

**NATURAL GAS TRANSPORTATION DISTRIBUTION SERVICE CONTRACT**  
BETWEEN  
**CASCADE NATURAL GAS CORPORATION**  
AND  
**PUGET SOUND ENERGY, INC.**

This Special Contract ("Contract") dated as of May 10th, 2023, sets forth the agreement between CASCADE NATURAL GAS CORPORATION ("Cascade") and PUGET SOUND ENERGY, INC. ("Puget") for transportation distribution service by Cascade for all natural gas ("Gas") to be delivered by Cascade to Puget's Fredonia electric power generation facility ("Fredonia"). Together Cascade and Puget are sometimes referred to as the "Parties" and individually as "Party".

**1. GAS TRANSPORTATION DISTRIBUTION SERVICE.**

1.1. **Nature of Transportation Service.** Service under this Contract shall be consistent with the terms and conditions as established in Cascade's Distribution System Transportation Service Schedule No. 663 ("Schedule 663") on which Puget receives service. Priority of service will be based on Schedule 663 as identified in Rule 17; for the avoidance of doubt, this Contract shall not be given priority as a special contract under Rule 17. The Schedule and Rule are a part of Cascade's Washington Tariff on file with the Washington Utilities and Transportation Commission ("WUTC"). During the Primary Term and any Extended Term, as defined herein, all Gas used by Puget at Fredonia shall be delivered by Cascade under this Contract.

1.2. **Periods of Service.** This Contract covers service within two periods:

1.2.1. **Service Period 1.** Service Period 1 will extend from the Effective Date, as defined below, until the last day of the month following Cascade's completion of a Facility Upgrade, also as defined below. Service will be provided up to a Contract Demand ("CD") of 640,000 therms per day during the months of October through June, and 820,000 therms per day during the months of July through September. Service above the level of 360,000 therms per day will be interruptible based on the availability of Cascade's compressor station located on Puget's Fredonia property as described in Paragraph 8.

1.2.2. **Service Period 2.** Service Period 2 will extend from the first day of the month following the completion of the Facility Upgrade until the termination of this Contract. Service will be provided up to a CD of 820,000 therms per day for all months of the year. Service above the level of 580,000 therms per day will be interruptible based on the availability of Cascade's compressor station located on Puget's Fredonia property as described in Paragraph 8.

1.3. **Hourly Maximum.** The maximum amount of transportation distribution service which Puget is entitled to receive in any one (1) hour is equal to 1/24th of the daily volumes described in this Contract.

2. **FACILITY UPGRADE.** Cascade's planned Facility Upgrade consists of approximately six (6) miles of 20-inch diameter steel pipe looping Cascade's existing 16-inch diameter transmission line (the "Facility Upgrade"). Cascade will use reasonable efforts to complete the Facility Upgrade by December 31, 2024. Cascade reserves the right to modify the details and design of the Facility Upgrade at its discretion. Cascade, in its sole discretion, shall determine when the Facility Upgrade is complete.
3. **TERM.** This Contract shall become effective on the first day of the month following its approval by the WUTC (the "Effective Date") and shall continue for a Primary Term ending on December 31, 2035. The Term shall automatically renew on a year-to-year basis following the Primary Term (the "Extended Term") unless it is terminated by either Party giving three hundred sixty-five (365) days' advance written notice to the other Party of its intention to terminate this Contract at the conclusion of the Primary Term or subsequent anniversary. Term shall refer to the Primary Term and any Extended Term.

This Contract shall supersede and cancel the following: Agreement for Natural Gas Service with Cascade Natural Gas Corporation (Washington), dated effective June 30, 2022, between the Parties.

4. **RATE.** Rates under this Contract shall be in accordance with Schedule 663, as it may be updated from time to time. Puget's CD Charge under this Contract shall be set as follows:
  - 4.1. **Service Period 1.** The CD Charge as discussed in Paragraph B of Schedule 663 will be based on a reservation of 360,000 therms per day.
  - 4.2. **Service Period 2.** The CD Charge as discussed in Paragraph B of Schedule 663 will be based on a reservation of 580,000 therms per day.
5. **PROPERTY ACCESS AND OCCUPANCY.** Puget agrees to grant Cascade a permanent easement providing the exclusive right to install, operate, modify and maintain natural gas compression and related facilities and equipment on Puget's Fredonia property and provide Cascade with reasonable access for personnel and equipment to such property. Puget will make no charge for the use of the Fredonia property occupied by Cascade's equipment or required for access rights. The area will be free of all other underground and overhead utilities or structures. Puget shall furnish, at its cost, access to power and telephone lines for Cascade's use in connection with the service hereunder. The easement area made available to Cascade for the compression equipment and associated piping will be an area extending 100 feet adjacent to the north Puget property boundary bordering Overnell Road and extending approximately 105 feet to the south. This area is to be described within a separate and independent easement document executed by the Parties.
  - 5.1. Notwithstanding any terms to the contrary, all costs incurred by Puget or Cascade under the *AGREEMENT AND EASEMENT FOR INGRESS, EGRESS, GAS COMPRESSOR AND OVERHEAD AND UNDERGROUND UTILITIES* between Puget Sound Energy, Inc. and Cascade Natural Gas Corporation, dated April 9<sup>th</sup>, 2002 ("Easement") are the sole responsibility of Puget.
  - 5.2. Cascade shall have the right of continued unlimited access and occupancy upon

termination of this Contract in order to continue to operate and maintain the compressor equipment as long as, in Cascade's sole opinion, it is required to maintain service to other Cascade customers downstream of Fredonia.

5.3. Cascade shall have the unrestricted right to enter onto Puget's Fredonia property, provided under the Easement, at any time for any purpose connected with providing transportation distribution service under this Contract and/or to provide service to other Cascade customers downstream of Fredonia.

5.4. Puget shall furnish electrical power, at its cost, for Cascade's use in connection with the service hereunder.

6. **REGULATORY APPROVAL.** This Contract and the service furnished hereunder is subject to approval by the WUTC. Cascade shall, within 30 days of the date of execution of this Contract, apply for regulatory approval of this Contract from the WUTC. Puget agrees to support Cascade in the application for regulatory approval of this Contract and shall cooperate fully with Cascade in any proceeding instituted thereupon. If regulatory approval as described above has not been obtained by July 31, 2023, either party may terminate this Contract upon written notice to the other Party on or within thirty (30) days following July 31, 2023. The Parties may extend by written agreement (i) the date for receipt of WUTC approval, or (ii) the date by which the right of termination set forth above may be exercised. To the extent that any modification, amendment, or extension of this Contract requires regulatory approval, such modification, amendment, or extension shall not be effective until such approval has been obtained in a form satisfactory to both Parties, as evidenced by their written agreement.

7. **DELIVERY PRESSURE.** Cascade shall make all deliveries hereunder at unregulated pressures not less than 305 pounds per square inch, gauge ("psig"); provided, however, that Cascade shall not be deemed to be in breach of this delivery pressure obligation in the event that, at any time, the pressure at which Cascade receives natural gas at the point of interconnection with Williams Northwest Pipeline in Sedro Woolley, Washington falls below 550 psig.

8. **COMPRESSOR OPERATIONS.** Puget acknowledges that the operation of Cascade's natural gas system, while providing service to Puget at the quantities agreed to herein, is dependent on the operation of Cascade's compressor station located on Puget's Fredonia property. Puget agrees to reduce consumption at Fredonia to a level that, in Cascade's sole opinion, is necessary to maintain service to other Cascade customers, downstream of Fredonia, during periods of planned or unplanned outages of the Cascade compressor when directed to by Cascade. Reductions shall be as follows:

8.1. **Service Period 1.** Puget shall reduce its consumption at Fredonia to a maximum level of 360,000 therms per day.

8.2. **Service Period 2.** Puget agrees to reduce consumption at Fredonia to a maximum level of 580,000 therms per day.

Failure to reduce Fredonia consumption to or below the level requested by Cascade within

fifteen (15) minutes after receiving such a request will cause Puget to be liable for claims and costs, including attorney's fees, loss of margin to Cascade and all costs incurred by displaced Cascade customers for alternate fuels associated with Cascade's inability to provide firm contracted service to customers beyond Fredonia. Customers beyond Fredonia are defined as those customers, or their successors, receiving or contracted to receive firm service from Cascade, under any valid tariff or contract, through Cascade facilities downstream of the Fredonia facility as of the effective date of this Contract. Downstream is determined by the direction of the physical flow of the natural gas in Cascade facilities as it leaves the Fredonia site.

9. **TERMS AND CONDITIONS.**

9.1. **Notices.** Notices under this Contract shall be sent to:

a. Puget Sound Energy

Mailing Address: Puget Sound Energy  
Attention: Kevin Foley  
2380 116<sup>th</sup> Ave NE Suite 201  
VER02W  
Bellevue, WA 98004

Telephone: (425) 462-3103  
Facsimile: (425) 462-3836  
Email: kevin.foley@pse.com

b. Cascade Natural Gas Corporation

Mailing Address: Cascade Natural Gas Corporation  
Attention: Dustin Knowles  
1520 S. 2<sup>nd</sup> Street  
Mount Vernon, WA 98273

Telephone: (360) 336-3956  
Email: dustin.knowles@cngc.com

Either Party may change its address by written notice to that effect to the other Party. Notices given hereunder shall be deemed to have been effectively given upon delivery, if sent by email or overnight delivery, or five business days after deposit when deposited with the United States Postal Service, with postage prepaid and directed to the post office address of the Parties as set out above.

9.2. **Invoices.** Cascade's invoice shall be rendered on a calendar month basis. All invoices for Gas sold and/or delivered hereunder are due and payable as of the billing date and delinquent or past due fifteen (15) days thereafter. All payments of such invoices shall be made:

By electronic funds transfer to:

US Bank  
Bank Routing Number: 125000105

For credit to:

Cascade Natural Gas Corporation  
Bank Account Number: 153503208586

With the exception of electronic funds transfer, all invoices, payments, and notices shall be sent to the addresses set forth in paragraph 13.1b above unless otherwise specified in writing.

- 9.3. **Constraint Periods.** This service is subject to curtailment. The terms and conditions, as well as penalties for unauthorized use of gas during a curtailment period, are established in Cascade's Washington Tariff. This service may be subject to entitlements; the terms of which, as well as penalties for unauthorized use during an entitlement period, are established in Cascade's Washington Tariff.
- 9.4. **Disconnection for Non-Compliance to Curtailment Order.** Service may be disconnected if Puget fails to comply with a curtailment order of reducing usage in a stated time frame and such failure to comply jeopardizes the Cascade's ability to provide service to other customers higher in the priority of service as identified in Rule 17 of Cascade's Tariff. Cascade will attempt to contact Puget prior to disconnection. If the attempted contact is unsuccessful, disconnection of service may still occur.
- 9.5. **Notices for Constraints.** All notices for curtailments and entitlements shall be issued as indicated in Paragraph 9.1.
- 9.6. **Applicable Rules and Tariffs.** This Contract is subject to all rules and regulations as established in Cascade's Washington Tariff, as filed with the WUTC. The Tariff, which is subject to change from time to time, is by reference part of this Contract and is available at [www.cngc.com](http://www.cngc.com). Cascade shall not be prohibited from filing changes to its tariffs.
10. **CONFIDENTIALITY.** Cascade and Puget agree that the terms of this Contract shall be kept strictly confidential, except to the extent (i) required by applicable law or regulation; (ii) required to obtain WUTC approval; (iii) either Party discloses pertinent information concerning this Contract to its affiliates, agents, consultants, attorneys, lenders, underwriters or regulators within the normal course of business; and (iv) the release of a mutually agreeable summary of contract terms. If either Party makes such disclosure, it shall advise the affiliates, agents, consultants, attorneys, lenders, underwriters or regulators that the information disclosed is strictly confidential.
11. **SUCCESSORS AND ASSIGNS.** Any company which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of either Cascade or Puget, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract. Otherwise, no assignment of this Contract

or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Puget in the event of an assignment by Cascade, or the written consent thereto of Cascade in the event of an assignment by Puget, which consents will not be unreasonably withheld.

- 12. **MODIFICATION.** No modification of the terms and provisions of this Contract shall be made except by the execution of written amendments executed by authorized representatives of Puget and Cascade.
- 13. **SEVERABILITY.** If any provision hereof shall be found to be inoperative or in violation of any law or regulation, only that provision shall be deleted from this Contract, and the remainder of this Contract shall not be affected.
- 14. **LAW GOVERNING; VENUE.** The laws of the State of Washington shall govern this Contract and the rights and the obligations of the Parties hereunder, and in the event of any action brought hereunder, venue shall be proper in the County of King, State of Washington.
- 15. **INDEMNIFICATION.** Each Party will indemnify, defend and hold harmless the other Party and its officers, employees and agents from any and all claims, suits, actions, damages, costs (including, without limitation, reasonable attorney's fees) or liabilities to the extent arising from the indemnifying Party's (a) failure to perform its obligations hereunder, or (b) breach of its representations or covenants hereunder.
- 16. **LIMITATION OF LIABILITY.** A PARTY'S LIABILITY UNDER THIS CONTRACT SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES, INCLUDING NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Contract to be duly executed by their proper officers thereunto duly authorized as of the date first herein above written.

**CASCADE NATURAL GAS CORPORATION**

Signature: \_\_\_\_\_  
 By: Scott Madison  
 Title: EVP, Business Development/Gas Supply  
 Date: 5/10/23

**PUGET SOUND ENERGY, INC.**

Signature: Ron Roberts  
Digitally signed by Ron Roberts  
 Date: 2023.05.09 12:19:17  
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 By: Ron Roberts  
 Title: VP, Energy Supply  
 Date: 5/9/23