

**SAMPLE CONTRACT FOR CASCADE NATURAL GAS MAIN
EXTENSION CONTRIBUTION**

CONTRACT
Main Extension Contribution - Refundable

THIS AGREEMENT, made and entered into this _____ day of _____ 1996, by and between CASCADE NATURAL GAS CORPORATION of Seattle, Washington, its successors and assigns, hereinafter referred to as the Company and

CUSTOMER NAME	ADDRESS	CUSTOMER ACCOUNT NO.	AMOUNT DEPOSITED
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

successors, personal representatives or assigns, hereinafter referred to as the Customer:

WHEREAS, Customer desires Company to extend its natural gas distribution system a distance of approximately _____ feet so as to provide natural gas service to the above premises, and the direct construction cost of this extension is estimated to be \$ _____; and

WHEREAS, based upon estimated net revenues to Company to be derived from Customer or Customers attached to said extension, Company's established investment feasibility criteria will allow it to invest \$ _____ toward the cost of said extension, and Customer or Customers are willing to advance to Company funds sufficient to compensate Company for the excess of its estimated construction costs over the amount Company is willing to invest (Feasibility Deficiency); and

WHEREAS, any amount contributed by Customer will cause Company to incur a liability for Federal Income Tax, and Customer or Customers are willing to compensate Company for its net cost of such tax;

Company and Customer or Customers have therefore agreed as follows:

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereof and other good and valuable considerations, the Company and Customer have agreed and do hereby covenant and each agree with the other as follows, to wit:

1. Company will invest \$ _____ toward the cost of the main extension required to serve Customer or Customers for which the total cost is estimated to be \$ _____, provided a total of _____ new customers are initially attached to the main extension proposed to be constructed herein for a distance of _____ feet.
2. Customer agrees to contribute to Company the amount of \$ _____, which is calculated as the Feasibility Deficiency plus a factor of _____% to compensate Company for its net cost of income tax resulting from the contribution. Such contribution is due and payable upon execution of this agreement.

Customer's Contribution toward the total cost of the main extension shall be subject to refund without interest on the following basis:

- a. 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 _____ 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.
 - b. In the event insufficient additional customers in excess of the number on which the amount of 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:
 - 1) Actual therms for five year period billed to and paid for by the customer or customers attached directly to the main extension,
 - 2) Less - Estimated annual therms used in calculating the advance times five (5),
 - 3) Difference 1) minus 2).
 - If 3) is a positive number, an additional refund maximum shall be calculated by multiplying 3) by the estimated margin per therm (revenue less gas cost divided by therms) employed in determining the original contribution.
 - c. An additional refund will be made in an amount which is the lesser of the amount calculated in b. above or the amount required to provide full refund of the unrefunded advance balance.
 - d. 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 a. and c. above, shall become the property of the Company and no further refund or refunds shall be payable.
 - e. 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 the proportion that each party's individual advanced amount bears to the total advanced amount.
4. All refunds calculated according to the provision of paragraph 3. above shall be increased by a factor equal to that set forth in paragraph 2. above, representing the income tax portion of the contribution.
 5. All gas distribution facilities constructed by Company to fulfill its obligations hereunder shall remain the property of Company, and title, control and operation thereof shall at all times remain in Company, its successors or assigns.
 6. This agreement is in all things subject to the rules and regulations of any and all regulatory authorities having jurisdiction.
 7. Company will commence construction as soon as is reasonably practicable and materials can be obtained for the work, but it shall not be liable for delays in performing such work or its failure to perform same, caused by conditions or contingencies beyond its control.
 8. This agreement shall be assignable by either party and shall be binding upon the successors, assigns and legal representatives of the parties.

This Agreement shall not be effective or binding until fully executed by all necessary parties, including execution by an officer or District Manager of the Company. The Company reserves the right to withdraw the offer of any or all of the terms and provisions of this Agreement at any time prior to such full execution.

IN WITNESS WHEREOF, the parties hereto have set their respective hands to this agreement, the day and year first above written.

ATTEST: _____ CASCADE NATURAL GAS CORPORATION
 _____ By _____
 _____ Title: _____

WITNESS(ES): _____ CUSTOMER(S):

