

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 525

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Request for a General Rate Revision.

ORDER

DISPOSITION: FIRST, SECOND, AND THIRD PARTIAL ADOPTED;
APPLICATION FOR A GENERAL RATE REVISION APPROVED
AS REVISED

I. SUMMARY

This order addresses the request for a rate revision filed by Cascade Natural Gas Corporation. In this order, we adopt three partial stipulations resolving the issues in this request for a general rate revision. The stipulations resolve numerous issues and result in a revenue requirement increase of \$12 million. Under the second partial stipulation, Cascade will phase out its line extension allowances (LEAs) for new customers, with reductions each October 31 until the LEAs are set at \$0 in 2028.

On October 31, 2026, customer bills will change to reflect the outcomes of both this rate case and the purchased gas adjustment (PGA) proceeding. The changes to general rates associated with the stipulations and other issues addressed in this order will increase the revenue requirement by \$12 million, with the PGA expected to result in an increase of approximately \$4.8 million, on the same date.¹ As a result, a typical residential customer using 57 therms a month would see a cumulative increase of approximately \$11.95 or 17.28 percent from all rate changes effective October 31, 2026.² More precise final rate impacts will be provided in the company's compliance filing following this order.

¹ *In the Matter of Cascade Natural Gas Corporation, 2026 Annual Purchase Gas Adjustments Updates*, Docket No. UG 530, Advice No. O26-07-01, Supplemental Purchase Gas Adjustment Filing at 4 (Sept. 15, 2026).

² Settlement Cumulative Impact Update GRC and Fall Filings at 1 (Sept. 30, 2026).

II. PROCEDURAL HISTORY

On November 25, 2025, Cascade filed a request for a general rate case and Advice No. O25-11-01 to become effective December 26, 2025. The Commission issued an Order suspending Advice No. O25-11-01 for ten months.³

Staff of the Public Utility Commission of Oregon; the Oregon Citizens' Utility Board (CUB); the Alliance of Western Energy Consumers (AWEC); the Confederated Tribes of the Umatilla Indian Reservation (CTUIR); and the Oregon Just Transition Alliance, 350 Deschutes, Energize Bend, Oregon Environmental Council, The Environmental Center, Climate Solutions, and Sierra Club (Environmental Intervenors) all participated as parties to this proceeding. During the course of the proceeding, parties filed testimony and exhibits.

The Commission held a public comment hearing remotely on March 3, 2026, for the public to comment on Cascade's filing. The Commission also received numerous written comments from members of the public.

On March 4, 2026, Cascade, Staff, and AWEC filed a first partial stipulation resolving the cost of capital and joint testimony in support of the stipulation. CUB and the Environmental Intervenors did not join but did not oppose the first partial stipulation, and CTUIR took no position on the stipulation. The first partial stipulation is attached to this Order as Appendix A.

On July 31, 2026, Cascade, Staff, CUB, AWEC, and the majority of the Environmental Intervenors filed a second partial stipulation resolving all remaining issues in the docket with the exception of the details of a heat pump pilot program. On August 7, 2026, the parties filed joint testimony in support of the second partial stipulation. CTUIR did not join but did not oppose Sections 1-12 and 14-15 of the second stipulation and took no position on Section 13. Oregon Just Transition Alliance with the Environmental Intervenors did not join and did not take a position on the stipulation. The second partial stipulation is attached to this Order as Appendix B.

On September 11, 2026, Cascade, Staff, CUB, and the majority of the Environmental Intervenors filed a third partial stipulation setting forth the details of the heat pump pilot program agreed to in the second stipulation. On September 16, 2026, the parties to the third partial stipulation filed joint testimony in support of the third partial stipulation. AWEC did not join but did not oppose the stipulation. CTUIR and Oregon Just Transition Alliance with the Environmental Intervenors did not join and did not take a

³ Order No. 25-475 (Nov. 25, 2025).

position on the stipulation. The third partial stipulation is attached to this Order as Appendix C.

III. COMPANY FILING

In its initial filing, Cascade proposed an increase of \$16.4 million, or 15.82 percent, to its revenue requirement. In its May 12, 2026 reply testimony, Cascade revised its requested revenue requirement increase to \$13.8 million or 13.36 percent. Cascade's filing is based on a forecast test year ending October 31, 2027 (test year). Cascade's filing also includes information on a historical base year from July 1, 2024, to June 30, 2025 (base year) and adjustments to reflect the forecasted test year. According to Cascade, the primary factors driving the increase include rate base growth, operations and maintenance (O&M) expenses, and depreciation expense associated with new investments.

Cascade proposed a rate of return (ROR) of 7.866 percent, based on a return on equity (ROE) of 10.4 percent, a capital structure of 50 percent long-term debt (LTD) and 50 percent common equity, and a cost of LTD of 5.332 percent.

IV. STIPULATIONS

A. Standard of Review

Under OAR 860-001-0350, the Commission may adopt, reject, or propose to modify a stipulation. If the Commission proposes to modify a stipulation, the Commission must explain the decision and provide the parties sufficient opportunity on the record to present evidence and argument to support the stipulation.

In reviewing a stipulation, we review to determine whether the overall result of the stipulation results in fair, reasonable, and just rates. We review settlements on a holistic basis to determine whether they serve the public interest and result in just and reasonable rates.

B. First Partial Stipulation

The first partial stipulation resolves issues related to the cost of capital. The parties to the first partial stipulation agree to a 50 percent long-term debt and 50 percent common equity capital structure, a long-term debt cost of 5.332 percent, an ROE of 9.5 percent, and an overall ROR of 7.416 percent.

The parties to the first partial stipulation maintain the stipulation provides a fair and reasonable resolution of the issues and the resulting rates are fair, just, and reasonable.

C. Second Partial Stipulation

The second partial stipulation resolves all remaining issues except for the specifics of the heat pump pilot program, which is addressed in the third partial stipulation. The parties to the second partial stipulation agree to a revenue requirement increase of \$12 million and a methodology for determining the rate spread for the revenue requirement, which is set forth in Exhibit A to Appendix B. The parties to the second partial stipulation also agree to revise Schedule 163 for service to Energy Intensive, Trade Exposed (EITE) customers and create new Schedule 164 for service to non-EITE customers, because EITE customers are responsible for their own Climate Protection Program (CPP) compliance obligation costs. Similarly, the parties to the second partial stipulation agree to create Schedules 161 and 162 for non-EITE and EITE firm transportation customers, respectively, with limits to the ability for customers to opportunistically switch between firm and non-firm rate schedules. Cascade agrees to propose allocated capacity costs for the new schedules for the company's next general rate revision. The parties to the second partial stipulation agree to basic service charges for rate schedules.

The parties to the second partial stipulation agree Cascade will complete studies ahead of its next request for a general rate revision, including an interruptible load study, mains separation study, and multi-family cost of service study. The parties to the second stipulation agree Cascade will track growth-related plant additions and make a filing on April 1 of each year until it files its next request for a general rate revision. This filing will include the total customer class usage in therms by region and annual updates to Staff data request 340 with all plant additions. Cascade will file this update in docket UG 525.

Cascade agrees that on September 15, 2026, it will file updates on the cumulative impact for all rate adjustments that will be effective October 31, 2026, including the rates as a result of the stipulations and updates to the Public Purpose Charge and PGA.

The parties to the second partial stipulation agree Cascade will consolidate tariff Rule 9 for service line extension allowances (LEAs) and tariff Rule 10 for main LEAs into a single tariff. Cascade also agrees to changes in the LEAs provided to new customers, including for its residential and commercial customers. For residential customers under Schedule 101, Cascade agrees the LEAs will be set a maximum of \$1,757 starting October 31, 2026, \$878 starting October 31, 2027, and \$0 starting October 31, 2028. For small commercial customers under Schedule 104, Cascade agrees the LEAs will be set at

a maximum of \$5,455 starting October 31, 2026, \$2,727 starting October 31, 2027, \$0 starting October 31, 2028. Cascade agrees starting October 31, 2026, the company will begin tracking actual costs for line extensions by customer class and calculate the LEAs individually on a per-meter-billing basis. Cascade agrees if the actual costs of the line extension exceed the LEA, the requesting party will be responsible for the difference, which they may be required to pay prior to construction. Cascade agrees to true up the actual costs of the line extension after construction and bill or refund the customer accordingly. Under the stipulation, any costs above the LEA will not be included in rate base.

The parties to the second partial stipulation agree Cascade may file applications for its Knott Landfill Renewable Natural Gas (RNG) and Boardman RNG projects in a single, standalone, limited scope docket for an alternative recovery mechanism (ARM). The parties to the second partial stipulation agree the ARM docket will be subject to certain limitations, including a February filing with the same requested effective date as the subsequent PGA, caps on certain costs, the costs that may be recovered, and requirements to explain compliance with the CPP or Senate Bill 98. The parties to the second partial stipulation also agree Cascade will initiate a heat pump pilot program that provides \$1,500 incentive for customers to install a heat pump meeting the Energy Trust of Oregon's requirements. The parties to the second partial stipulation agree the program will have a \$750,000 budget.

The parties to the second partial stipulation agree Cascade may amortize \$600,000 in environmental remediation costs associated with its gas manufacturing plant in Eugene, Oregon. The parties to the second partial stipulation note that this amortization is separate from and in addition to the \$12 million revenue requirement increase agreed to in the stipulation.

The parties to the second partial stipulation agree Cascade will propose to mitigate the cumulative effect of several rate changes, including the PGA, the Public Purpose Charge, the decoupling mechanism, energy discount program, environmental remediation, intervenor funding, and CPP adjustment mechanism as shown in Exhibit C to Appendix B. The parties to the second partial stipulation agree Cascade will propose these mitigation measures as part of its PGA initial filing, though they do not agree to any particular methodology, principle, or theory used in Exhibit C to Appendix B.

The parties to the second partial stipulation maintain the second partial stipulation provides a fair and reasonable resolution of the issues and the resulting rates are fair, just, and reasonable.

D. Third Partial Stipulation

The third partial stipulation provides the specific details of the heat pump pilot program agreed to in the second stipulation, including information tracking requirements and a future tariff filing to be made no later than January 15, 2027.

The parties to the third partial stipulation maintain the third partial stipulation provides a fair and reasonable resolution of the issues and the resulting rates are fair, just, and reasonable.

E. Resolution

After reviewing the stipulations and supporting testimony submitted by the stipulating parties, we find that the terms appropriately resolve issues in this proceeding and will result in fair, just, and reasonable rates. Under the first partial stipulation, the parties agreed to a 9.5 percent ROE, which is a small step up from the 9.4 percent ROE approved in Cascade's last rate case and much lower than the requested 10.4 percent ROE. Similarly, the parties to the first stipulation agreed to retain the existing 50/50 equity to long-term debt ratio. Under the second partial stipulation, the parties agreed to an overall revenue requirement increase of \$12 million, a significant reduction from the company's original request, alongside a number of other terms such as phasing out Cascade's line extension consistent with other gas utilities and creating a heat pump pilot program. The terms together ensure that the stipulations are in the public interest and meet the requirements of OAR 860-001-0350.

We determine that the terms of the stipulations, taken together, represent a reasonable resolution of the issues raised in this docket and contribute to an overall settlement in the public interest and results in fair, just, and reasonable rates.

V. ORDER

IT IS ORDERED that:

1. The partial stipulation between Cascade Natural Gas Corporation; Staff of the Public Utility Commission of Oregon; and the Alliance of Western Energy Consumers filed on March 4, 2026, attached as Appendix A, is adopted.
2. The partial stipulation between Cascade Natural Gas Corporation; Staff of the Public Utility Commission; the Oregon Citizens' Utility Board; the Alliance of Western Energy Consumers; and 350 Deschutes, Energize Bend, Oregon

Environmental Council, The Environmental Center, Climate Solutions, and Sierra Club filed on July 31, 2026, attached as Appendix B, is adopted.

3. The partial stipulation between Cascade Natural Gas Corporation; Staff of the Public Utility Commission; the Oregon Citizens' Utility Board; the Alliance of Western Energy Consumers; and 350 Deschutes, Energize Bend, Oregon Environmental Council, The Environmental Center, Climate Solutions, and Sierra Club filed on September 11, 2026, attached as Appendix C, is adopted.
4. Advice No. O25-11-01 filed on November 25, 2025, is permanently suspended.
5. Cascade Natural Gas Corporation must make a compliance filing, including its revised revenue requirement, rate impacts, and new tariffs to be effective October 31, 2026, consistent with the directives of this order, by 12:00 p.m. on October 16, 2026. To the extent that our decision on the purchased gas adjustment at the October 27, 2026 Special Public Meeting requires changes to the compliance filing, the company must submit a revised compliance filing no later than 5:00 p.m. on October 28, 2026.

Made, entered, and effective Oct 13 2026.



Letha Tawney
Chair



Les Perkins
Commissioner



Karin Power
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001- 0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON**

UG 525

In the Matter of

CASCADE NATURAL GAS CORPORATION,
Request for a General Rate Revision.

FIRST PARTIAL STIPULATION

INTRODUCTION

This First Partial Stipulation (“Stipulation”) is entered into to resolve cost of capital issues in this case. The parties to this Stipulation are Cascade Natural Gas Corporation (“Cascade” or “Company”), Staff of the Public Utility Commission of Oregon (“Staff”), and the Alliance of Western Energy Consumers (“AWEC”) (individually, “Stipulating Party,” and collectively, “Stipulating Parties”). The Oregon Citizens’ Utility Board (“CUB”), the Confederated Tribes of the Umatilla Indian Reservation (“CTUIR”), and the Coalition¹ do not join the Stipulation. The Stipulating Parties are authorized to represent that CUB and the Coalition do not oppose the Stipulation. The CTUIR has not taken a position on the Stipulation.

The Stipulating Parties expect this Stipulation will resolve all issues related to the cost of capital, including the following components: return on equity (“ROE”), cost of long-term debt (“LTD”), capital structure, and in aggregate rate of return (“ROR”).

BACKGROUND

On November 25, 2025, Cascade filed a request for a general rate increase and revised tariff sheets to become effective October 31, 2026 (“Initial Filing”). In the Initial Filing, the Company proposed an increase to the Company’s Oregon jurisdictional revenues of \$16.4 million, or approximately 15.82 percent over current rates. Administrative Law Judge Sarah Spruce

¹ The Coalition is comprised of Oregon Just Transition Alliance, 350 Deschutes, Energize Bend, Oregon Environmental Council, The Environmental Center, Climate Solutions, and Sierra Club.

convened a Prehearing Conference on January 13, 2026, and issued a Prehearing Conference Memorandum on January 26, 2026.

On January 13, 2026, the Stipulating Parties, CUB, and the Coalition participated in a settlement conference to address cost of capital issues, and subsequently continued settlement discussions via email. As a result of the settlement discussions, the Stipulating Parties agreed to settle all issues in the docket regarding cost of capital. This Stipulation memorializes the Stipulating Parties' agreements reached at that time.

TERMS OF AGREEMENT

The Stipulation resolves the issues addressed below:

1. Cost of Capital. The Stipulating Parties agree to an overall ROR of 7.416 percent, which is based on a capital structure of 50 percent equity and 50 percent long-term debt, ROE of 9.5 percent, and LTD cost of 5.332 percent. This combination of capital structure and capital costs is shown in the table below.

Table 1: Stipulated Cost of Capital

<i>Component</i>	<i>Capital Structure</i>	<i>Cost</i>	<i>Weighted Cost</i>
Long-Term Debt	50.0%	5.332%	2.666%
Common Equity	50.0%	9.50%	4.750%
Rate of Return:			7.416%

2. The Stipulating Parties recommend and request that the Public Utility Commission of Oregon ("Commission") approve the cost of capital components discussed herein as appropriate and reasonable.

3. The Stipulating Parties agree that this First Partial Stipulation is in the public interest and will result in rates that are fair, just, and reasonable, consistent with the standard in ORS 756.040.

4. This First Partial Stipulation sets forth the entire agreement between the Stipulating Parties and supersedes any and all prior communications, understandings, or agreements, oral

1 or written, between the Stipulating Parties pertaining to the subject matter of this First Partial
2 Stipulation.

3 5. This First Partial Stipulation will be offered into the record as evidence pursuant to
4 OAR 860-001-350(7). The Stipulating Parties agree to support this First Partial Stipulation
5 throughout this proceeding, provide witnesses to sponsor this First Partial Stipulation at hearing,
6 and recommend that the Commission issue an order adopting the First Partial Stipulation. The
7 Stipulating Parties also agree to cooperate in drafting and submitting joint testimony or a brief in
8 support of the First Partial Stipulation in accordance with OAR 860-001-0350(7).

9 6. If this First Partial Stipulation is challenged, the Stipulating Parties agree that they
10 will continue to support the Commission's adoption of the terms of this First Partial Stipulation.
11 The Stipulating Parties agree to cooperate in cross-examination and put on such a case as they
12 deem appropriate to respond fully to the issues presented, which may include raising issues that
13 are inconsistent in the settlements embodied in this First Partial Stipulation.

14 7. The Stipulating Parties have negotiated this First Partial Stipulation as an
15 integrated document. If the Commission rejects all or any material portion of this First Partial
16 Stipulation or imposes additional material conditions in approving this First Partial Stipulation, any
17 of the Stipulating Parties are entitled to withdraw from this First Partial Stipulation or exercise any
18 other rights provided in OAR 860-001-0350(9). To withdraw from the First Partial Stipulation, a
19 Stipulating Party must provide written notice to the Commission and other Stipulating Parties
20 within five days of service of the final order rejecting, modifying, or conditioning this Stipulation.

21 8. By entering into this First Partial Stipulation, no Stipulating Party approves, admits,
22 or consents to the facts, principles, methods, or theories employed by any other Stipulating Party
23 in arriving at the terms of this First Partial Stipulation, other than those specifically identified in the
24 body of the First Partial Stipulation. No Stipulating Party shall be deemed to have agreed that any
25 provision of this First Partial Stipulation is appropriate for resolving issues in any other proceeding,
26 except as specifically identified in this First Partial Stipulation.

9. This First Partial Stipulation is not enforceable by any Stipulating Party unless and until adopted by the Commission in a final order. Each Stipulating Party avers that it is signing this First Partial Stipulation in good faith and that they intend to abide by the terms of this First Partial Stipulation unless and until the First Partial Stipulation is rejected or adopted only in part by the Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction to enforce or modify this First Partial Stipulation. If the Commission rejects or modifies this First Partial Stipulation, the Stipulating Parties reserve the right to seek reconsideration or rehearing of the Commission order under ORS 756.561 and OAR 860-001-0720 or to appeal the Commission under ORS 756.610.

10. This First Partial Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

This Stipulation is entered into by each Stipulating Party on the date entered below such Stipulating Party's signature.

DATED this 4th day of March 2026:

CASCADE NATURAL GAS
CORPORATION

By: /s/ Jocelyn Pease

Date: March 4, 2026

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: /s/ Natascha Smith

Date: March 4, 2026

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By: /s/ Chad Stokes

Date: March 4, 2026

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON**

UG 525

In the Matter of

CASCADE NATURAL GAS CORPORATION,

Request for a General Rate Revision.

**SECOND STIPULATION RESOLVING ALL
REMAINING ISSUES EXCEPT HEAT PUMP
PILOT**

I. INTRODUCTION

This Second Stipulation (“Stipulation”) is entered into to resolve all remaining issues in this case except for the Heat Pump Pilot. The parties to this Stipulation are Cascade Natural Gas Corporation (“Cascade” or “Company”), Staff of the Public Utility Commission of Oregon (“Staff”), the Alliance of Western Energy Consumers (“AWEC”), the Oregon Citizens’ Utility Board (“CUB”), 350 Deschutes, Energize Bend, Oregon Environmental Council, The Environmental Center, Climate Solutions, and Sierra Club¹ (individually, “Stipulating Party,” and collectively, “Stipulating Parties”). The Confederated Tribes of the Umatilla Indian Reservation (“CTUIR”) does not join the Stipulation, but does not oppose Sections 1-12 and 14-15 of the Stipulation; and takes no position on Section 13 of the Stipulation. The Oregon Just Transition Alliance does not join the Stipulation and takes no position on the Stipulation. The Stipulating Parties expect that with the filing of this Stipulation and the Supporting Testimony, all issues in this proceeding are fully resolved and presented for the approval of the Public Utility Commission of Oregon (“Commission”), with the exception of the details concerning a proposed Heat Pump Pilot, which will be addressed in a forthcoming Third Partial Stipulation.

II. BACKGROUND

On November 25, 2025, Cascade filed a request for a general rate increase and revised tariff sheets to become effective October 31, 2026 (“Initial Filing”). In the Initial Filing, the Company

¹ 350 Deschutes, Energize Bend, Oregon Environmental Council, The Environmental Center, Climate Solutions, and Sierra Club, along with Oregon Just Transition Alliance, comprised the “Environmental Intervenor.”

1 proposed an increase to the Company's Oregon jurisdictional revenues of \$16.4 million, or
2 approximately 15.82 percent over current rates and a margin increase of approximately
3 37.47 percent. Administrative Law Judge Sarah Spruce convened a Prehearing Conference on
4 January 13, 2026, and issued a Prehearing Conference Memorandum on January 26, 2026.

5 On January 13, 2026, Cascade, AWEC, Staff, CUB, and Environmental Intervenors
6 participated in a settlement conference to address cost of capital issues, and subsequently
7 continued settlement discussions via email. As a result of the settlement discussions, Cascade,
8 Staff, and AWEC agreed to settle all issues in the docket regarding cost of capital, as
9 memorialized in the First Partial Stipulation that was filed with the Commission on March 3, 2026.
10 CUB, CTUIR, and the Environmental Intervenors did not join the First Partial Stipulation.² CUB
11 and the Environmental Intervenors do not oppose the First Partial Stipulation.³ The CTUIR has
12 not taken a position on the First Partial Stipulation.⁴

13 The non-Company parties filed opening testimony on or around March 12, 2026.⁵ The
14 parties convened for settlement conferences on March 24, 2026 and April 3, 2026, but did not
15 reach a resolution. Cascade filed reply testimony on May 12, 2026.

16 The parties subsequently participated in a settlement conference on May 22, 2026, and
17 continued settlement discussions by email and videoconference over the weeks that followed.
18 Through these discussions, the Stipulating Parties agreed to settle all remaining issues. This
19 Second Stipulation memorializes the Stipulating Parties' agreements.

² First Partial Stipulation at 1.

³ First Partial Stipulation at 1.

⁴ First Partial Stipulation at 1.

⁵ With leave from the ALJ, Staff and the CTUIR filed their opening testimony one date late, on March 13, 2026.

III. TERMS OF AGREEMENT

The Stipulation resolves the issues addressed below:

1. Revenue Requirement. The Stipulating Parties agree that the total increase in Cascade's annual revenue requirement as a result of this Stipulation should be \$12,000,000. The annual revenue requirement increase in this proceeding is based on the Stipulating Parties' agreement that the Company's requested Oregon-allocated increase to annual revenue requirement shall be reduced by a total of \$4.4 million from the Initial Filing amount of \$16.4 million. The annual revenue requirement increase provided in this Stipulation includes the adjustment Cascade, Staff, and AWEC previously agreed upon regarding cost of capital in the First Partial Stipulation.

2. Revised Schedule 163 and New Schedule 164. Because Energy-Intensive, Trade Exposed (“EITE”) customers are responsible for their own compliance obligations under the Climate Protection Program (“CPP”), the Stipulating Parties agree to Cascade’s proposal to revise Schedule 163 and create a new Schedule 164, with Schedule 163 designated for service to non-EITE customers and Schedule 164 designated for service to EITE customers.

3. New Rate Schedules 161/162. The Stipulating Parties agree to Cascade's proposal to create new, firm transportation customer classes for both non-EITE customers (Schedule 161) and EITE customers (Schedule 162), provided that the new schedules limit a customers' ability to opportunistically switch between firm and non-firm schedules per proposed Rule 22, as included in the Initial Filing CNGC/1104, Harris/9 limitation on switching between firm

1 and non-firm schedules.⁶ Cascade will propose allocated capacity costs for the new schedules in
 2 its next general rate case ("GRC").

3 4. Interruptible Load Study. The Stipulating Parties agree that Cascade will study the
 4 impacts of interruptible loads on potential avoided distribution system investments and operational
 5 benefits. Cascade's long run incremental cost study in its next GRC will address findings from
 6 this interruptible load study.

7 5. Mains Separation Study. The Stipulating Parties agree that Cascade will perform
 8 a mains separation study for review in its next GRC.

9 6. Multi-family Cost of Service Study. The Stipulating Parties agree that Cascade will
 10 conduct a cost of service study ("COSS") that addresses possible rates for multi-family residential
 11 dwellings. For purposes of the COSS and any follow-on rate schedule development efforts, the
 12 term "Multi-Family Premises" means two or more attached residential dwelling units, where each
 13 unit receives natural gas service through a separate meter. Cascade will conduct the study
 14 according to the following timeline:

- 15 a. *Approximately five months before next GRC: Scheduling Survey*. Cascade will
 16 send a scheduling survey to parties from UG 525, CAPO and Community Action
 17 Agencies, and CBO partners and other parties with respect to selecting a date and
 18 agenda for a COSS scoping meeting. In its initial outreach, the Company will
 19 provide invited participants—particularly those representing low-income and
 20 environmental justice communities—with a clear description of the meeting

⁶ See CNGC/1104, Harris/9 ("service under Schedule 161, 162, 163, or 164 requires an executed service agreement between the Company and the customer. The service agreement shall define the annual minimum quantity of gas to be delivered. The service agreement term shall be for a period not less than the period covered under the customer's natural gas purchase contract with the customer's supplier. However, **in no event shall the service agreement be for less than one year** and the termination date of the service agreement in any year shall be September 30th. **A customer may not switch service types between interruptible transportation service and firm transportation service during the primary term of a service agreement.** Switching service types requires a **minimum of 60 days' notice prior to the expiration of the service agreement** and is **subject to availability of sufficient capacity.**") (Emphasis added).

objectives, expected outcomes, and any questions tailored to their interests or expertise.

b. *Approximately four months before next GRC: COSS Scoping Meeting.* Cascade will host a meeting with interested parties to discuss the scope and process for a COSS that addresses multi-family costs. This meeting will discuss methodologies and will take feedback from interested parties. Cascade will send relevant pre-meeting materials to invitees to engage with 1 week before the scoping meeting. Cascade will then prepare a methodology for conducting the COSS.

c. *Approximately three months before next GRC: COSS Workshop.* Cascade will host a workshop with interested parties to discuss its preliminary COSS and its identification of low-income and bill assistance participation among multi-family customers. Cascade will send invitees relevant pre-meeting materials 1 week before the workshop. Additional feedback from participants may be used to adjust the final COSS. Following the workshop, the Company will provide an accessible summary of discussions and next steps. The Company will be open to receiving feedback on both the COSS and its potential implementation, which may include making rate schedule adjustments.

d. *Upon filing Cascade's next GRC: Completed COSS.* Cascade will file the results of the multi-family COSS (inclusive of analysis and work papers) with its application in its next GRC.

7. Growth-Related Plant Updates. The Stipulating Parties agree that Cascade will track growth-related plant additions and provide updates to the responses to OPUC Data Request No. 340 and total customer class usage by region. By April 1 of each year until the filing of its next GRC, Cascade will file in Docket UG 525 the total customer class usage (therms) for each of Cascade's three regions (i.e., Bend; E.OR; Umatilla/Pendleton) and annual updates to OPUC Data Request No. 340 as a spreadsheet with all plant additions including additions under

\$150,000, Minor Plant Additions between \$150,000-\$1,000,000, and Major Plant Additions above \$1,000,000. For each project, Cascade will provide:

- a. Identification of which projects are directly attributable to new customer growth;
- b. The cost of the project;
- c. A narrative description of why the Company considers each project to be attributable to new customer growth; and
- d. The date each project was placed into service, or the expected date it will be placed into service, in Month/Day/Year format.

8. Rate Spread. The Stipulating Parties agree to the rate spread shown in Exhibit A.

9. Basic Service Charges. The Stipulating Parties agree to the basic service charges show in Table 1, below:

Table 1: Stipulated Basic Service Charges	
Rate Schedule	Basic Service Charge
101 – Residential	\$7.00
104 – Commercial	\$24.00
105 – Industrial	\$70.00
111 – Large Volume	\$288.00
161 – Firm Transport Non-EITE	\$900.00
162 – Firm Transport EITE	\$900.00
163 – Interruptible Transport Non-EITE	\$900.00
164 – Interruptible Transport EITE	\$900.00
170 – Core Interruptible	\$600.00

10. Cumulative Impact Updates. On September 15, 2026, Cascade will file in Docket UG 525 updates on the cumulative impact for all rate adjustments to be effective on October 31, 2026, assuming the result of this settlement agreement and including an estimate for any unknown schedule impacts, along with updated rates from the Public Purpose Charge and Purchased Gas Adjustment filing. All rate impacts should be expressed relative to current overall rates, both in dollar and percentage terms. For the individual and combined rate impacts, the company will provide average residential customer bill impacts, identifying the associated level of usage. As part of its compliance filing in this case, the Company will also provide an update with

any changes resulting from the incorporation of the Purchased Gas Adjustment into rates. The updates will include:

- a. A bill impact analysis and affordability analysis in the form shown in Exhibit B;
- b. An updated version of CNGC/1803 that reflects adjustments made as a result of this Stipulation to all line items listed in CNGC/1803 and incorporates any changes to Cascade rate schedules that have occurred since Cascade filed its Opening Testimony; and,
- c. A sample bill insert summarizing the effect of the implementation of this Stipulation on Cascade customers similar to that Cascade prepared and distributed in connection with Commission Docket ADV 1866.

11. Line Extension Allowances ("LEA"). The Stipulating Parties agree the tariffs for service line LEAs (current Rule 9) and mains LEAs (currently Rule 10) will be consolidated into a single LEA as shown in CNGC/1104, Harris/3-5, but with the following modifications:

- a. LEAs for Residential (Schedule 101) will be set at a maximum of \$1,757 (approximately four times estimated margin) starting October 31, 2026, \$878 (approximately two times estimated margin) starting October 31, 2027, and \$0 starting October 31, 2028. For clarity, the LEA amounts set in this paragraph will apply to every residential customer, and Cascade will not individually estimate the margin of each new residential customer.
- b. LEAS for small commercial (Schedule 104) customers will be set at a maximum of \$5,455 (approximately four times estimated margin) starting October 31, 2026, \$2,727 (approximately two times estimated margin) starting October 31, 2027, and \$0 starting October 31, 2028. For clarity, the LEA amounts set in this paragraph will apply to every small commercial customer, and Cascade will not individually estimate the margin of each new small commercial customer.

1 c. LEAs for industrial customers (Schedule 105) will be set at four times the
2 customer's estimated margin.

3 d. For large volume (Schedule 111), transport (Schedules 163 and 164), and core
4 interruptible (Schedule 170) customers, the LEA will be set at four and a half times
5 the customer's estimated margin.

6 e. Beginning on October 31, 2026, Cascade will track actual costs for line extensions
7 by customer class and calculate LEAs individually, on a per-billing-meter basis.

8 f. If actual costs of a line extension exceed the LEA, the party requesting the
9 extension will be responsible for the difference between actual costs and the LEA,
10 as discussed below. Cascade may require a party requesting an extension to pay
11 reasonably estimated costs in excess of the LEA before beginning construction.
12 After all actual costs associated with the extension are known, Cascade will true-
13 up the actual costs of the line extension and determine either: (1) the amount of
14 actual costs still owed by the party requesting the extension; or (2) the amount of
15 excess estimated costs owed to the party requesting the extension. Cascade will
16 bill or refund the customer as appropriate, except when the cost of processing a
17 bill or refund exceeds the amount owed by or due to the party.

18 g. Costs above the LEA will not be put into rate base.

19 12. Renewable Natural Gas ("RNG") Alternative Recovery Mechanism ("ARM"). The
20 Stipulating Parties agree that Cascade may file an application in a single, stand-alone, limited-
21 scope docket to request prudence review and cost recovery for two RNG projects, the Knott
22 Landfill RNG Project and the Iogen Boardman RNG Project. This ARM proceeding will be subject
23 to the following limitations:

24 a. To provide time for parties to review the projects, the ARM application will be
25 submitted in February with the same rate effective date as the Company's

subsequent Purchase Gas Adjustment ("PGA"). Intervenors in the ARM proceeding will be allowed at least two rounds of testimony.

- b. Cascade may request to adjust rates to incorporate the incremental operating and maintenance ("O&M") expenses tied directly to the Knott Landfill and Iogen Boardman RNG Projects, and costs included in the funding projects ("FPs") listed in Tables 2 and 3, subject to the cap discussed below.

Table 2: Iogen Boardman RNG Project		
FP #	Description	Estimated Oregon-Allocated Cost
FP-326057	Install Main Boardman Port Morrow RNG	No estimate provided
FP-326062	Install Regulator Station RNG Iogen Boardman	\$166,180.79
FP-327056	Install Odorizer RNG Iogen Boardman	\$374,909.86
FP-327100	Install Meter Set RNG Iogen Boardman	\$16,237.19

Table 3: Knott Landfill RNG Project		
FP #	Description	Estimated Oregon-Allocated Cost
FP-322677	Deschutes Landfill-Design and Construction	No estimate provided
FP-325334	Deschutes Landfill-Initial Well Expansion	[BEGIN HIGHLY CONFIDENTIAL] [REDACTED] [END HIGHLY CONFIDENTIAL]
FP-324296	GR-4" High Pressure Steel Main Knott Landfill Bend	\$307,148.91
FP-326370	Install Meter Set Knott Landfill RNG	\$1,811.76
FP-326394	Install Odorizer Knott Landfill RNG	\$61,791.80

- c. For FP-326057 (Install Main Boardman Port Morrow RNG) and FP-322677 (Deschutes Landfill-Design and Construction), Cascade may request to recover in the RNG ARM all prudently incurred construction costs and incremental O&M costs tied directly to the named project. For all other FPs listed in Tables 2 and 3:

(a) Cascade's recovery in the ARM will be limited to the estimate shown in Tables 2 and 3; and (b) in a future GRC, Cascade may request recovery of prudently incurred costs in excess of the estimates shown in Tables 2 and 3 not recovered in the ARM.

d. The ARM proceeding is limited to construction costs and incremental O&M costs tied directly to the Knott Landfill RNG Project and the Iogen Boardman RNG Project. The ARM proceeding will not include any RNG assets other than the FPs identified in Tables 2 and 3 above. The ARM proceeding will not include any projects for EITE customers or non-RNG construction costs, additional capital expenditures, or distribution system costs in the Bend area.

e. In the ARM proceeding, Cascade will describe how and to what extent the projects are recovered in compliance with the Climate Protection Program ("CPP") and/or with Oregon Senate Bill 98 (2019).

f. Nothing in this Stipulation shall be construed as an agreement that Cascade is guaranteed to recover costs associated with these RNG projects. Nothing in this Stipulation shall be construed as an agreement that the costs were prudently incurred or used and useful.

13. Heat Pump Pilot. The Stipulating Parties agree that Cascade will establish a heat pump pilot program for Cascade residential customers that will provide a \$1,500 incentive per customer to install a heat pump that meets the Energy Trust of Oregon's ("ETO") efficiency requirements. The pilot program will have a budget of \$750,000. The Stipulating Parties are continuing to negotiate Heat Pump Pilot program terms and parameters, and expect to provide additional details regarding the program in a Third Partial Stipulation.

14. Environmental Remediation. The Stipulating Parties agree to Cascade's proposal to amortize its deferred balance of approximately \$600,000 in environmental remediation costs associated with a manufactured gas plant in Eugene, Oregon, as detailed in CNGC/1100,

1 Harris/9-11. This recovery is separate from and in addition to the revenue requirement agreed
2 upon in paragraph 1, above.

3 15. Mitigation of Cumulative Impact. The Stipulating Parties agree that Cascade, in its
4 PGA Initial filing, will propose to mitigate the cumulative effects of rate changes to the PGA, the
5 Public Purpose Charge, the decoupling mechanism, energy discount program, environmental
6 remediation, intervenor funding, and the CPP adjustment mechanism as shown in Exhibit C. The
7 parties agreement here is not admission or consent to the principles, methods, or theories
8 employed in Exhibit C and Staff and Intervenors may propose an alternative to the rate mitigation
9 shown on Exhibit C, including application of ORS 757.259.

10 16. The Stipulating Parties recommend and request that the Commission approve the
11 revenue requirement and other terms discussed herein as appropriate and reasonable.

12 17. The Stipulating Parties agree that this Stipulation is in the public interest and will
13 result in rates that are fair, just, and reasonable, consistent with the standard in ORS 756.040.

14 18. This Stipulation sets forth the entire agreement between the Stipulating Parties
15 and supersedes any and all prior communications, understandings, or agreements, oral or written,
16 between the Stipulating Parties pertaining to the subject matter of this Stipulation.

17 19. This Stipulation will be offered into the record as evidence pursuant to OAR 860-
18 001-0350(7). The Stipulating Parties agree to support this Stipulation throughout this proceeding,
19 provide witnesses to sponsor this Stipulation at hearing, and recommend that the Commission
20 issue an order adopting the Stipulation. The Stipulating Parties also agree to cooperate in drafting
21 and submitting joint testimony or a brief in support of the Stipulation in accordance with OAR 860-
22 001-0350(7).

23 20. If this Stipulation is challenged, the Stipulating Parties agree that they will continue
24 to support the Commission's adoption of the terms of this Stipulation. The Stipulating Parties
25 agree to cooperate in cross-examination and put on such a case as they deem appropriate to

1 respond fully to the issues presented, which may include raising issues that are incorporated in
2 the settlements embodied in this Stipulation.

3 21. The Stipulating Parties have negotiated this Stipulation as an integrated document.
4 If the Commission rejects all or any material portion of this Stipulation or imposes additional
5 material conditions in approving this Stipulation, any of the Stipulating Parties are entitled to
6 withdraw from this Stipulation or exercise any other rights provided in OAR 860-001-0350(9). The
7 Stipulating Parties agree that if the Commission issues an order rejecting all or any material
8 portion of this Stipulation or imposes additional material conditions in approving this Stipulation,
9 the Stipulating Parties will meet in good faith within ten days of the issuance of that order and
10 discuss next steps. A Stipulating Party may withdraw from the Stipulation after this meeting by
11 providing written notice to the Commission and to the other Stipulating Parties.

12 22. By entering into this Stipulation, no Stipulating Party approves, admits, or consents
13 to the facts, principles, methods, or theories employed by any other Stipulating Party in arriving
14 at the terms of this Stipulation, other than those specifically identified in the body of the Stipulation.
15 No Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is
16 appropriate for resolving issues in any other proceeding, except as specifically identified in this
17 Stipulation.

18 23. This Stipulation is not enforceable by any Stipulating Party unless and until
19 adopted by the Commission in a final order. Each Stipulating Party avers that it is signing this
20 Stipulation in good faith and that they intend to abide by the terms of this Stipulation unless and
21 until the Stipulation is rejected or adopted only in part by the Commission. The Stipulating Parties
22 agree that the Commission has exclusive jurisdiction to enforce or modify this Stipulation. If the
23 Commission rejects or modifies this Stipulation, the Stipulating Parties reserve the right to seek
24 reconsideration or rehearing of the Commission order under ORS 756.561 and OAR 860-001-
25 0720 or to appeal the Commission under ORS 756.610.

1 24. This Stipulation may be executed in counterparts and each signed counterpart
2 shall constitute an original document.

3 This Stipulation is entered into by each Stipulating Party on the date entered below such
4 Stipulating Party's signature.

DATED this 31st day of July 2026

CASCADE NATURAL GAS
CORPORATION

By: /s/ Jocelyn C. Pease

Date: July 31, 2026

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: /s/ Natascha B. Smith

Date: July 31, 2026

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By: /s/ Chad Stokes

Date: July 31, 2026

OREGON CITIZENS' UTILITY
BOARD

By: /s/ Claire Valentine-Fossum

Date: July 31, 2026

350 DESCHUTES, ENERGIZE BEND,
OREGON ENVIRONMENTAL COUNCIL,
THE ENVIRONMENTAL CENTER,
CLIMATE SOLUTIONS, AND SIERRA
CLUB

By: /s/ Cole Souder

Date: July 31, 2026

Exhibit A: Rate Spread

	Total	Rate Schedule					
		101	104	105	111	163/164	170
Proposed % Margin Revenue Increase	27.9%	25.0%	34.4%	35.3%	35.0%	28.5%	22.3%
Increase Relative to the Average	1.00	0.89	1.23	1.26	1.26	1.02	0.80
\$ Margin Revenue Increase	\$12,000,000	\$6,811,196	\$3,764,412	\$298,519	\$164,797	\$885,930	\$75,146
Parity Ratio at Current Rates (Reply Testimony LRIC)	1.00	0.98	1.11	0.87	0.79	0.93	1.26
Parity Ratio at Proposed Rates	1.00	0.95	1.16	0.92	0.83	0.94	1.20
Parity Ratio Movement Towards Unity		-94.9%	-51.9%	37.7%	21.0%	5.9%	21.3%
% Increase Total Bill	12.9%	12.3%	13.2%	12.0%	8.8%	28.5%	4.5%

Exhibit B: Bill Impact Analysis and Affordability Analysis¹**A. Bill Impact Analysis**

Cascade does not have a separate multifamily schedule - all residential customers are under Schedule 101 - General Residential Service Rate. The following table shows the proposed settlement rate structure for Schedule 101.

Rate Schedule 101	As of 2/1/2021	As of 10/31/2025		As of 10/31/2026	
		Rates	Cost for average use	Estimated Rates ²	Cost for average use
Basic Charge	\$6.00 / month	\$6.00 / month	\$6.00	\$7.00 / month	\$7.00
Delivery Charge	\$0.39467 / therm	\$0.39467 / therm	\$20.92	\$0.50164 / therm	\$26.59
Environmental remediation	\$0.00030 / therm	\$0.00 / therm	\$0.00	\$0.00151 / therm	\$0.08
Cost Of Gas (PGA)	\$0.35568 / therm	\$0.51315 / therm	\$27.20	\$0.51866 / therm	\$27.49
Temporary Gas Cost	\$0.03196 / therm	\$(0.00462) / therm	\$(0.24)	\$(0.00460)	\$(0.24)
Energy Discount Program	0.01825 / therm	\$0.81 / month	\$0.81	\$1.58 / month	\$1.58
Intervenor Funding	\$0.00110 / therm	\$0.00168 / therm	\$0.09	\$0.00026 / therm	\$0.01
CPP	\$0.00	\$0.03210	\$1.70	\$0.05685	\$3.01
CAP (decoupling)	\$(0.00791)	\$0.02604 / therm	\$1.38	\$0.07301 / therm	\$3.87
Total Usage Charge	\$0.76860 / therm	\$0.96302 / therm	\$57.85	\$1.14733 / therm	\$69.39
Estimated City Tax	3.0%	3.0%	\$1.71	3.0%	\$2.03

¹ The numbers in Exhibit B reflect the method to mitigate rates Cascade proposes in Exhibit C.

² Subject to Commission approval.

Public Purpose Charge	5.103%	12.271% ³	\$7.00	9.366%	\$6.35
Total Bill			\$66.56		\$77.77
				Average Bill Impact	\$11.21 Increase
				Cumulative Impact	16.85% increase

B. Affordability Analysis

Data Source: Data refresh of 2025 Energy Burden Assessment.

Date Range	Current rates as of 6/1/2026 (including latest PGA and PPC changes) Program data: June 1, 2025 - May 31, 2026
-------------------	--

Low Income Households	Current Schedule 101	Proposed Schedule 101
# High burden (>2.5% gas burden)	5,700	6,800
Median gas burden ⁴	2.2%	2.5%
Energy assistance need (annual)	\$2.21M	\$2.86M
Current energy discount program funding as percent of energy assistance need ⁵	120%	93%

Households Earning between 61-80% State Median Income	Current Schedule 101	Proposed Schedule 101
# High burden (>2.5% gas burden)	200	370
Median gas burden ⁶	1.2%	1.4%
Energy assistance need (annual)	\$66k	\$119k

³ Effective May 1, 2026, the PPC rate changed from 6.456% to 12.271%.

⁴ This change in the median gas burden shows the increase in rates effective Oct. 31, 2026, under Cascade's rate increase assumptions.

⁵ This shows the funding of the program relative to what Cascade understands to be needed based on energy burden.

⁶ This change in the median gas burden shows the increase in rates effective Oct. 31, 2026, under Cascade's rate increase assumptions.

Exhibit C: Cumulative Impact Mitigation

Line			
1	2025 Gross Revenue	\$97,392,012	
2	3% Test Limit	\$2,921,760	(Line 1 x 3%)
	Fall Filing Incremental Changes Subject to 3% Test		
3	PGA	\$1,903	
4	CPP (Pre-Adjustment)	\$11,763,522	
5	Environmental Remediation	\$228,803	
6	Decoupling	\$3,337,434	
7	Subtotal	\$15,331,662	(Line 3 + Line 4 + Line 5 + Line 6)
8	Less PPC Update	\$(3,177,318)	
9	Grand Total	\$12,154,344	(Line 7 + Line 8)
10	Amount Exceeding 3% Limit	\$9,232,584	(Line 9 – Line 2)
11	CPP Adjustment	\$(9,232,584)	–(Line 10)
12	CPP (After Adjustment)	\$2,530,938	(Line 4 + Line 11)
13	Total Recovery Amount For Fall Filing Incremental Changes	\$2,921,760	(Line 3 + Line 5 + Line 6 + Line 8 + Line 12)

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 525

In the Matter of

CASCADE NATURAL GAS CORPORATION,

Request for a General Rate Revision.

**THIRD PARTIAL STIPULATION
RESOLVING HEAT PUMP PILOT**

I. INTRODUCTION

This Third Partial Stipulation (“Stipulation”) is entered into to resolve the final remaining issue in this proceeding regarding a proposed Heat Pump Pilot (“HPP”). The parties to this Stipulation are Cascade Natural Gas Corporation (“Cascade” or “Company”), Staff of the Public Utility Commission of Oregon (“Staff”), the Oregon Citizens’ Utility Board (“CUB”), 350 Deschutes, Energize Bend, Oregon Environmental Council, The Environmental Center, Climate Solutions, and Sierra Club¹ (individually, “Stipulating Party,” and collectively, “Stipulating Parties”).

The Alliance of Western Energy Consumers (“AWEC”) does not join the Stipulation, but does not oppose the Stipulation. The Confederated Tribes of the Umatilla Indian Reservation (“CTUIR”) does not join the Stipulation and takes no position on the Stipulation. The Oregon Just Transition Alliance (“OJTA”) does not join the Stipulation and takes no position on the Stipulation. The Stipulating Parties expect that with the filing of this Stipulation, all issues in this proceeding are fully resolved and presented to the Public Utility Commission of Oregon (“Commission”) for approval.

II. BACKGROUND

On November 25, 2025, Cascade filed a request for a general rate increase and revised tariff sheets to become effective October 31, 2026 (“Initial Filing”). In the Initial Filing, the Company proposed an increase to the Company’s Oregon jurisdictional revenues of \$16.4 million, or

¹ 350 Deschutes, Energize Bend, Oregon Environmental Council, The Environmental Center, Climate Solutions, and Sierra Club, along with Oregon Just Transition Alliance, comprise the “Environmental Intervenors.”

1 approximately 15.82 percent over current rates and a margin increase of approximately
2 37.47 percent. Administrative Law Judge (“ALJ”) Sarah Spruce convened a Prehearing
3 Conference on January 13, 2026, and issued a Prehearing Conference Memorandum on
4 January 26, 2026.

5 On January 13, 2026, Cascade, AWEC, Staff, CUB, and Environmental Intervenors
6 participated in a settlement conference to address cost of capital issues, and subsequently
7 continued settlement discussions via email. As a result of the settlement discussions, Cascade,
8 Staff, and AWEC agreed to settle all issues in the docket regarding cost of capital, as
9 memorialized in the First Partial Stipulation that was filed with the Commission on March 3, 2026.
10 CUB, CTUIR, and the Environmental Intervenors did not join the First Partial Stipulation.² CUB
11 and the Environmental Intervenors do not oppose the First Partial Stipulation.³ The CTUIR takes
12 no position on the First Partial Stipulation.⁴

13 The non-Company parties filed opening testimony on or around March 12, 2026.⁵ The
14 parties convened for settlement conferences on March 24, 2026, and April 3, 2026, but did not
15 reach a resolution. Cascade filed reply testimony on May 12, 2026. The parties subsequently
16 participated in a settlement conference on May 22, 2026, and continued settlement discussions
17 by email and videoconference over the weeks that followed. Through these discussions, the
18 Stipulating Parties agreed to settle all remaining issues.

19 The Stipulating Parties filed the Second Stipulation Resolving All Issues Except Heat
20 Pump Pilot on July 31, 2026 (“Second Stipulation”). CTUIR did not join the Second Stipulation,
21 but did not oppose Sections 1-12 and 14-15 of the Second Stipulation.⁶ CTUIR took no position

² First Partial Stipulation at 1.

³ First Partial Stipulation at 1.

⁴ First Partial Stipulation at 1.

⁵ With leave from the ALJ, Staff and the CTUIR filed their opening testimony one date late, on March 13, 2026.

⁶ Second Stipulation at 1.

1 on Section 13.⁷ OJTA did not join and took no position on the Second Stipulation.⁸ Section 13 of
2 the Second Stipulation provided that parties were continuing to negotiate the HPP program terms
3 and parameters and would provide those details in a future stipulation.⁹

4 The parties continued settlement discussions via email and convened for additional
5 settlement discussions on August 14, 2026. As a result of these discussions, the Stipulating
6 Parties agreed to terms on the HPP issue and resolved the only outstanding issue in this
7 proceeding. This Stipulation memorializes the Stipulating Parties' agreements.

8 III. TERMS OF AGREEMENT

9 The Stipulation resolves the issues addressed below:

10 1. Heat Pump Pilot. In addition to Section 13 of the Second Stipulation, the Stipulating
11 Parties agree to the following terms governing the HPP:

- 12 a. Up to 5 percent of the \$750,000 budget can be allocated to Cascade's costs of
13 administering the HPP.
- 14 b. Cascade will track expenditures for the HPP through a deferral. Cascade will
15 accrue interest on the balance at its cost of long-term debt as provided in the
16 First Partial Stipulation, 5.332 percent.
- 17 c. In Cascade's next general rate case, the Company will provide testimony and
18 evidence to support the rate spread, rate design (including whether EDP
19 customers will be exempt from paying for the HPP), accounting of program
20 costs, earnings review, sharing percentages, amortization period, and three
21 percent test pursuant to ORS 757.259, for the deferral.
- 22 d. Customers participating in the HPP will not be required to maintain gas service.

⁷ Second Stipulation at 1.

⁸ Second Stipulation at 1.

⁹ Second Stipulation at 10.

1 e. Cascade will track, to the extent possible, the following demographic
2 information from customers who participate in the HPP: zip code and, when
3 applicable based on zip code, whether the customer resides within a
4 geographic area considered part of the Umatilla Indian Reservation pursuant
5 to 18 U.S.C. 1151; whether the heat pump meets ETO's standard efficiency
6 requirements or the requirements for extended capacity heat pumps; whether
7 the customer has participated in bill assistance programs, and if so, the level
8 of assistance the customer qualified for; whether the customer retained their
9 furnace upon installation of the heat pump; and how the customer heard about
10 the HPP program. If Cascade is unable to track any of the information listed in
11 the previous sentence, it will provide a short narrative explanation detailing why
12 the information could not be obtained.

13 f. Cascade will establish the HPP through a separate tariff filing. Cascade will file
14 to establish the HPP no later than January 15, 2027. Cascade will provide an
15 update to the parties on July 31, 2027, and every six months thereafter until
16 funding for the HPP has been fully utilized. Funding will be fully utilized when
17 the remaining budget for the HPP is less than \$1,500. The HPP will cease
18 when the funding has been fully utilized, or when Cascade files its first rate
19 case establishing a Multiyear Rate Plan in accordance with HB 3179,
20 whichever is earlier. Cascade will seek to fully amortize the expended budget
21 from the HPP in said rate case. Cascade will accrue interest for any amortized
22 funds at the effective Modified Blended Treasury (MBT) rate.

23 2. The Stipulating Parties recommend and request that the Commission approve the
24 terms discussed herein as appropriate and reasonable.

25 3. The Stipulating Parties agree that this Stipulation is in the public interest and will
26 result in rates that are fair, just, and reasonable, consistent with the standard in ORS 756.040.

1 4. This Stipulation sets forth the entire agreement between the Stipulating Parties
2 and supersedes any and all prior communications, understandings, or agreements, oral or written,
3 between the Stipulating Parties pertaining to the subject matter of this Stipulation.

4 5. This Stipulation will be offered into the record as evidence pursuant to
5 OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation throughout this
6 proceeding, provide witnesses to sponsor this Stipulation at hearing, and recommend that the
7 Commission issue an order adopting the Stipulation. The Stipulating Parties also agree to
8 cooperate in drafting and submitting joint testimony or a brief in support of the Stipulation in
9 accordance with OAR 860-001-0350(7).

10 6. If this Stipulation is challenged, the Stipulating Parties agree that they will continue
11 to support the Commission's adoption of the terms of this Stipulation. The Stipulating Parties
12 agree to cooperate in cross-examination and put on such a case as they deem appropriate to
13 respond fully to the issues presented, which may include raising issues that are incorporated in
14 the settlements embodied in this Stipulation.

15 7. The Stipulating Parties have negotiated this Stipulation as an integrated document.
16 If the Commission rejects all or any material portion of this Stipulation or imposes additional
17 material conditions in approving this Stipulation, any of the Stipulating Parties are entitled to
18 withdraw from this Stipulation or exercise any other rights provided in OAR 860-001-0350(9). The
19 Stipulating Parties agree that if the Commission issues an order rejecting all or any material
20 portion of this Stipulation or imposes additional material conditions in approving this Stipulation,
21 the Stipulating Parties will meet in good faith within ten days of the issuance of that order and
22 discuss next steps. A Stipulating Party may withdraw from the Stipulation after this meeting by
23 providing written notice to the Commission and to the other Stipulating Parties.

24 8. By entering into this Stipulation, no Stipulating Party approves, admits, or consents
25 to the facts, principles, methods, or theories employed by any other Stipulating Party in arriving
26 at the terms of this Stipulation, other than those specifically identified in the body of the Stipulation.

1 No Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is
2 appropriate for resolving issues in any other proceeding, except as specifically identified in this
3 Stipulation.

4 9. This Stipulation is not enforceable by any Stipulating Party unless and until
5 adopted by the Commission in a final order. Each Stipulating Party avers that it is signing this
6 Stipulation in good faith and that they intend to abide by the terms of this Stipulation unless and
7 until the Stipulation is rejected or adopted only in part by the Commission. The Stipulating Parties
8 agree that the Commission has exclusive jurisdiction to enforce or modify this Stipulation. If the
9 Commission rejects or modifies this Stipulation, the Stipulating Parties reserve the right to seek
10 reconsideration or rehearing of the Commission order under ORS 756.561 and
11 OAR 860-001-0720 or to appeal the Commission under ORS 756.610.

12 10. This Stipulation may be executed in counterparts and each signed counterpart
13 shall constitute an original document.

14 This Stipulation is entered into by each Stipulating Party on the date entered below such
15 Stipulating Party's signature.

Respectfully submitted this 11th day of September 2026.

CASCADE NATURAL GAS
CORPORATION

By: */s/Lucas Hamilton*

Date: September 11, 2026

350 DESCHUTES, ENERGIZE BEND,
OREGON ENVIRONMENTAL COUNCIL,
THE ENVIRONMENTAL CENTER,
CLIMATE SOLUTIONS, AND SIERRA
CLUB

By: */s/Cole Souder*

Date: September 11, 2026

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By: */s/Natascha B. Smith*

Date: September 11, 2026

OREGON CITIZENS' UTILITY
BOARD

By: */s/Claire Valentine-Fossum*

Date: September 11, 2026
