



1120 N.W. Couch Street, Tenth Floor
Portland, OR 97209-4128
PHONE: 503.727.2000
FAX: 503.727.2222
www.perkinscoie.com

Lawrence Reichman
PHONE: (503) 727-2019
FAX: (503) 346-2019
EMAIL: LReichman@perkinscoie.com

April 2, 2007

BY ELECTRONIC FILING AND U.S. MAIL

Ms. Annette Taylor
Administrative Hearings Division
Oregon Public Utility Commission
Suite 215
550 Capitol Street NE
Salem, OR 97301-2551

Re: Docket No. UG 173

Dear Ms. Taylor:

I am writing to confirm the status of this docket. On Friday, March 23, 2007, all parties to this docket met to discuss settlement of all issues in this proceeding, along with settlement of Docket No. UM 1283. At this time, the parties have agreed in principle to terms for settlement of this proceeding as well as UM 1283. Cascade and MDU Resources Group, Inc. have circulated proposed documents to memorialize the terms of these settlements. At this time, the parties have not yet agreed to the final terms of written stipulations to settle these two proceedings.

Once the parties have signed final stipulations, these will be filed with the Commission. At that point, Cascade will withdraw the motion for summary judgment that it filed on March 14, 2007. If, for some reason, the parties are not able to agree to the final terms of a settlement, then Cascade has agreed to provide an extension of time to the parties in UG 173 to respond to Cascade's motion for summary judgment, such that their response will be due at least seven days from the date on which the parties conclude their efforts to reach a written agreement.

32032-0007/LEGAL13133462.1

ANCHORAGE · BEIJING · BELLEVUE · BOISE · CHICAGO · DENVER · LOS ANGELES · MENLO PARK
OLYMPIA · PHOENIX · PORTLAND · SAN FRANCISCO · SEATTLE · SHANGHAI · WASHINGTON, D.C.

Perkins Coie LLP and Affiliates

Ms. Annette Taylor
April 2, 2007
Page 2

Cascade will advise the Commission as soon as there are any further developments in this docket. Thank you for your attention to this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'L. Reichman', with a stylized flourish at the end.

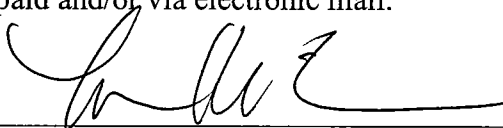
Lawrence Reichman

LR:dma

cc: Service list

CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of April, 2007, I served the foregoing **Letter to Ms. Annette Taylor** upon all parties on the service list in this docket by mailing a copy properly addressed with first class postage prepaid and/or via electronic mail.



Lawrence Reichman

DEPARTMENT OF JUSTICE

STEPHANIE S ANDRUS, ASSISTANT ATTORNEY GENERAL
REGULATED UTILITY & BUSINESS SECTION
1162 COURT ST NE
SALEM, OR 97301-4096
stephanie.andrus@state.or.us

CASCADE NATURAL GAS

JON T. STOLTZ, SR. VICE PRESIDENT – REGULATORY & GAS
PO BOX 24464
SEATTLE, WA 98124
jstoltz@cngc.com

CITIZENS' UTILITY BOARD OF OREGON (*)

LOWREY R BROWN, UTILITY ANALYST
JASON EISDORFER, ENERGY PROGRAM DIRECTOR
ROBERT JENKS
610 SW BROADWAY - STE 308
PORTLAND, OR 97205
lowrey@oregoncub.org
jason@oregoncub.org
bob@oregoncub.org

CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP (*)

EDWARD A FINKLEA
CHAD M STOKES
1001 SW 5TH - STE 2000
PORTLAND, OR 97204
efinklea@chbh.com
cstokes@chbh.com

NORTHWEST INDUSTRIAL GAS USERS (*)

PAULA E PYRON, EXECUTIVE DIRECTOR
4113 WOLF BERRY CT
LAKE OSWEGO, OR 97035-1827
ppyron@nwigu.org