



April 4, 2022

Re: **Cascade Natural Gas Corporation**  
**Intermountain Gas Company**

Dear Investor:

PNC Capital Markets LLC, as Lead Placement Agent, is pleased to offer the proposed separate private placement financings for Cascade Natural Gas Corporation (“Cascade”) and Intermountain Gas Company (“Intermountain”). Cascade proposes to issue \$35 million of Senior Unsecured Notes (the “Cascade Notes”) with fixed-rate bullet maturities between 30 and 40 years from the date of funding. Intermountain also proposes to issue \$35 million of Senior Unsecured Notes (the “Intermountain Notes”) with fixed-rate bullet maturities between 30 and 40 years from the date of funding.

The net proceeds from the sale of the Cascade Notes and the Intermountain Notes will be used for general corporate purposes, including the refinancing of other indebtedness. Cascade and Intermountain each reserve the right to increase or decrease the principal amount of Cascade Notes or Intermountain Notes offered and to offer an alternative structure other than mentioned above.

Cascade Natural Gas Corporation and Intermountain Gas Company are direct wholly-owned subsidiaries of MDU Energy Capital, LLC and indirect wholly-owned subsidiaries of MDU Resources Group, Inc.

Cascade is a natural gas distribution company in Washington and Oregon and is regulated by the Washington Utilities and Transportation Commission (“WUTC”) and the Oregon Public Utility Commission (“OPUC”). Its service area is concentrated in western and central Washington and central and eastern Oregon, and serves approximately 310,000 customers in 95 communities, 67 of which are in Washington and 28 in Oregon. Cascade was founded in 1953 and is headquartered in Kennewick, Washington.

Intermountain is a natural gas distribution company in Idaho and is regulated by the Idaho Public Utilities Commission (“IPUC”). Its service area is concentrated in southern Idaho, and serves approximately 400,000 residential, commercial and industrial customers in 74 communities in southern Idaho, encompassing communities located across the Snake River Plain. Intermountain was founded in 1950 and is headquartered in Boise, Idaho.

The Cascade Notes have not been pre-rated by the Securities Valuation Office (“SVO”) of the National Association of Insurance Commissioners (“NAIC”), nor will they be rated by the SVO prior to closing. Cascade was assigned an Issuer Credit Rating of “BBB+” (stable outlook) by Standard and Poor’s on November 12, 2021, and it was assigned a Senior Unsecured Rating of “A-” (stable outlook) by Fitch on December 22, 2020. Cascade’s existing senior notes carry an NAIC 2A rating. The Intermountain Notes have not been pre-rated by the Securities Valuation Office (“SVO”) of the National Association of Insurance Commissioners (“NAIC”), nor will they be rated by the SVO prior to closing. Intermountain does not maintain a rating by S&P or Fitch, however, Intermountain’s existing senior notes carry an NAIC 2A rating.

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The Note Purchase Agreements (“NPAs”) will be reviewed by Amy Olshansky at Chapman and Cutler LLP, who Cascade and Intermountain request serve as investors’ special counsel for these transactions. The Cascade Notes and the Intermountain Notes are being offered in accordance with the drafts of the applicable NPAs. Please feel free to contact Amy Olshansky (312-845-3701 / [olshan@chapman.com](mailto:olshan@chapman.com) ) should you have any questions on the NPAs.

Cascade and Intermountain will host a management call at 3:00pm EDT (2:00pm CDT) on April 6, 2022, which investors may join using the **Dial-in: (800) 909-8315**. (A recording of the management call will also be available at 800-633-8284 passcode/reservation # 22017073 or from an mp3 file that will be posted to Syndtrak.)

PNC plans to accept bids by 11:00am EDT (10:00am CDT) on Monday, April 18, 2022 and price the transactions later that day. Cascade and Intermountain are each targeting a closing and funding date on June 15, 2022.

If you have any questions please feel free to contact any one of us, and we look forward to working with you on this financing.

Regards,

**PNC Capital Markets LLC**

Andrew Alexander  
(412) 768-6434  
(412) 889-3072

[andrew.alexander@pnc.com](mailto:andrew.alexander@pnc.com)

Valerie Shadeck  
(412) 762-6825  
(216) 513-6824

[valerie.shadeck@pnc.com](mailto:valerie.shadeck@pnc.com)

Christian Percy  
(412) 762-6831  
(914) 563-9691

[christian.percy@pnc.com](mailto:christian.percy@pnc.com)

Lauren Neugebauer  
(412) 762-9508  
(412) 400-4803

[lauren.neugebauer@pnc.com](mailto:lauren.neugebauer@pnc.com)



# CASCADE & INTERMOUNTAIN SUMMARY OF OFFERING TERMS

## PRIVATE PLACEMENT

<b>Companies/Issuers:</b>	<ul style="list-style-type: none"> <li>Cascade Natural Gas Corporation &amp; Intermountain Gas Company, each a separate issuer</li> </ul>
<b>Issue:</b>	<ul style="list-style-type: none"> <li>Senior Unsecured Notes</li> </ul>
<b>Issuance Amount:</b>	<ul style="list-style-type: none"> <li>Approximately \$35 million for Cascade &amp; \$35 million for Intermountain</li> </ul>
<b>Cascade Ratings:</b>	<ul style="list-style-type: none"> <li>S&amp;P: BBB+ (Stable) / Fitch: A- (Stable) / NAIC-2A</li> </ul>
<b>Intermountain Rating:</b>	<ul style="list-style-type: none"> <li>NAIC-2A</li> </ul>
<b>Tenor:</b>	<ul style="list-style-type: none"> <li>30 or 40-year fixed rate bullet maturities, with the right to entertain alternative maturities</li> </ul>
<b>Ranking:</b>	<ul style="list-style-type: none"> <li>Pari passu with each Issuer's existing and future senior unsecured debt obligations</li> </ul>
<b>Use of Proceeds:</b>	<ul style="list-style-type: none"> <li>Net proceeds will be used to refinance existing indebtedness and for general corporate purposes</li> </ul>
<b>Key Financial Covenants:</b>	<p>Covenants to be similar to each Issuer's other indebtedness, including:</p> <ul style="list-style-type: none"> <li>Total debt to total capitalization not to be greater than 65%</li> <li>Minimum Interest Coverage Ratio not to be less than 1.50 to 1.00</li> <li>Priority Debt not to exceed 15% of Adjusted Total Capitalization</li> </ul>
<b>Governing Law:</b>	<ul style="list-style-type: none"> <li>New York</li> </ul>
<b>Sole Placement Agent:</b>	<ul style="list-style-type: none"> <li>PNC Capital Markets LLC</li> </ul>
<b>Investors' Counsel:</b>	<ul style="list-style-type: none"> <li>Chapman and Cutler LLP (Amy L. Olshansky - Email: olshan@chapman.com; Phone: (312) 845-3701)</li> </ul>
<b>Funding:</b>	<ul style="list-style-type: none"> <li>June 15, 2022</li> </ul>

# TRANSACTION TIMELINE

## PRIVATE PLACEMENT

Timing	Key Dates
Launch	April 4 <sup>th</sup>
Investor conference call	April 6 <sup>th</sup>
Bids due	April 18 <sup>th</sup> 11am ET/10am CT
Pricing date	April 18 <sup>th</sup> (Afternoon)
Target closing and funding date	June 15 <sup>th</sup>

**April 2022**

S	M	T	W	T	F	S
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**May 2022**

S	M	T	W	T	F	S
1	2	3	4	5	6	7
7	8	9	10	11	12	13
13	14	15	16	17	18	19
19	20	21	22	23	24	25
25	26	27	28	29	30	31

**June 2022**

S	M	T	W	T	F	S
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Holiday  Key Dates