



*In the Community to Serve®*

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February 27, 2019

Oregon Public Utility Commission  
550 Capitol Street NE  
Salem, OR 97310-1380

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

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 our request be included in the agenda of the March 21 Public Meeting.

The following file are electronically submitted as part of this filing:

- CNGC UF Revolving Credit Application, 2.27.19.pdf

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

Sincerely,

Michael Parvinen  
Director, Regulatory Affairs  
Cascade Natural Gas Corporation  
8113 W. Grandridge Blvd.  
Kennewick, WA 99336-7166  
michael.parvinen@cngc.com

Attachment

*In the Community to Serve®*

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

DOCKET UF \_\_\_\_\_

IN THE MATTER OF THE APPLICATION OF ) APPLICATION  
CASCADE NATURAL GAS CORPORATION FOR ) UF-  
AN ORDER AUTHORIZING A FIVE- )  
YEAR REVOLVING CREDIT AGREEMENT )

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 initially in the amount up to \$100,000,000 expandable with an accordion feature of up to \$25,000,000 for a total maximum amount of \$125,000,000 pursuant to provision 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](mailto: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	Chair of the Board	1200 West Century Avenue Bismarck, ND 58506
Patrick C. Darras	Vice President – Engineering and Operations Services	400 North Fourth Street Bismarck, ND 58501
Julie A. Krenz	Assistant Secretary	1200 West Century Avenue Bismarck, ND 58506
Daniel S. Kuntz	General Counsel and Secretary	1200 West Century Avenue Bismarck, ND 58506
Scott W. Madison	Executive Vice President – Business Development and Gas Supply	555 South Cole Road Boise, ID 83709
Jason L. Vollmer	Treasurer	1200 West Century Avenue Bismarck, ND 58506
Eric P. Matuscelli	Vice President – Field Operations	8113 West Grandridge Blvd. Kennewick, WA 99336
Nicole A. Kivisto	President and Chief Executive Officer	400 North Fourth Street Bismarck, ND 58501
Hart Gilchrist	Vice President – Safety, Process Improvement and Operations Systems	555 South Cole Road Boise, ID 83709
Anne M. Jones	Vice President – Human Resources	1200 West Century Avenue Bismarck, ND 58506
Karl A. Liepitz	Assistant Secretary	1200 West Century Avenue Bismarck, ND 58506
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

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 1,240,251. At the end of February 2019, 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, 2018:

	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 December 31, 2018:

<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
5.21% Medium-Term Notes	September 1, 2020	\$15,000,000
5.79% Medium-Term Notes	March 8, 2037	\$40,000,000
4.11% Medium-Term Notes	August 23, 2025	\$25,000,000
4.36% Medium-Term Notes	August 23, 2028	\$25,000,000
5.25% Notes	February 1, 2035	\$24,361,000
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 initial funds up to \$100,000,000 with an expandable accordion feature of up to \$25,000,000 for a total maximum of \$125,000,000 on the revolving credit agreement 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 revolving credit agreement are as follows:

<u>Pricing Level</u>	<u>TABLE I Prime Rate Advances</u>	<u>LIBOR Rate Advances</u>
Pricing Level I	0%	0.795%
Pricing Level II	0%	0.900%
Pricing Level III	0%	1.000%
Pricing Level IV	.075%	1.075%
Pricing Level V	.275%	1.275%

"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 1 Status and (ii) Cascade's S&P Rating or Fitch Rating is A or better.

"Pricing Level III" exist at any date if, on such date, (i) Cascade has not qualified for Level 1 Status or Level 2 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 1 Status, Level 2 Status or Level 3 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 1 Status through Level 4 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 Wells Fargo Bank, National Association as lender in the syndication. Other lenders may enter into the syndication from time to time as needed. The revolving 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 fee 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, underwriting commissions and net proceeds

The fees at closing of the loan agreement will include a \$75,000 arrangement fee to U.S. Bank National Association and a \$25,000 syndication fee to Wells Fargo Bank, National Association as the Syndication Agent. An upfront fee of \$175,000 (17.5 bps) will also be paid to the

participating banks based upon commitment levels. Annual administration fees of \$15,000 will be paid to U.S. Bank National Association. Legal fees will also be incurred up to \$125,000.

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 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 and operational needs.

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:

<b>Exhibit</b>	<b>Description</b>	<b>Reference</b>
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	<b>Sale, Lease, Purchase Contracts</b>	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



Director, Regulatory Affairs



**EXHIBIT "A"**

Articles of Incorporation on file.

**EXHIBIT "A"**

**EXHIBIT “B”**

By-laws on file.

**EXHIBIT “B”**

**EXHIBIT “C”**

**EXHIBIT “C”**

**EXHIBIT “D”**

**Copy of mortgage, indenture, ect.**

Not applicable.

**EXHIBIT “D”**

**EXHIBIT "E"**

**CASCADE NATURAL GAS CORPORATION**

Balance Sheet

Year Ended December 31, 2018

**ASSETS**

Utility Plan in Service	\$ 1,090,080,951.39
Less Accumulated Depreciation	350,428,518.57
	<u>739,652,432.82</u>
Nonutility plant	202,030.18
	<u>739,854,463.00</u>

**Other Assets:**

Investment in subsidiary companies	-
Miscellaneous assets	12,371,315.14
	<u>12,371,315.14</u>

**Current Assets:**

Cash	3,204,308.93
Net Accounts Receivable Intercompany	129,531.37
Other Receivables	19,325,240.05
Accrued unbilled revenue	25,164,949.82
Inventory - Gas Storage	1,940,548.63
Pipeline Imbalance	396,658.82
Prepayments and other current assets	11,607,081.84
Current prepaid income taxes	11,005,649.68
Gas costs recoverable through rate adj.	41,481,153.66
	<u>114,255,122.80</u>

**Deferred Charges:**

Unamortized debt expense and loss on reacquired debt	843,036.78
Other Deferred Charges	89,381,653.14
	<u>90,224,689.92</u>
<b>Total</b>	<u>\$ 956,705,590.86</u>

**Common Shareholders' Equity:**

Common stock, par value \$1 per share	\$ 1,000
Additional paid-in capital	222,117,553.21
other comprehensive income	2,318,457.66
Retained earnings	34,416,893.78
	<u>258,853,904.35</u>

**Long-term Debt**

266,685,211.98

**Current Liabilities:**

Accounts payable Intercompany	2,007,577.17
Accounts payable other	66,440,427.30
Other accrued taxes	7,285,166.28
Dividends declared	2,960,000.00
Natural gas costs recoverable through rate adj.	
Consumer deposits	893,105.13
Accrued Compensation	2,755,359.10
Miscellaneous current liabilities	21,602,975.97
	<hr/>
	103,944,610.95

**Deferred Credits and Other**

Customer advances for construction	4,315,900.87
Accum. deferred investment tax credits	243,929.00
Accum. Deferred income taxes	71,393,936.73
Asset retirement obligation	66,788,045.99
Other	184,480,050.99
	<hr/>
	327,221,863.58
	<hr/>
<b>TOTAL</b>	<b>\$ 956,705,590.86</b>

**EXHIBIT "E"**

**EXHIBIT “F”**

**Statement of contingent liabilities**

None

**EXHIBIT “F”**

**EXHIBIT "G"**

**CASCADE NATURAL GAS CORPORATION**

Statement of Income  
Year Ended December 31, 2018

OPERATING REVENUES:	
RETAIL SALES	\$269,576,010.60
NET UNBILLED REVENUE	(7,074,752.53)
TRANSPORTATION	27,132,008.13
OTHER	1,183,838.67
PROVISION FOR RATE REFUND	(3,982,745.05)
TOTAL OPERATING REVENUES	<u>286,834,359.82</u>
OPERATING EXPENSES	
PURCHASED GAS SOLD	139,413,148.13
OPERATION & MAINTENANCE EXPENSES	63,011,518.04
PROVISION FOR DEPRECIATION	29,789,773.01
TAXES (OTHER THAN INCOME)	28,431,450.14
TOTAL OPERATING EXPENSES	<u>260,645,889.32</u>
UTILITY OPERATING INCOME	<u>26,188,470.50</u>
OTHER INCOME & (DEDUCTIONS):	
INTEREST INCOME	513,667.75
MISCELLANEOUS NON-OPERATING	124,033.53
AFUDC EQUITY	47,519.35
TOTAL OTHER INCOME & (DEDUCTIONS)	<u>685,220.63</u>
INTEREST EXPENSE	
INTEREST ON LONG-TERM DEBT	11,687,433.17
AMORT OF DEBT DISC, EXP & PREM	241,143.39
OTHER INTEREST	359,840.29
AFUDC BORROWED	(291,152.66)
TOTAL INTEREST EXPENSE	<u>11,997,264.19</u>
INCOME TAXES:	
UTILITY INCOME TAXES	497,310.33
NONREGULATED INCOME TAXES	(233,376.23)
INVESTMENT TAX CREDIT	(42,184.00)
ACCRUED TAX INTEREST	0
TOTAL INCOME TAXES	<u>221,750.10</u>
NET INCOME/(Net Loss)	<u>\$14,654,676.84</u>

**EXHIBIT "G"**



**EXHIBIT “H”**

**CASCADE NATURAL GAS CORPORATION**

Statement of Retained Earnings  
Year Ended December 31, 2018

<b>Balance - Beginning of Year</b>	\$ 30,688,673.45
<b>Net Income</b>	\$ 14,654,676.84
<b>Adjustment to Retained Earnings: Dividend Equivalents</b>	\$ (316,456.51)
Dividend appropriation of surplus: Common Stock	\$ (10,610,000.00)
<b>Balance Year-To-Date</b>	<u>\$ 34,416,893.78</u>

**EXHIBIT “H”**

**EXHIBIT “I”**

**Copy of registration statement**

Not applicable

**EXHIBIT “I”**

**EXHIBIT “J”**

**Proposed Journal Entries**

Not applicable.

**EXHIBIT “J”**

**EXHIBIT “K”**

**Copies of the stock certificates**

Not applicable.

**EXHIBIT “K”**