BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Joint Application of	)	
	)	
MDU RESOURCES GROUP, INC. AND CASCADE NATURAL GAS CORPORATION	)	DOCKET UG-061721
	)	
For an Order Authorizing Proposed Transaction	)	NARRATIVE STATEMENT
....	)	

1 In accordance with WAC 480-07-740(2)(a), MDU Resources Group, Inc. ("MDU Resources"), Cascade Natural Gas Corporation ("Cascade"), Staff of the Washington Utilities and Transportation Commission ("Staff"), Public Counsel Section of the Office of Attorney General ("Public Counsel"), Northwest Industrial Gas Users ("NWIGU"), The Energy Project, and Boise Cascade LLC (collectively, "the Parties" and individually, "a Party") hereby file this narrative statement regarding the Stipulation filed with the Commission on May 9, 2007 in the above docket.

Description of the Transaction

2 MDU Resources proposes to acquire all of the outstanding common stock of Cascade and Cascade would thereafter become an indirect wholly-owned subsidiary of MDU Resources (the "Transaction"). The Transaction will be completed in substantially the following manner:

a. The Transaction would be effected pursuant to a reverse triangular merger whereby MDU Resources will acquire all of the outstanding common stock of Cascade for a purchase price of $26.50 per common share or approximately $305 million in cash through Merger Sub, a subsidiary of MDU Resources formed specifically to effectuate the acquisition. At the effective time of the merger, Merger Sub will cease to exist.

b. The corporate organizational structure that MDU Resources anticipates after closing of the acquisition is set forth in the Post Acquisition Cascade Organizational Chart included as Attachment 1 to the transaction commitments.[1] Without regard to the possible use of short term bridge financing (which if used would be repaid at the time permanent financing is put into place), the following steps describe the sequence of events MDU Resources anticipates in establishing Cascade as "ring fenced" in the support of a Non-Consolidation Opinion which Cascade commits to obtain under one of the Commitments.

(i) MDU Resources will either issue new common equity or utilize other available capital resources to fund approximately $220 million for the purchase of the existing Cascade stock.

(ii) Debtco, as identified in Attachment 1 and the Stipulation, will obtain approximately $85 million of additional funds through debt financing to complete the funding for the purchase of the Cascade stock. Approximately $165 million of existing debt at Cascade will remain at Cascade and be unaffected by the merger.

(iii) Approximately $305 million will be transferred to a paying agent who will pay Cascade's existing shareholders. MDU Resources will make capital contributions to Debtco. Debtco will make capital contributions to Equico, as identified in Attachment 1 and the Stipulation, such that, upon the completion of the Transaction, Equico will then own 100% of the stock of Cascade and Debtco will own 100% of the stock of Equico.

(iv) The stock of Equico will be the asset supporting Debtco's loan of approximately $85 million. Equico is expected to be established as a bankruptcy-remote special purpose entity, and is not expected to have debt.

[1] The transaction commitments ("Commitments") are included as Appendix A to the Stipulation filed with the Commission on May 9, 2007.

(v) At least one director of Equico will be an Independent Director, as described in one of the Commitments.

c. In summary, MDU Resources plans to cause all of the common stock of Cascade to be owned by Equico, a new Delaware limited liability company and wholly-owned subsidiary of Debtco, also a Delaware limited liability company whose stock will be owned by MDU Resources. This structure and transactional flow results in the assets, liabilities and equity of Cascade remaining as presently recorded.

Procedural Background

3 On November 13, 2006, MDU Resources and Cascade (together, "Applicants") filed a joint application with the Washington Utilities and Transportation Commission ("the "Commission") for an order authorizing the Transaction. Administrative Law Judge Dennis J. Moss convened a prehearing conference on December 6, 2006, and granted interventions for NWIGU, Weyerhaeuser Company, Boise Cascade Corporation, Longview Fibre, and Cost Management Services, Inc. The Energy Project was granted late intervention on March 20, 2007 in Order 03.

4 In accordance with the procedural schedule adopted at the prehearing conference (Order 01), a technical workshop was held in Olympia on February 20, followed by a settlement conference on March 5. On March 23, 2007, Applicants submitted a Revised Application to incorporate modifications to the structure of the Transaction, as agreed upon during settlement discussions. An additional settlement conference was held in Olympia on April 5, and telephone settlement conferences occurred on March 16, April 12 and April 20. The Parties reached agreement on the principal terms of a settlement on April 20, and the Stipulation was submitted to the Commission on May 9, 2007.

Scope of Agreement

5 The Stipulation addresses all the contested issues in the proceeding, and is a global settlement under WAC 480-07-730(1), (*i.e.*, an agreement of all parties that would resolve all issues in this proceeding).

Terms of the Stipulation

6 Under the terms of the Stipulation, the Parties recommend that the Commission issue an order approving the Transaction. Approval would be subject to imposing as conditions the various Commitments set forth in Appendix A to the Stipulation. As conditioned by these Commitments, the Parties conclude that the Transaction is consistent with the public interest and recommend Commission approval. In the *Public Interest Considerations* section of this Narrative Statement, each Party provides an explanation for its conclusion that the Transaction is consistent with the public interest and its recommendation that the Commission grant authorization for the Transaction.

Transaction Commitments

7 The Commitments include proposed conditions in the following areas:

- Access to relevant information;
- Rate credits and other rate issues;
- Cascade's financial stability;
- Ring-fencing provisions;
- Cost allocation and cross-subsidization issues;
- Low-income programs;
- Quality of service measures; and
- Commitment implementation issues.

8 Several Commitments address concerns related to continued access to relevant information. Commitment 1 requires Cascade to maintain its own accounting documentation, and requires that certain financial information and filings be accessible in

Cascade's Washington office. Commitment 2 provides that financial statements and other financial books and records for Cascade shall be maintained separate from the books and records of MDU Resources. Commitment 3 addresses the access to be provided to books of account, as well as all documents, data, and records of their affiliated interests, which pertain to transactions between Cascade and its affiliated interests or which are otherwise reasonably calculated to lead to discoverable information regarding Cascade. Commitment 4 confirms that, as provided under Washington law or regulation, the Commission may audit the accounting records of MDU Resources and its subsidiaries or divisions that are the basis for charges to Cascade. Commitment 8 requires notification to the Commission in the event of certain acquisitions by MDU Resources. Commitment 15 relates to written information provided by and to credit rating agencies pertaining to Cascade. Commitment 26 pertains to access to corporate minutes. Commitment 36 requires Cascade or MDU Resources to provide a copy of any report resulting from an audit or review undertaken by any regulatory body pertaining to cost allocations and affiliated transactions involving Cascade and MDU Resources regulated operations. Commitment 18 confirms that in providing the information required under the various Commitments, neither Cascade nor MDU Resources is waiving its rights to request confidential treatment for such information.

9 With respect to rate-related issues, Commitment 11 provides rate credits for Cascade's Washington customers. Beginning November 1, 2008 and continuing through December 31, 2012, Cascade will provide annual rate credits of $672,000 to Washington customers distributed on an equal margin basis unless otherwise ordered by the Commission. Commitment 10 provides for a benchmark with respect to the level of administrative and general ("A&G") costs allocated to Cascade, and generally provides that through December 31, 2012, the allocated shared corporate costs, as well as its allocated and assigned utility division costs, will not exceed the costs that Cascade customers would otherwise have paid absent the acquisition, as adjusted for changes in the Consumer Price Index. Other Commitments addressing rate-related issues are Commitment 14, which requires Cascade to exclude all costs of the Transaction, including the acquisition premium (goodwill) and integration costs, from its utility accounts for ratemaking purposes; Commitment 17, which provides that Cascade will not advocate for a higher cost of debt or equity capital as compared to what Cascade's cost of debt or equity capital would have been in the absence of MDU Resources' ownership; and Commitment 24, which specifies the limitations governing the ability of Cascade or MDU to propose subsequent rate recovery of the acquisition premium (goodwill).

10 Several Commitments relate to preservation of Cascade's financial stability. Commitment 13 requires Cascade to maintain its debt and preferred equity separately from the financial securities of MDU Resources and its affiliates, and to maintain its own corporate credit rating separately from that of MDU Resources and its affiliates. Commitment 27 prohibits Cascade from declaring or making any dividend to MDU Resources or any other entity that owns or holds an equity interest in Cascade under specified criteria based on interest coverage ratio and debt rating. Commitment 28 sets forth additional limitations on Cascade's ability to make any dividends based on minimum equity ratios in Cascade's capital structure. Commitment 29 requires Cascade to provide notice when its dividend payment increases by 10% or more than Cascade's paid dividends for the previous quarter.

11 Several Commitments specify conditions intended to insulate Cascade's customers from any risks arising from ownership by MDU Resources. Commitment 5 prohibits any diversified holdings and investments (*e.g.*, non-utility related business or foreign utilities) of MDU Resources from being held by Cascade or a subsidiary of Cascade. Commitment 6 confirms that Cascade will operate as an indirect wholly owned subsidiary of MDU Resources and, among other things, holds Cascade's customers harmless from any business and financial risk exposures of MDU Resources or its other affiliates including Centennial Energy Holdings, Inc. ("Centennial"). Commitment 16 prohibits Cascade and its subsidiaries from making loans to, or assuming any obligation or liability as guarantor of,

MDU Resources or its subsidiaries, without the approval of the Commission. Commitment 30 pertains to a non-consolidation opinion to be provided by Cascade within three months of closing of the Transaction. This non-consolidation opinion addresses the adequacy of the ring-fencing provisions and the likelihood of a bankruptcy court in an MDU Resources bankruptcy proceeding ordering the substantive consolidation of the assets and liabilities of Cascade with those of MDU Resources. Commitment 7 addresses one of the elements necessary in order to obtain such a non-consolidation opinion, *i.e.,* the requirement that at least one director of Equico be an Independent Director.

12 With respect to cost allocation and cross-subsidization issues, Commitment 9 requires Cascade to file its Inter-company Administrative Services Agreement ("IASA") with the Commission. Commitment 12 specifies the corporate and affiliate cost allocation methodologies to be used in the IASA. Commitment 9 also provides that MDU Resources and Cascade will not contest, for ratemaking purposes, the Commission's application of an asymmetrical pricing standard for affiliate charges or costs if a readily identifiable market for the goods, services or assets exists, and if the transaction involves a cost of more than $100,000.

13 Low-income issues are addressed in Commitment 33, which provides that Cascade will continue to fund the Washington Energy Assistance Fund in accordance with the Settlement Agreement approved in Docket UG-060256; Commitment 34, which discusses the payments required by Cascade to low-income agencies for the installation of approved energy efficiency measures; and Commitment 35, which requires Cascade to meet annually with the community action agencies implementing the energy efficiency program to review program accomplishments, measure funding levels, and explore ways to improve program effectiveness. In addition, Commitment 25 provides that Cascade and/or the MDU Resources Foundation will maintain at least Cascade's current level of charitable contributions in Washington.

14 Commitments 21, 22, and 32 discuss service-related issues. MDU Resources and Cascade are required under Commitment 21 to maintain Cascade's provision of sales and distribution services to all classes of customers in a safe, reliable and prudent manner in conformity with Cascade's tariffs and obligations as a natural gas utility under state law. Commitment 22 provides for measuring and reporting certain information regarding customer service quality for calendar years 2008 and 2009, and provides a process thereafter for developing a recommendation to the Commission as to whether Cascade should continue to report this information, whether Cascade should report other information, and whether any further action is required to ensure Cascade's customer service quality. Commitment 32 generally requires Cascade to continue its current gas procurement practices.

15 The remaining Commitments discuss various implementation issues. Commitment 19 confirms that nothing in the Commitments should be interpreted to limit the Commission's authority under its statutes and rules. Commitment 20 provides a process urged by the Parties for administering and enforcing the Commitments, unless another process is provided by statute, Commission regulations or an approved Cascade tariff. Commitment 23 imposes a reporting requirement through December 31, 2012 regarding the implementation of the Commitments. Among other things, the report will provide a description of the performance of each of the Commitments that have quantifiable results. Commitment 31 is a "most favored states" provision, which provides the Commission with an opportunity and the authority to consider and adopt in Washington any commitments or conditions to which the Applicants agree or with which the Applicants are required to comply in other jurisdictions, even if such commitments and conditions are agreed to after the Commission enters its order in this docket.

Public Interest Considerations

16 The Parties agree that the Stipulation is in the public interest and provides for terms under which the Transaction satisfies the standard under Chapter 80.12 RCW and

WAC 480-143-170 for approval of the Transaction. WAC 480-143-170 provides that the Commission will deny an application if it determines that "the proposed transaction is not consistent with the public interest," which was described as a "no harm" test by the Commission in *In the Matter of the Application of PacifiCorp and Scottish Power PLC,* Docket UE-981627, Third Supplemental Order, at 2-3. In the *ScottishPower* case, the Commission noted that in mergers of this type (where there is no merger of utility operating companies), the Commission will look at MDU Resources' financial and managerial fitness to take over Cascade's operations and its ability to run those operations safely and reliably.

The Parties respectfully submit that the Transaction, if approved subject to the imposition of the Commitments described above, meets the public interest standard, and recommend that the Commission grant authorization for the Transaction to proceed.

17 The Stipulation represents a compromise in the positions of the Parties, and was entered into in order to avoid further expense, inconvenience, uncertainty and delay. By executing the Stipulation, no Party approves, admits or consents to the facts, principles, methods or theories employed in arriving at the terms of the Stipulation. No Party agrees that any provision of the Stipulation is appropriate for resolving issues in any other proceeding.

18 In the following paragraphs, each Party explains why the public interest would be served by approving the Transaction, subject to the Commitments agreed upon in the Stipulation.

<u>MDU Resources and Cascade</u>.

19 Applicants respectfully submit that the public interest would be served by approval of the Transaction, for the reasons stated in the Joint Application and as supported by the additional Commitments agreed upon through the settlement process. Applicants are agreeing to 36 Commitments in connection with approval of the Transaction that will protect the interests of Washington customers and, in fact, will result in significant benefits for

Washington customers. The Commitments generally ensure that the Commission and Parties will have access to information necessary to continue to participate effectively in the regulation and oversight of Cascade. The Commitments also provide for the measuring and reporting of certain service quality information to monitor the quality of service provided by Cascade after the Transaction. The Commitments also address cost allocation and cross-subsidization issues to ensure that Cascade's Washington customers will bear only those costs associated with providing retail gas distribution services in Washington. In addition, the Commitments contain extensive ring-fencing provisions that will protect Cascade's customers from any adverse impacts associated with Cascade's ownership by MDU Resources, and include other financial protections such as limitations on Cascade's ability to declare dividends. Apart from protecting against any adverse impacts associated with the Transaction, the Commitments also provide tangible, quantifiable benefits to Washington customers in the form of rate credits, as provided by Commitment 11.

Staff.

20 Staff believes that the Stipulation, in conjunction with the Commitments set forth in Appendix A to the Stipulation, is in the public interest under the "no harm" test established by the Commission in *In the Matter of the Application of PacifiCorp and Scottish Power PLC,* Docket UE-981627, Third Supplemental Order, at 2-3, and recommends its adoption by the Commission. In the *Scottish* Power case, the Commission noted that in mergers of this type (where there is no merger of utility operating companies), the Commission will look at MDU Resources' financial and managerial fitness to take over Cascade's operations and its ability to run those operations safely and reliably.

21 Staff believes that the prefiled testimony of MDU Resources establishes its managerial fitness to run Cascade's operations safely and reliably. In addition, the Commitments in Appendix A contain critical ring-fencing provisions that will protect ratepayers from future financial risk, including the risk of bankruptcy, upon which subject

Cascade expressly commits to obtaining a non-consolidation opinion. Other provisions protect ratepayers from the effects of affiliated interest transactions, require MDU Resources and Cascade to keep separate books, records, and assets, and require that MDU Resources and Cascade provide the Commission and Staff with access to these financial records in order for the Commission to effectively regulate Cascade.

22 Staff's concern about harm brought by costs which would not have been incurred, absent the Transaction, is satisfactorily addressed by Cascade's commitment to exclude all costs of the transaction, including acquisition premium and integration costs, from ratemaking. Further, if there are costs that Cascade incurs for improved efficiencies and are proposed for rate case consideration, Cascade commits to provide to the Commission's satisfaction a demonstration of a net benefit to customers. These commitments, in conjunction with other commitments that cap allocated costs and provide direct credits to customers, provide adequate assurance that there is no harm from the Transaction.

23 The Transaction also provides benefits to ratepayers. The Commitments in Appendix A include $672,000 in annual rate credits which may not be offset for three years, and which thereafter may be offset in a general rate case only under certain conditions. The Commitments further provide service quality provisions and low-income provisions to benefit ratepayers. Finally, the Commitments include a "most favored states" clause to enable the Commission to include more favorable provisions that may be adopted in other states, including those which may be adopted in the parallel Oregon proceeding.

Public Counsel.

24 Public Counsel believes that the Stipulation, the ring fencing provisions, and other ratepayer protections contained in Appendix A to the Stipulation are appropriate and in the public interest. Cascade and MDU Resources have committed to stronger ring-fencing provisions than those proposed in their original filing, including amending the original filing

to include a stronger ring-fencing provision. Public Counsel asks the Commission to adopt the Stipulation and Appendix A for the reasons outlined below.

25 The Commission has jurisdiction over this proposed merger, including the authority to reject the Application if it is not in the public interest. Public Counsel believes that the merger without the Stipulation, including the Commitments in Appendix A, would not be in the public interest because it would increase customer risks without offering any real countervailing benefits and protections to counteract these risks.

26 Public Counsel is concerned that without sufficient ring-fencing provisions to protect Cascade's financial exposure within the new ownership structure, the proposed merger potentially would threaten the financial health of this local regulated utility. In particular, Public Counsel is concerned that Cascade and MDU vigilantly maintain separate books, records and assets because should MDU Resources declare bankruptcy, the failure to do so could expose Cascade to serious financial harm. The Stipulation requires MDU Resources and Cascade to maintain separate books, records and assets and also provide access to MDU Resources' books and records that pertain to Cascade.

27 Another concern for Public Counsel is that the merger creates the possibility of cross-subsidy between the regulated and non-regulated businesses of MDU Resources and Cascade. This includes the possibility of an improper allocation of shared costs. To address this, the two companies are prohibited from cross-subsidizing, and must strictly adhere to multiple Commitments in this regard. First, a proper allocation of shared costs is maintained through the application of an IASA subject to review by the Commission in setting rates. MDU and Cascade also agree to follow five guiding principles for cost allocation that will be subject to review by the Commission when setting rates. In addition, through 2012, the allocation of A&G costs will be capped at an amount roughly stipulated to in the 2006 Cascade General Rate Case, and increase only by the Consumer Price Index.

28 For affiliate transactions, MDU Resources and Cascade agree to use an asymmetrical pricing standard for affiliate transactions involving the purchase or sale of goods, services or

other assets. Cascade also commits to use a bidding process for all services or products of $100,000 or greater in value or, in the alternative, provide an explanation to the Commission why such a bidding process was not used. Public Counsel believes these Commitments regarding cost allocation and affiliate transactions mitigate our concerns regarding cross-subsidization.

29 With regard to the cost of capital, Cascade agrees to hold ratepayers harmless for any increase in the cost of capital associated with the merger. Cascade will maintain separate debt and its own corporate credit rating. In the event of weakness in the capital structure, as measured by parameters specified in the Stipulation, payment of dividends can only occur upon notice to the Commission.

30 The lawfulness of the merger is also aided by the existence of a Commitment to provide $672,000, in annual rate credits to ratepayers. The rate credits will not be off-settable for three years. Thereafter, the rate credits will be fully off-settable in a General Rate Case subject to certain conditions. The credits will be provided as bill credits for each month the Commitment is in effect and will be paid out of shareholder funds.

31 Public Counsel is also worried about degradation of Cascade's quality of service to its customer as a result of the merger. To ensure service quality, the Stipulation includes measuring and reporting requirements for calendar years 2008 and 2009. These reports will be provided to the Commission, the parties to this docket and made available to the public within 90 days following the end of the calendar year. The reports will include: (1) the number of customer complaints (a) received by Cascade and (b) filed with the Commission for each calendar year; (2) the average time from a customer call to the arrival of field technicians in response to a gas emergency for each calendar year; (3) the number of missed customer appointments for each calendar year; (4) the percentage of customer disconnects due to non-payment for (a) residential customers (schedule 503) and (b) commercial customers (schedule 504) for each calendar year; and (5) beginning after the close of the merger, Cascade will report the percentage of calls answered live within sixty (60) seconds by its customer call center. In 2008, the percentage of calls answered live within fifty (50) seconds and for 2009, the percentage of calls answered live within forty (40) seconds by its customer call center. The reporting program will be reviewed after December 31, 2009, and a report will be made to the Commission recommending whether to continue the program in this or another form. Public Counsel believes the service quality reporting contained in the Commitments significantly assists MDU and Cascade in meeting the Public Interest standard.

32 Finally, the merger is assisted by a Commitment to work cooperatively with community-based organizations to deliver low-income energy assistance, provide billing assistance, and improving energy efficiency for gas-heated low-income homes.

NWIGU.

33 NWIGU supports the Stipulation in conjunction with the Commitments as set forth in Appendix A as in the public interest and urges the Commission to approve the Transaction only upon such conditions. From NWIGU's perspective, the end result of the Transaction, in conjunction with the Stipulation and its Commitments, now creates a new structure and ownership for Cascade accomplished without harm to Cascade's customers as the assets, liabilities and equity of Cascade remain as presently recorded, along with key Commitments to protect ratepayers from future financial risk coupled with the provision of express benefits in rate credits. In particular, Cascade's customers are protected from financial harm through the prevention of cost-shifting from MDU Resources and from the financial risk of bankruptcy by MDU Resources or its other subsidiaries. As the Transaction has been reconfigured through the negotiation of the Parties to the Stipulation, if approved by the Commission post acquisition, Cascade will operate as an indirect wholly owned subsidiary of MDU Resources through two intermediate holding companies. Cascade will not issue debt for the acquisition of Cascade's stock by MDU Resources. Cascade is required to maintain its own corporate credit rating separate from that of MDU Resources and its affiliates. Numerous Commitments protect Cascade and its customers by ring fencing Cascade in the event of bankruptcy of MDU Resources or its other subsidiaries, including an independent director in the intermediate holding company structure as well as the provision of a non-consolidation legal opinion. Further provisions limit Cascade's ability to make dividends to try to protect Cascade's financial health.

34 In addition to these financial protections, from NWIGU's perspective, the Stipulation and Commitments also serve to protect customers' interests as well in the affiliated interest filings requirements and pricing provisions for affiliated dealings as well as controls placed upon A&G expenses in Appendix A. Short of a change in mandates and subject only to Consumer Price Index changes, Cascade's customers are able to hold MDU Resources to a level of accountability in Cascade's A&G expenses using a benchmark level set from the recently concluded 2006 rate case through December 31, 2012. Cascade customers further benefit from $672,000 per year in rate credits on an equal percent of margin basis for five years, with the first three years of such credits not off-settable for efficiencies, and thereafter only on a prospective basis by the amount that Cascade demonstrates to the Commission's satisfaction in any general rate case that the Washington-allocated A&G expenses included in Cascade's rates are lower than the benchmark. The Stipulation and Commitments also preclude Cascade's customers from bearing the costs of the Transaction. NWIGU also finds it important that the Commitments include a general clause maintaining Cascade's provision of sales and distribution services to all classes of customers in a safe, reliable and prudent manner in conformity with its obligations to maintain sufficient physical plant, gas supply and staffing levels.

35 Finally in addition to addressing customers' financial concerns, NWIGU's procedural concerns are met through the terms of the Stipulation and Commitments. NWIGU is satisfied that appropriate and fair provision has been made for customers' access to information pertaining to the fulfillment of the Commitments in the future. As the only party to the Stipulation that is also a party to the parallel Oregon proceeding, NWIGU is also

supportive of the "most favored states" clause so that Cascade customers in both states may proceed with the protection of not being disadvantaged by whichever of the two jurisdictions may first address the issues.

The Energy Project.

36 The Energy Project supports the Stipulation (including the Commitments) and believes it is in the public interest. Having just initiated two new programs with Cascade – the energy efficiency program begun in the fall of 2005 and the energy assistance program established as an outcome of the most recent rate case – and being unfamiliar with the practices and policies of Montana-Dakota Utilities, The Energy Project was concerned about the future of the low-income assistance programs. Commitments 33, 34, and 35 address these concerns by ensuring that Cascade will continue to work cooperatively with The Energy Project and the relevant community-based organizations delivering these programs to provide bill assistance, and improve the delivery of energy efficiency to gas-heated low-income homes.

Boise Cascade LLC.

37 The Stipulation is in the public interest from Boise Cascade's perspective because the ring-fencing provisions, rate credits and other Commitments help to address potential harm to customers as a result of a change in ownership. Boise Cascade agrees with many of the statements of the other parties regarding the Transaction.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served this **NARRATIVE STATEMENT**, in Docket UG-061721, by causing a copy to be sent by electronic mail and U.S. mail to:

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Dated this 11th day of May, 2007.

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