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February 13, 2020

Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3612

Re: Application requesting approval for Cascade Natural Gas Corporation to sell its Longview Office Property

Attention: Filing Center

Cascade Natural Gas Corporation ("Cascade" or "Company") hereby submits for filing the Company's application requesting approval from the Public Utility Commission of Oregon ("Commission") for an order authorizing it to sell its Longview district office property.

The Company respectfully requests that the Commission approve the application pursuant to OAR 860-027-0025.

Please direct any questions regarding this filing to me at (509) 734-4593.

Sincerely,

Michael Parvinen
Director, Regulatory Affairs

Enclosures

In the Community to Serve®

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

DOCKET NO. _____

In the Matter of the Application by
CASCADE NATURAL GAS CORPORATION
Requesting approving for the sale of its Longview,
Washington property

APPLICATION OF CASCADE NATURAL GAS
CORPORATION

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8 Pursuant to ORS 757.480 and OAR 860-027-0025, Cascade Natural Gas Corporation,
9 (“Cascade” or “Company”) requests approval from the Public Utility Commission of Oregon
10 (“Commission”) for an Order authorizing it to sell its district office and associated property
11 located in Longview, Washington. The Company relocated its district office to Kelso, WA on
12 March 20, 2019 and the Longview office and associated property will no longer be needed as a
13 result of this relocation.

14 **1. Background**

15 Currently, Cascade’s district office in Longview consists of land and a building located at
16 1332 Vandercook Way, along with two parking lots located near the building. Cascade acquired
17 the 1332 Vandercook Way property after a merger with Pacific Natural Gas Company on August
18 28, 1962.

19 The safety at the Longview district office was the primary driving factor for the
20 construction of the new building in Kelso. Property damage had increased, and employee safety
21 became an issue as the transient population increased at the old location, which was in the
22 commercial area of town. In addition, all the construction equipment and materials were not
23 able to be stored on-site at the old location. Because of this, Cascade or its contractors would
24 have to rent facilities to store equipment and materials to perform work, which led to increased
25 costs. In the new Kelso location, the majority of all equipment and material can be stored on-site

1 for pending work. The new building will allow ratepayers to benefit from the lower costs of no
2 longer having to rent facilities to store equipment and materials to perform work.

3 **2. Compliance with OAR 860-027-0025(1) Filing Requirements**

4 **(a) The exact name and address of the utility's principal business office:**

5 Cascade Natural Gas Corporation
6 8113 W. Grandridge Blvd.
7 Kennewick, WA 99336
8

9 **(b) The state in which incorporated, the date of incorporation, and the other states in
10 which authorized to transact utility operations:**

11 Cascade Natural Gas Corporation was incorporated in Washington in 1953. The
12 Company also operates in Oregon.

13 **(c) Name and address of the person on behalf of applicant authorized to receive notices
14 and communication in respect to the applications:**

15 Michael Parvinen
16 Director, Regulatory Affairs
17 Cascade Natural Gas Corporation
18 8113 West Grandridge Boulevard
19 Telephone: (509) 734-4593
20 E-mail: michael.parvinen@cngc.com
21

22 **(d) The names, titles, and addresses of the principle officers:**

Goodin, David L.	Director	1200 W. Century Ave. Bismarck, ND 58503
Kivisto, Nicole A.	Director	400 N. 4 th St. Bismarck, ND 58501
Kuntz, Daniel S.	Director	1200 W. Century Ave. Bismarck, ND 58503
Vollmer, Jason L.	Director	1200 W. Century Ave. Bismarck, ND 58503
Chiles, Mark A.	Vice President - Regulatory Affairs and Customer Service	555 S. Cole Road Boise, ID 83709
Darras, Patrick C.	Vice President – Engineering and Operations Services	400 N. 4 th St. Bismarck, ND 58501

Gilchrist, Hart	Vice President - Safety, Process Improvement and Operations Systems	555 S. Cole Road Boise, ID 83709
Goodin, David L.	Chair of the Board	1200 W. Century Ave. Bismarck, ND 58503
Jones, Anne M.	Vice President - Human Resources	1200 W. Century Ave. Bismarck, ND 58503
Kivisto, Nicole A.	President and Chief Executive Officer	400 N. 4 th St. Bismarck, ND 58501
Kuntz, Daniel S.	General Counsel and Secretary	1200 W. Century Ave. Bismarck, ND 58503
Liepitz, Karl A.	Assistant Secretary	1200 W. Century Ave. Bismarck, ND 58503
Link, Margaret (Peggy) A.	Chief Information Officer	1200 W. Century Ave. Bismarck, ND 58503
Madison, Scott W.	Executive Vice President - Business Development and Gas Supply	555 S. Cole Road Boise, ID 83709
Martuscelli, Eric P.	Vice President – Field Operations	8113 W. Grandridge Blvd Kennewick, WA 99336
Nygaard, Tammy J.	Controller	400 N. 4 th St. Bismarck, ND 58501
Senger, Garret	Executive Vice President - Regulatory Affairs, Customer Service and Administration	400 N. 4 th St. Bismarck, ND 58501
Vollmer, Jason L.	Treasurer	1200 W. Century Ave. Bismarck, ND 58503

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(e) A description of the general character of the business done and to be done, and a designation of the territories served, by counties and states:

Cascade Natural Gas Corporation is a natural gas provider for more than 295,000 customers in 101 towns and cities in Washington and Oregon.

1 Cascade serves the following counties in Washington: Adams, Benton, Chelan,
2 Cowlitz, Douglas, Franklin, Grant, Grays Harbor, Island, Kitsap, Mason, Skagit,
3 Snohomish, Walla Walla, Whatcom, Whidbey, and Yakima counties.

4 In Oregon, Cascade serves the following counties: Baker, Crook, Deschutes,
5 Jefferson, Klamath, Malheur, Morrow, and Umatilla.

- 6 **(f) A statement, as of the date of the balance sheet submitted with the application,**
7 **showing for each class and series of capital stock: brief description; the amount**
8 **authorized (face value and number of shares); the amount outstanding (exclusive of**
9 **any amount held in the treasury); amount held as reacquired securities; amount**
10 **pledged; amount owned by affiliated interests; and amount held in any fund:**

11 Not applicable.

- 12 **(g) A statement, as of the date of the balance sheet submitted with the application,**
13 **showing for each class and series of long-term debt and notes: brief description (**
14 **amount, interest rate and maturity); amount authorized; amount outstanding**
15 **(exclusive of any amount held in the treasury); amount held as reacquired**
16 **securities; amount pledged; amount held by affiliated interests; and amount in**
17 **sinking and other funds:**

18 Not applicable.

- 19 **(h) Whether the application is for disposition of facilities by sale, lease, or otherwise, a**
20 **merger or consolidation of facilities, or for mortgaging or encumbering its**
21 **property, or for the acquisition of stock, bonds, or property of another utility, also a**
22 **description of the consideration, if any, and the method of arriving at the amount**
23 **thereof:**

24 This application is for the disposition by sale of the Company's Longview
25 business office and associated property for \$450,000. The purchase price was
26 determined through negotiations of a real estate transaction.

1 **(i) A statement and general description of facilities to be disposed of, consolidated,**
2 **merged, or acquired from another utility, giving a description of their present use**
3 **and of their proposed use after disposition, consolidation, merger, or acquisition**
4 **includes all the operating facilities of the parties to the transaction:**

5 This application is for the sale of the Company’s district office and associated
6 land located at 1332 Vandercook Way, Longview, Washington.

7 Cascade’s operations in Longview have had to maintain operations on a small lot
8 in a highly congested area. This property has proven to be unsafe and inefficient for the
9 Company. The current office, acquired through a merger with Pacific Natural Gas
10 Company in 1962, has outlived its structural integrity. There is not enough space in the
11 shop or yard to store materials and equipment had to be stored off site.

12 The proposed sale is for the Longview district property only and does not include
13 any of Cascade’s operating facilities.

14 **(j) A statement by primary account of the cost of the facilities and applicable**
15 **depreciation reserve involved in the sale, lease, or other disposition, merger or**
16 **consolidation, or acquisition of property of another utility:**

17 The following table provides the account balances associated with the Longview
18 district office property through December 31, 2019.

19

FERC Acct.	Plant Sub-Acct.	Description	Book Cost	Accum. Depr.	Net Book Value
12/1/2019	3890	Land	\$41,821.22		\$41,821.22
12/1/2019	3901	Structures & Improvements	\$169,218.32	\$113,946.61	\$55,271.71

20

21 **(k) A statement as to whether or not any application with respect to the transaction or**
22 **any part thereof, is required to be filed with any federal or other state regulatory**
23 **body:**

1 A similar application was filed with the Washington Utilities & Transportation
2 Commission.

3 **(l) The facts relied upon by applicants to show that the proposed sale, lease,**
4 **assignment, or consolidation of facilities, mortgage or encumbrance of property, or**
5 **acquisition of stock, bonds, or property of another utility will be consistent with the**
6 **public interest:**

7 Following the purchase of the new district office in Kelso, the Longview office
8 will no longer be needed to perform any Cascade business functions and, consequently,
9 there is no need to retain the building. Retaining a building in Longview with no
10 employees would not be consistent with the public interest and therefore, the Company
11 began working with a local realtor (Eric Fuller & Associates) to find a buyer for the
12 property.

13 The decision to move the district office to the Kelso area, which was the rationale
14 behind selling the Longview property, was primarily the result of the Longview office
15 needing more space and better access as delineated in (1) and 2 (i). The Company
16 reviewed several alternatives, including relocating the Company's district office within
17 the City of Longview but the Kelso property has quick access to Interstate 5, which will
18 allow for easier access in order to serve our customers.

19 The reasons identified above support that the proposed transaction is consistent
20 with the public interest and will provide long-term benefits to Cascade's ratepayers in
21 Washington. This transaction will not affect Oregon ratepayers.

22 **(m) The reasons, in detail, relied upon by each applicant, or party to the application,**
23 **for entering into the proposed sale, lease, assignment, merger, or consolidation of**
24 **facilities, mortgage or encumbrance of property, acquisition of stock, bonds, or**
25 **property of another utility, and the benefits, if any, to be derived by the customers**
26 **of the applicants and the public:**

1 As outlined in (1) and 2 (i), above, the Company has constructed and moved into
2 a more suitable office/warehouse facility in Kelso, Washington, which is near an
3 interstate, to better serve the Company's service territory and allow the Company to
4 meet its operational needs.

5 The new building will allow ratepayers to benefit from the lower costs of having
6 to rent facilities to store equipment and materials to perform work.

7 **(n) The amount of stock, bonds, or other securities, now owned, held or controlled by**
8 **applicant, of the utility from which stock or bonds are proposed to be acquired:**

9 Not applicable.

10 **(o) A brief statement of franchises held, showing date of expiration if not perpetual,**
11 **or, in case of transfer, that transferee has the necessary franchises:**

12 Not applicable.

13 **3. Compliance with OAR 860-027-0025(2) Filing Requirements**

14 **(a) Exhibit A. Articles of Incorporation**

15 Not applicable – See request for waiver in Section 4 below.

16 **(b) Exhibit B. Bylaws**

17 Not applicable – See request for waiver in Section 4 below.

18 **(c) Exhibit C. Resolutions of directors authorizing transaction**

19 The sale of the Longview district office did not require a resolution from the
20 Company's board of directors. See request for waiver in Section 4 below.

21 **(d) Exhibit D. Mortgages, trust, deeds, or indentures, securing obligation of each party**
22 **to the transaction;**

23 There are no such document or instruments associated with this transaction. See
24 request for waiver in Section 4 below.

25 **(e) Exhibit E. Balance sheets showing booked amounts, adjustments to record the**
26 **proposed transaction and pro forma, with supporting fixed capital or plant**

1 **schedules in conformity with the forms in the annual report, which applicant(s) is**
2 **required, or will be required, to file with the Commission;**

3 The Longview office transaction does not materially affect the Company's
4 balance sheets. See request for waiver in Section 4 below.

5 **(f) Exhibit F. Known contingent liabilities;**

6 Not applicable. See request for waiver in Section 4 below.

7 **(g) Exhibit G. Comparative income statements showing recorded results of operations,**
8 **adjustments to record the proposed transaction and pro forma, in conformity with**
9 **the form in the annual report;**

10 The transaction does not materially affect the Company's Income Statement. See
11 request for waiver in Section 4 below.

12 **(h) Exhibit H. Analysis of surplus for the period covered by the income statements**
13 **referred to in Exhibit G;**

14 The transaction does not materially affect the Company's Income Statement. See
15 request for waiver in Section 4 below.

16 **(i) Exhibit I. Copy of contract for transaction and other written instruments;**

17 The Company is only seeking permission to sell the Longview, Washington
18 business office property with this application. A copy of the contract when executed can
19 be provided at that time. See request for waiver in Section 4 below.

20 **(j) Exhibit J. Copy of proposed journal entry to be used to record the transaction;**

21 Please reference Attachment A, which provides details of the proposed journal
22 entries.

23 **(k) Exhibit K. A copy of each supporting schedule showing the benefits, if any, which**
24 **each applicant relies upon to support the facts as required by subsection(1)(l) of this**
25 **rule and the reasons as required by subsection (1)(m) of this rule.**

26 The Company relies upon this Application and attached documentation to provide
27 support for OAR 860-027-0025(1)(l) and (1)(m).

1 **4. Request for Waiver of certain filing requirements.**

2 Oregon Administrative Rules 860-027-0225(1) and (2) requires certain information
3 and exhibits be provided when filing an application for authority to transfer utility property.
4 The Company either provides the required information as noted above, or seeks waiver of the
5 requirements as follows:

6 (a) The information required in OAR 860-027-0025 (1) (a)-(e), (h)-(m) is provided in
7 the Application above. Because the sale of the Longview business office does not involve
8 the acquisition or sale of financial instruments, the Company respectfully requests waiver of
9 the requirements of OAR 860-027-0025(1)(f), (g), (n), and (o). A grant of this waiver will
10 not impede the Commission's analysis of this Application.

11 (b) OAR 860-027-0025(2)(a) and (b) require submittal of a copy of the Company's
12 articles of incorporation and bylaws. See OAR 860-027-0025(2)(a) and (b). The Company
13 respectfully requests a waiver of these filing requirements on the grounds that production of
14 these documents would not advance the Commission's analysis of this Application because
15 the subject transaction does not affect the Company's corporate structure or governance.

16 (c) OAR 860-027-0025(2)(c) requires submittal of a copy of the board of director's
17 resolution authorizing the transaction. Cascade respectfully request a waiver of this
18 requirement as no board resolution was necessary for approval of the transaction.

19 (d) OAR 860-027-0025(2)(d) requires submittal of the security documents for
20 financing the obligations of the parties to the transaction. The Company respectfully requests
21 a waiver of this provision as no security requirements were deemed necessary.

22 (e) OAR 860-027-0025(2)(e) requires submittal of balance sheets showing booked
23 amounts, adjustments to record the proposed transaction and pro forma information. The
24 Company respectfully requests that the requirement to provide pro forma information be
25 waived because the proposed transaction will not materially affect the Company's financial
26 statements.

1 (f) OAR 860-027-0025(2)(f) requires submittal of a statement of all known
2 contingent liabilities as of the date of the Application. The Company is unaware of any
3 contingent liabilities that remain outstanding as of the date of this Application and therefore
4 respectfully requests waiver of this requirement.

5 (g) OAR 860-027-0025(2)(g) and (h) require submittal of comparative income
6 statements showing the results of operations as affected by the transaction and an analysis of
7 “surplus” for the period of the income statements, respectively. For the reasons set forth in
8 Section 4(e) above, the Company respectfully request a waiver of these requirements.

9 (h) OAR 860-027-0025(2)(i) requires submittal of the transaction and other written
10 documents. The Company is only seeking permission to sell the Longview, Washington
11 business office property with this application. Once a buyer is found, a Purchase Agreement
12 will be negotiated. Once signed by both parties, the Purchase Agreement may be submitted
13 to the Commission if necessary. The Company respectfully request a waiver of these
14 requirements.

15 (i) OAR 860-027-0025(2)(k) requires submittal of schedules upon which the
16 applicant relies for the contention that the transaction is in the public interest. The Company
17 relies upon the statements made in this Application and respectfully request a waiver of this
18 filing requirement.

19 **5. Request for Approval**

20 Cascade respectfully requests a Commission Order authorizing the Company to
21 sell its Longview office property and that the proposed transaction is consistent with the
22 public interest.

23 WHEREFORE the reasons set forth above, Cascade Natural Gas
24 respectfully requests that the Commission issue an Order approving the Sale of its
25 Longview Office property pursuant to the provisions of ORS 757.480 and OAR 860-027-
26 0025.

1 Dated: February 13, 2020

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Respectfully submitted,

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Michael Parvinen
Directory, Regulatory Affairs
Cascade Natural Gas Corporation

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Cascade Natural Gas Corporation
State of Oregon
Sale of Longview Office Building Property
OAR 860-027-0025 (3) Filing Requirements EXHIBIT J

Ln #	Description	Original Cost	Accumulated Depreciation Reserve	Net Book Value	Estimated Sale Proceeds 1\	2\ Estimated Proceeds Less Costs
	(a)	(b)	(c)	(d)	(e)	(f)
1	Land	41,821	0	41,821	193,830	152,009
2	Buildings & Improvements	169,218	113,947	55,272	256,170	200,898
3	TOTAL	211,040	113,947	97,093	450,000	352,907

1\ Sales price of \$450,000 allocated to land & building based on ratio of Original Costs

2\ Recognize as profit on sale & apply against Accumulated Depreciation reserve to offset costs associated with new facility

Cascade Natural Gas Corporation
State of Oregon
Proposed Accounting Treatment of Gains on Sale of Longview Office

Ln #	Journal Entry to Record Sale of Property		FERC Acct
	Debit	Credit	
1 Cash	450,000		131
2 Utility Plant - Land		41,821	101
3 Gain on Sale of Land		152,009	421.1
4 Accumulated Depreciation - Building		256,170	108

Journal Entry to Record Retirement of Building

	Debit	Credit	
5 Buildings & Improvements		169,218	101
6 Accumulated Depreciation - Building	169,218		108

Journal Entry to Record Deferral of Gain on Sale of Land

	Debit	Credit	
7 Gain on Sale of Land	152,009		421.1
8 Accumulated Depreciation - Building		152,009	108

Summary of Balance Sheet Impacts:

131 Cash	450,000
101 Plant In Service	(211,040)
108 Accumulated Depreciation Reserve	(238,960)
Balance sheet Impact	0

Summary of Income Statement Impacts:

421 Gain On Sale of Land	0
Net Income Statement Impact	0