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 allows 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, franchises, 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	Will submit at a later date
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



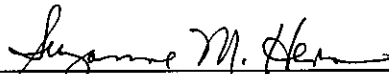
Treasurer

STATE OF WASHINGTON

COUNTY OF KING

Matthew D. McArthur, being first duly sworn, deposes and says that he is Treasurer of Cascade Natural Gas Corporation, the Applicant in the foregoing Application; that he has read said Application, including all exhibits thereto, knows the contents thereof and the same are true to the best of his knowledge and belief.

SUBSCRIBED AND SWORN to before me this 27th day of November 2007.



Notary Public in and for the State of
Washington, residing @ SEATTLE

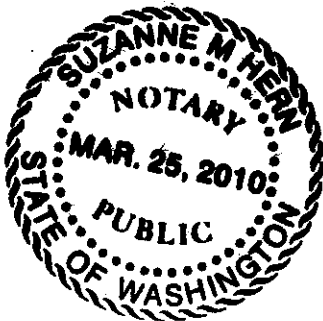


EXHIBIT "A"

Articles of Incorporation on file.

EXHIBIT "A"

EXHIBIT "B"

By-laws on file.

EXHIBIT "B"

EXHIBIT "C"

Will submit as a late exhibit

EXHIBIT "C"

EXHIBIT "D"

Not applicable.

EXHIBIT "D"

EXHIBIT "E"
CASCADE NATURAL GAS CORPORATION

Balance Sheet
At September 30, 2007

	Sept-06	Adjustments	Pro Forma
ASSETS			\$
Utility Plant in Service	\$ 630,951,797		630,951,797
Less Accumulated Depreciation	(290,308,031)		(290,308,031)
	340,643,766		340,643,766
Construction Work in Progress	3,915,907		3,915,907
	344,559,673		344,559,673
Other Assets:			
Investments in non-utility property	202,030		202,030
Notes receivable, less current maturities	398,470		398,470
	600,500		600,500
Current Assets:			
Cash and cash equivalents	11,942,825		11,942,825
Trade Accounts Receivable	22,085,010		22,085,010
Allowance for Doubtful Accounts	(2,637,664)		(2,637,664)
Other Receivables	172,023		172,023
Inventory - Gas Storage	13,983,696		13,983,696
Inventory - Materials & Supplies	4,953,235		4,953,235
Derivative Instrument Asset-Energy Commodity Current	1,675,283		1,675,283
Prepaid expenses and other assets	5,048,864		5,048,864
Deferred Income Taxes	1,949,937		1,949,937
Regulatory Assets-Current	24,124,120		24,124,120
	85,973,076		85,973,076
Deferred Charges:			
Deferred Gas Cost Charges	-		-
Derivative Instrument Asset-Energy Commodity Non-Current	424,202		424,202
Other Deferred Charges	28,984,397		28,984,397
Regulatory Assets-Non Current	9,481,016		9,481,016
	38,889,615		38,889,615
TOTAL	\$ 467,347,117		\$ 467,347,117

	Sept-06	Adjustments	Pro Forma
Common Shareholders' Equity:			
Common stock, par value \$1 per share	\$ 1,000		\$ 1,000
Additional paid-in capital	117,703,952		117,703,952
Accumulated other comprehensive income(loss)	(1,658,989)		(1,658,989)
Retained earnings	22,484,971		22,484,971
	<u>138,530,934</u>		<u>138,530,934</u>
Long-term Debt	<u>164,803,000</u>		<u>165,330,000</u>
Current Liabilities:			
Short-term Debt	-		-
Current Maturities of Long Term Debt	-		-
Accounts payable	14,212,294		14,212,294
Property, payroll and excise taxes	5,882,136		5,882,136
Dividends and interest payable	3,616,362		3,616,362
Derivative Instrument Liab.-Energy Commodity-Current	26,424,560		26,424,560
Other current liabilities	15,410,304		15,410,304
Deferred Gas cost Credit	18,310,802		18,310,802
Regulatory Liabilities-Current	1,675,283		1,675,283
	<u>85,531,741</u>		<u>85,531,741</u>
Deferred Credits and Other:			
Deferred Income Taxes	41,070,771		41,070,771
Deferred Investment Tax Credits	932,728		932,728
Derivative Instrument Liab.-Energy Commodity-Non Curr	9,524,204		9,524,204
Retirement Plan Liabilities	8,748,603		8,748,603
Customer Advances	4,378,254		4,378,254
Regulatory Liabilities-Non Current	13,189,167		13,189,167
Other Deferred Credits and Noncurrent Liabilities	637,715		637,715
	<u>78,481,442</u>		<u>78,481,442</u>
TOTAL	<u>\$ 467,347,117</u>		<u>\$ 467,347,117</u>

EXHIBIT "E"

EXHIBIT "F"

Statement of contingent liabilities

None

EXHIBIT "F"

EXHIBIT "G"
CASCADE NATURAL GAS CORPORATION

Statement of Income
Year Ended September 30, 2007

	Sept-06	Adjustments	Pro Forma
Operating Revenues			
Gas Sales	\$451,200,855		\$451,200,855
Trans Revenue	19,161,172		20,716,108
Other Operating Income (Loss)	2,918,344		2,229,348
	<u>473,280,371</u>		<u>473,280,371</u>
Less			
Gas purchases	336,959,705		336,959,705
Revenue taxes	31,729,276		31,729,276
Operating Margin	<u>104,591,390</u>		<u>104,591,390</u>
Cost of Operations			
Operating expenses	45,254,466		45,254,466
Depreciation and amort	18,349,101		18,349,101
Property and misc.taxes	3,859,421		3,859,421
	<u>67,462,988</u>		<u>67,462,988</u>
Income/(Loss) from operations	<u>37,128,402</u>		<u>37,128,402</u>
Nonoperating Exp/(Inc)			
Interest Expense	12,319,986		12,319,986
Interest charged to const	(56,181)		(56,181)
	<u>12,263,805</u>		<u>12,263,805</u>
Amort of debt issuance exp	391,011		391,011
Other	(1,128,486)		(1,128,486)
	<u>11,526,330</u>		<u>11,526,330</u>
Income/(Loss) Before Inc Taxes	25,602,072		25,602,072
Income Taxes	<u>10,191,557</u>		<u>10,191,557</u>
Net Income/(Net Loss)	\$15,410,515		\$15,410,515

EXHIBIT "H"
CASCADE NATURAL GAS CORPORATION

Statement of Retained Earnings
At September 30, 2007

	Sept-06	Adjustments	Pro Forma
Balance - Beginning of Year	\$17,371,301		\$17,371,301
Net Income	\$15,410,515		\$15,410,515
Cash Dividends:	(\$10,296,845)		(\$10,296,845)
Balance Year-To-Date	<u>\$22,484,971</u>		<u>\$22,484,971</u>

EXHIBIT "H"

EXHIBIT "I"

Not applicable.

EXHIBIT "I"

EXHIBIT "J"

Proposed Journal Entries

Not applicable.

EXHIBIT "J"

EXHIBIT "K"

Not applicable.

EXHIBIT "K"