

Wind-Down Plan Timeline

Full Settlement Agreement filed with WUTC by 2/8/08.

By 3/1/08 (or earlier if Commission approves of the settlement agreement prior to 3/1/08), Cascade will notify customers that Cascade and CGC Energy will not enter into any new contracts or renew any existing contracts. Cascade and CGC Energy will be exiting the brokering business by 10/31/08.

Cascade and CGC Energy are currently exploring a transaction in which they would transfer existing agreements for Unbundled Retail Sales to a third party marketer. Any such transfer would likely also be accompanied by a transfer of some or all of Cascade's and/or CGC Energy's interests in certain other agreements for the purchase of gas supply and pipeline transportation as they relate to the Unbundled Retail Sales. This potential transaction is referred to herein as a sale of the "Book." The term "Book" includes Cascade and CGC Energy's customer contracts, along with the underlying gas supply contracts and pipeline transportation necessary to meet the contractual obligations with the customers. The further specifics of this plan depend on whether or not Cascade and CGC Energy sell the Book.

If Cascade Retains the Book:

Customers with contracts expiring on 3/31/08 will be advised that they will need to secure gas supplies and pipeline transportation from an alternative vendor effective 4/1/08. Cascade will provide each customer with a complete list of 3rd party marketers that are currently providing this type of service in Cascade's service area.

Customers whose contract terms expire after 3/31/08 will be advised that Cascade will honor their existing contract, through the end of the contract, however, they will be required to find new sources of supply and pipeline transportation to be in place no later than 11/1/08 (or earlier if their contract expires before 10/31/08). The customers will also be informed that their existing contract with CGC Energy will be transferred back to Cascade and administered by Cascade.

Customers who have utilized Cascade's spot pool (Rate Schedule 682 service) for monthly purchases will be allowed to continue to make purchases through the spot pool until 10/31/08. These customers will be advised that they will be required to find new sources for supply and pipeline transportation by 11/1/08. Cascade will provide each spot market customer with a complete list of 3rd party marketers that are currently providing this type of service in Cascade's service area. Gas Supplies through the spot pool are provided on a best efforts basis. Customers choosing to participate in the spot pool must notify the Company of their estimated gas supply requirements 15 days prior to the upcoming month..

Cascade will continue to manage the gas supply contracts supporting these transactions through the end of the contract terms for each customer or group of customers, including the acquisition of additional supplies or the disposition of excess (unused) supplies until there is no imbalance remaining in the non-core gas supply portfolio. Many of the customers' gas supply contracts are provided on a volumetric basis. As such, the Company must estimate the volumes that will be used and to the extent the customers use more or less than the physical gas supply procured that month, there will be an imbalance.

Cascade will defer 50% of the margin generated from the activities monthly in a manner consistent with the sharing agreement reached in the UG 060256 Settlement until there is no imbalance remaining in the non-core gas supply portfolio.

The Sale of the Book Alternative:

In the event that Cascade enters into an agreement to sell the Book to a qualified third party marketer, Cascade will advise all existing customers that Cascade and CGC Energy intend to exit the gas management business and have found a qualified alternative entity to fulfill their existing contracts pursuant to the existing terms and prices through the primary term of such contract. Such notification will include the name of the replacement supplier and will seek consent of the transfer if required in the existing contract.

Upon transfer of the Book to the replacement supplier, Cascade will defer 50% of the net gain generated from the sale of the Book to be shared with customers. "Net Gain," as used in this paragraph, means (a) the gross proceeds from the transaction in which CGC Energy assigns these contracts, minus (b) the transaction costs, including but not limited to legal costs, outside consultant, other due diligence costs, travel expenses, transfer costs related to the underlying supply, imbalance and transportation contracts, capacity mitigation, and reduction in force severance payments, if any, minus (c) income taxes attributable to the transaction. In the event that the assignment includes customers located in Oregon, the resulting sum will be adjusted to reflect only the portion of the Net Gain, which is attributable to customers located in Washington. The Net Gain shared with customers will not be less than the amount of net margin plus capacity mitigation that would have been shared with customers absent such a transaction.

Upon the transfer of the Book, Cascade will dispose of any imbalance in the non-core portfolio with the acquisition of additional supplies or the disposition of excess (unused) supplies until there is no imbalance remaining in the non-core gas supply portfolio. The margin associated with such imbalance disposition will be deferred in a manner consistent with the sharing agreement reached in the UG 060256 Settlement. Many of the customers' gas supply contracts are provided on a volumetric basis. As such, the Company must estimate the volumes that will be used and to the extent the customers use more or less than the physical gas supply procured that month, there will be an imbalance.

Customers that solely participate in the spot pool will be advised that Cascade will no longer be able to provide these services after 10/31/08. These customers will be advised that they will be required to find new sources for supply and pipeline transportation by 11/1/08. Cascade will provide each spot market customer with a complete list of 3rd party marketers that are currently providing this type of service in Cascade's service area.