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*A Subsidiary of MDU Resources Group, Inc.*

**CNG/O07-12-02**

December 26, 2007

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

Attention: Ms. Vikie Bailey-Goggins

Re: Affiliated Interest Transactions

Dear Ms. Bailey-Goggins:

Pursuant to OAR 860-027-0043 Cascade Natural Gas Corporation (Cascade) respectfully requests waiver of the requirements of OAR 860-027-0040. Cascade has an affiliate relationship with Knife River Corporation (Knife River) since both Cascade and Knife River are owned by MDU Resources Group pursuant to ORS 757.015 (3). The Knife River facility in Central Oregon provides asphalt patching and paving services. Cascade, in the course of maintaining and extending its natural gas distribution system, occasionally requires asphalt patching services. Knife River is one of two companies that traditionally provide these asphalt patching services for Cascade in Central Oregon. The services are provided on an on-call basis in accordance to a published price list, and as such, Cascade does not have a contract with Knife River for these services. Cascade would typically requests such asphalt patching services from Knife River 5 to 10 times per year and the typical job would cost less than \$1,000.

ORS 575.490 requires Cascade to seek Commission approval of a contract between itself and an affiliate in a manner consistent with the requirements outlined in OAR 860-027-0040. However, for the transactions described above, and pursuant to OAR 860-027-0043 Cascade respectfully requests waiver of the requirements of OAR 860-027-0040. Cascade believes that the asphalt patching services transactions provided by Knife River are fair and reasonable and not contrary to the public interest. Cascade does not expect that any transaction for these asphalt patching services would approach an amount equal to 0.1% of Cascade's operating revenue (approximately \$100,000). In support of this request, Cascade has attached a copy of Knife River's current price list.

*We make warm neighbors*

Please direct any questions regarding this filing to Jon Stoltz at (206) 381-6823.

Sincerely,



Jon T. Stoltz

attachment

**2007 PATCHING PRICES**

**AREA 1- BEND/REDMOND**

1/17/2007

<u>100-500 SF</u>		<u>3000-4000 SF</u>	
2"-4" THICKNESS W/ GRINDING/PREP	SF UNIT \$	2"-4" THICKNESS W/ GRINDING/PREP	SF UNIT \$
2"-4" THICKNESS (PREP BY OTHERS)	\$4.00	2"-4" THICKNESS (PREP BY OTHERS)	\$2.60
			\$2.10
<u>500-1000 SF</u>		<u>4000-5000 SF</u>	
2"-4" THICKNESS W/ GRINDING/PREP	\$4.00	2"-4" THICKNESS W/ GRINDING/PREP	\$2.35
2"-4" THICKNESS (PREP BY OTHERS)	\$3.50	2"-4" THICKNESS (PREP BY OTHERS)	\$1.85
<u>1000-2000 SF</u>		<u>Speed Bumps/Water Bars (1-2' wide, 2-8" tall)</u>	
2"-4" THICKNESS W/ GRINDING/PREP	\$3.45	1'-35' LONG	\$250 LS
2"-4" THICKNESS (PREP BY OTHERS)	\$2.95	36'-150' LONG (ONE OR MORE IN SAME AREA)	\$7.00
<u>2000-3000 SF</u>		151'-500' LONG (ONE OR MORE IN SAME AREA)	
2"-4" THICKNESS W/ GRINDING/PREP	\$2.90		\$5.00
2"-4" THICKNESS (PREP BY OTHERS)	\$2.40	<u>Speed Bumps (20 mph traffic calming)</u>	
		1 OR MORE	\$1,000 EACH

**AREA 2- SISTERS/MADRAS/PRINEVILLE/SUNRIVER**

<u>100-500 SF</u>		<u>3000-4000 SF</u>	
2"-4" THICKNESS W/ GRINDING/PREP	\$5.00	2"-4" THICKNESS W/ GRINDING/PREP	\$3.10
2"-4" THICKNESS (PREP BY OTHERS)	\$4.50	2"-4" THICKNESS (PREP BY OTHERS)	\$2.60
<u>500-1000 SF</u>		<u>4000-5000 SF</u>	
2"-4" THICKNESS W/ GRINDING/PREP	\$4.50	2"-4" THICKNESS W/ GRINDING/PREP	\$2.85
2"-4" THICKNESS (PREP BY OTHERS)	\$4.00	2"-4" THICKNESS (PREP BY OTHERS)	\$2.35
<u>1000-2000 SF</u>		<u>Speed Bumps/Water Bars (1-2' wide, 2-8" tall)</u>	
2"-4" THICKNESS W/ GRINDING/PREP	\$3.95	1'-35' LONG	\$300 LS
2"-4" THICKNESS (PREP BY OTHERS)	\$3.45	36'-150' LONG (ONE OR MORE IN SAME AREA)	\$8.50
<u>2000-3000 SF</u>		151'-500' LONG (ONE OR MORE IN SAME AREA)	
2"-4" THICKNESS W/ GRINDING/PREP	\$3.40		\$7.00
2"-4" THICKNESS (PREP BY OTHERS)	\$2.90	<u>Speed Bumps (20 mph traffic calming)</u>	
		1 OR MORE	\$1,500 EACH

AREA 1: \$450 MINIMUM PER MOBILIZATION (WHEN PATCH IS LESS THAN 100 SF)  
 AREA 2: \$500 MINIMUM PER MOBILIZATION (WHEN PATCH IS LESS THAN 100 SF)  
 EXCLUSIONS: RAISING OF UTILITIES, WALK BEHIND SAW CUTS, TRAFFIC CONTROL (AVAILABLE AT \$21.30/HR PER FLAGGER)  
 MISCELLANEOUS AC SAW CUTTING BY HAND TO BE CHARGED @ \$50.00 PER CUT  
 ADD \$1.50/SF FOR WINTER COLD MIX PATCHING USING TBM, NIGHT TIME PATCHING, & INFARED APPLICATION  
 PRICES BASED ON NON-PWR  
 ADD \$1.50/SF FOR PWR PROJECTS AND FOR EVERY ADDITIONAL 2" OF ASPHALT (OVER 4")