

CASCADE NATURAL GAS CORPORATION

RULES AND REGULATIONS

RULE 9 - MAIN EXTENSIONS

The Company will furnish an extension of its distribution main system free of charge to provide firm natural gas service to any bona fide applicant for such service than located beyond the existing main system up to an estimated cost of construction to provide such service equal to three (3) times the estimated gross annual revenue less cost of gas to be derived therefrom; provided, however, that the request for such service shall be of such permanence as to warrant the expenditure required.

The Company may require advance of funds from the applicant or applicants which may be required in excess of the free allowance; such advance subject to refund without interest on the following basis:

1. An amount for each additional customer, in excess of the number on which the advance was predicated, whose service line is connected directly to the main extension upon which the advance was made, equal to three (3) times the estimated annual gross revenue less cost of gas, within thirty (30) days of setting of a meter for such additional customer or customers.
2. In the event insufficient additional customers in excess of the number on which the amount of the advance was predicated are connected directly to the main extension for which the advance was made so that full refund of the advance has not occurred by the end of the fifth year, a supplementary refund calculation will be made as follows:
 - (a) Actual terms for the five year period billed to and paid for by the customer or customers attached directly to the main extension
 - (b) Less-Estimated annual terms used in calculating the advance times five (5)
 - (c) Difference (a) minus (b).

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XXXX
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If (c) is a positive number, an additional refund maximum shall be calculated by multiplying (c) by the estimated margin per therm (revenue less gas cost divided by terms) employed in determining the original free footage allowance.

3. An additional refund will be made in an amount which is the lesser of the amount calculated in (2) above or the amount required to provide full refund of the unrefunded advance balance.
4. Refund or refunds in total shall not exceed the total amount advanced. If the total amount advanced has not been fully refunded within five (5) years of the date the advance was received by the Company, any remaining unrefunded amount after application of refund amounts made in accordance with items (1) and (3) above, shall become the property of the Company and no further refund or refunds shall be payable.
5. When two (2) or more parties make a joint advance on the same extension, refund amounts which become payable will be paid to such parties in proportion that each party's individual advanced amount bears to the total advanced amount.

The Company may not be required to provide any free amount of main extension to applicants for interruptible natural gas service or provide any free reinforcement of its distribution system or lateral supply line when necessary to provide an increase in the volume of such existing service. Advances by the applicant to cover the full cost of providing the necessary main extension and/or reinforcement of the distribution system or lateral supply line to provide such class of service or service increase will not be subject to refund or any portion thereof, but shall become the property of the Company.

All facilities installed under this rule shall be the property of and under the control of the Company at all times and may be extended to serve other customers at the option of the Company.

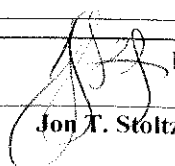
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EXHIBIT OF ORDER OF WASH. UTILITIES & TRANSPORTATION COMM., DOCKET NO. UG-971666

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EFFECTIVE ~~December 21, 1997~~ November 27, 1997

BY


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ISSUED BY CASCADE NATURAL GAS CORPORATION

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