Exh. HG-1HCT

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. CASCADE NATURAL GAS CORPORATION, Respondent.	**DOCKET UG-260127**

CASCADE NATURAL GAS CORPORATION

DIRECT TESTIMONY OF HART GILCHRIST

May 29, 2026

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Hart Gilchrist, and my business address is 8113 West Grandridge Boulevard, Kennewick, Washington 99336.

Q. By whom are you employed, for how long, and in what capacity?

A. I am employed by Cascade Natural Gas Corporation ("Cascade" or "Company"), a wholly owned subsidiary of MDU Resources Group, Inc. ("MDU Resources"), as Vice President of Business Development and External Affairs. In this capacity, I am responsible for strategic business development efforts, focusing on advancing renewable energy initiatives and fostering relationships with industrial clients and facilitating productive collaboration and advocacy with federal, state, and local government stakeholders.

Q. Please briefly describe your educational background and professional experience.

A. I hold a Bachelor of Science degree in Finance and Marketing from the University of Idaho and a Master of Business Administration from Boise State University. I serve on the boards of Northwest Gas Association, Gas Technology Institute Utilization Technology Development, and Association of Washington Business. I began working for Intermountain Gas in 1994 as an Engineering Technician and have been in my current role since January 2025. Prior to advancing into my current role, I held numerous positions in operations.

II. SCOPE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your Direct Testimony in this docket?

A. My Direct Testimony addresses high-level considerations related to the regulatory and policy landscape into which Cascade is filing this rate case. Cascade is proposing a

two-year multiyear rate plan ("MYRP") in this case. I discuss the steps Cascade will take to continue to comply with the Climate Commitment Act ("CCA") during the proposed MYRP and the impacts CCA compliance will have on Cascade's customers.

My Direct Testimony highlights the Company's ongoing efforts to support Washington's greenhouse gas ("GHG") emission reduction goals and comply with the CCA while also meeting its duty to serve customers in Cascade's Washington service territory. In this testimony, I will demonstrate that Cascade understands its role as a contributor to the achievement of the state's GHG emissions reduction commitments and that the Company is dedicated to utilizing its existing assets and deploying new assets to support statewide decarbonization efforts. Cascade commits to continue to explore opportunities to decarbonize the Company's operations and support customers in decarbonizing their energy usage in the most cost-effective and equitable manner possible.

Q. Please outline the content of your Direct Testimony.

A. First, I provide a high-level overview of Cascade's historical decarbonization efforts and the steps Cascade is taking to further decarbonize. Second, I discuss the current policy and regulatory landscape for gas utilities in Washington, explain the CCA, and describe how the CCA is impacting Cascade. Third, I discuss new decarbonization measures that complement cap-and-invest allowance purchases. In this section, I describe the strategy that Cascade is pursuing to meet CCA compliance obligations, including direct investments in durable decarbonization measures. Finally, I provide testimony supporting the cost recovery of decarbonization measures in this case.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes, I sponsor the following exhibits:

- Exh. HG-2 WA Energy Consumption 2023, Lawrence Livermore National Laboratories (December 2025)
- Exh. HG-3 E3 Final Report, Resource Adequacy and the Energy Transition in the Pacific Northwest (April 2026)
- Exh. HG-4 2026 PNUCC Northwest Regional Forecast (April 2026)
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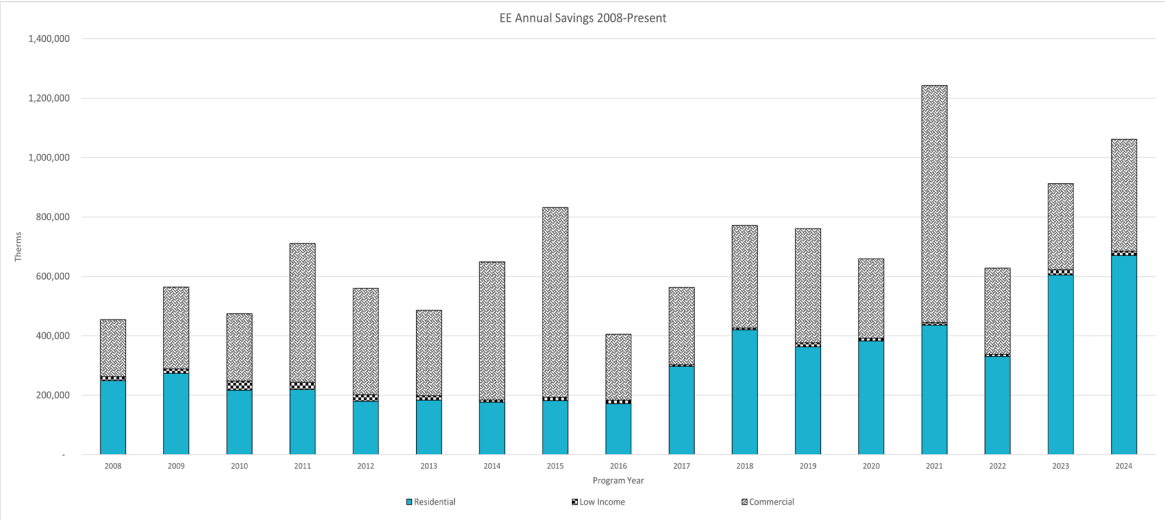
III. OVERVIEW OF CASCADE'S HISTORY OF DECARBONIZATION EFFORTS AND STEPS BEING TAKEN TO FURTHER DECARBONIZE

Q. Please describe Cascade's history with respect to decarbonization efforts.

A. Cascade is not new to decarbonizing its operations and providing decarbonization solutions for customers. The Company has been actively involved in deploying energy efficiency initiatives for almost two decades. As illustrated below in Figure 1, between 2008 and 2024, Cascade saved 11,738,362 therms for customers through energy efficiency programs: 46 percent of the therm savings were realized by residential customers, 52 percent were realized by commercial and industrial customers, and two percent by low-income weatherization customers.

Figure 1 – Energy Efficiency Annual Savings



Q. Are other decarbonization efforts being undertaken?

A. Yes. In 2023, Cascade's parent company, MDU Resources, set a methane emissions reduction target of 30 percent lower than 2022 levels by 2035, across the entirety of its natural gas utility segment. This 2035 target is focused on reducing emissions associated with fugitive methane leakage in the natural gas system, which accounts for approximately 10 percent of MDU Resources' Scope 1 GHG emissions.[1]

Q. In what ways is the CCA changing how Cascade serves its customers?

A. By quantifying the value of GHG emissions associated with the use of energy across the state, something that was previously an externality in the system, the CCA is changing the way Cascade serves customers. While not every investment will reduce GHG emissions, Cascade endeavors to make investment decisions that serve customer interests, comply with policy and regulatory imperatives, further equity, and enhance the affordability, safety, and resilience of the energy system. As Cascade endeavors to

[1] Scope 1 GHG emissions is a defined term for direct emissions from sources that an organization owns or controls in the World Resources Institute and World Business Council for Sustainable Development's "About GHG Protocol," accessed here: https://ghgprotocol.org/about-us.

meet the CCA requirements while providing service to its customers, the Company is currently developing a diversified portfolio of decarbonization measures to achieve compliance. Procuring Washington Carbon Allowances, both through the Washington cap-and-invest allowance auctions and secondary market transactions, is an important component of Cascade's strategy for achieving near-term CCA reduction targets. Additionally, Cascade has begun purchasing Washington Carbon Offsets ("WCOs") from projects that have been verified to be eligible for compliance to meet CCA targets. Finally, Cascade believes it should simultaneously consider making durable, direct capital investments in targeted decarbonization measures that will benefit Cascade ratepayers and all Washington residents and businesses by contributing to Washington's GHG emissions reduction goals.

As part of this transition to a decarbonized energy system, Cascade firmly believes that targeted investments to: (a) utilize existing assets more efficiently; (b) decarbonize the Company's fuel supply; and (c) deploy new low-carbon assets, will be in the best interests of customers and all Washington residents. Executing the transition to a decarbonized system will result in changes to the ways all customers interact with their energy service providers. As such, we expect that customers' service needs will change, and Cascade will need to respond dynamically and flexibly to provide new solutions that serve all customers' changing needs and expectations.

Q. What steps is Cascade taking to support Washington's GHG reduction goals?

A. As discussed in more detail below, Cascade is currently undertaking a comprehensive planning exercise to determine how best to utilize its knowledge and assets to support Washington in achieving the statewide GHG emissions reduction targets. Cascade's

intent is to proactively formulate a plan for making durable, direct capital investments in decarbonization measures that could prove more impactful than allowance and offset purchases over the long term. Early results from this analysis are already informing projects that the Company could invest in to support statewide decarbonization efforts as we move through 2027. Examples of potential capital investment initiatives Cascade is analyzing to support system decarbonization, in no order of preference of pursuit, include:

1. Developing low-carbon fuel production;
2. Developing thermal energy networks; and
3. Encouraging the deployment of hybrid heating systems.

These decarbonization measures are described in more detail later in my testimony. And as noted earlier, while purchasing offsets and allowances represent the least-cost compliance options at the present time, going forward Cascade intends to seek an optimal balance between these purchases and durable, direct capital investments in decarbonization measures that deliver environmental, social, and customer benefits while managing the cost impact to Cascade's customers over the long term.

IV. CASCADE IS FOCUSED ON COMPLYING WITH THE CCA WHILE ALSO MEETING ITS DUTY TO SERVE CUSTOMERS

Q. Please describe the value that the gas delivery system provides to the Washington decarbonization efforts, including resilience and reliability.

A. The gas delivery system is an integral part of the energy system in Washington. In 2023, natural gas supplied nearly 25 percent of total economy-wide energy consumption in Washington, including nearly 28 percent of total energy used for

electricity generation, and about 37 percent of total energy used in residential applications.[2] Further, natural gas provides inherent storage capabilities and reliability benefits, and accordingly, plays an important role in decarbonization efforts. Although decarbonization policies—including the CCA—envision electrification of end uses and a concurrent transition to renewable electricity resources as the path to emissions reduction in the energy sector, natural gas is needed to ensure that decarbonization can occur without compromising reliability for energy users.

In a recent study, the energy consulting firm E3 reported that, due to accelerated growth in electric load coupled with challenges limiting development of new generation, transmission, and battery storage resources, the Pacific Northwest will experience a resource gap of nearly nine gigawatts ("GW") by 2030.[3] The Pacific Northwest Utilities Conference Committee ("PNUCC") reported similar findings in its 2026 Northwest Regional Forecast, adding that the resource gap could grow to 12 to 13 GW by 2035, and that existing and currently planned resources will not meet that need.[4] The projected resource gap also means that the ability of the electric system to accommodate increased demand will be compromised at critical times. For instance, demands on the electric system are highest during the winter heating season, when renewable generation resources may be substantially limited or unavailable due to environmental conditions. Factors that exacerbate that demand are increased electrification of residential heating and increased reliance on renewable generation

[2] Gilchrist, Exh. HG-2.
[3] Gilchrist, Exh. HG-3 at 13.
[4] Gilchrist, Exh. HG-4 at 5-6.

resources.[5] Under those conditions, an extreme weather event like a winter cold snap risks pushing the electric system beyond its ability to meet peak demand, causing blackouts when energy users need light and heating most.

The gas system plays a critical role in mitigating those risks. Hybrid residential space heating systems using both electric and gas appliances can reduce pressure on the electric grid on the coldest days and provide residential energy users with a reliable backup if electric systems do fail.[6] Leveraging the gas system to mitigate those risks requires coordination between gas and electric utilities to visualize the interdependencies between the two industries and facilitate joint system planning.[7] Efforts to improve coordination are already underway, including an initiative of the Northwest Gas Association, PNUCC, and other industry groups aimed at ensuring reliability, affordability, and resilience in the clean energy transition.[8]

The gas system further provides a fuel source for end uses that cannot reasonably be electrified. As decarbonization policies are implemented, some natural gas can come from other carbon-neutral sources, such as renewable natural gas ("RNG"). RNG uses the same gas infrastructure as fossil gas, so continuously and properly maintaining gas infrastructure is not only required to provide safe, reliable service now, but is also necessary to ensure that developing resources like RNG can continue to be deployed. Thus, ensuring the viability of natural gas utilities as

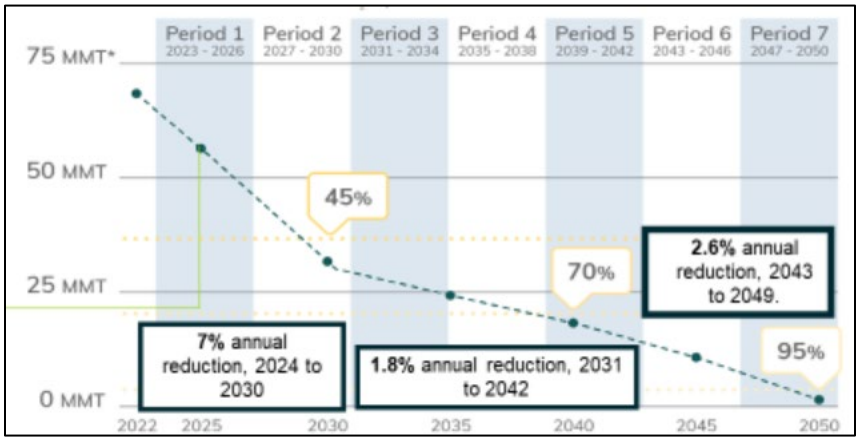
[5] Gilchrist, Exh. HG-4 at 8 ("[R]eplacing natural gas used for heating during winter peak demand… will add pressure to an already strained system by shifting additional load onto the electric system during its most constrained periods.").
[6] Gilchrist, Exh. HG-3 at 19, 45.
[7] Gilchrist, Exh. HG-4 at 8, 17; Exh. HG-3 at 57.
[8] Gilchrist, Exh. HG-5 at 1.

businesses and service providers is crucial to the continued progress toward an equitable energy transition.

Q. What emissions reductions are mandated for Cascade under the CCA?

A. Figure 2, below, provides an illustration of the Company's emissions reductions requirements under the CCA through 2050.

Figure 2 – Projected Emissions Cap Over Time[9]



Q. What decarbonization strategies will Cascade deploy to meet the requirements of the CCA as a regulated entity?

A. To meet the CCA targets, Cascade must reduce GHG emissions by purchasing allowances to cover emissions, and/or purchasing offsets. Cascade will primarily achieve near-term compliance through cap-and-invest allowance auction purchases. In the long-term, Cascade plans to make capital investments to reduce emissions across its facilities, which will also help to reduce reliance on allowance purchases.

[9] The CCA sets forth requirements for statewide GHG emissions reductions, progressing from a cap of "50,000,000 metric tons, or 45 percent below 1990 levels" by 2030, RCW 70A.45.020(1)(a)(ii), to "5,000,000 metric tons, or 95 percent below 1990 levels" by 2050, RCW 70A.45.020(1)(a)(iv), and outlines additional requirements for meeting those targets. RCW 70A.45.020.

Achievement of the MDU Resources-wide 2035 methane reduction goal through the implementation of Picarro, an advanced mobile leak detection and monitoring system, will also support Cascade's compliance with the CCA as a regulated "facility." Implementing Picarro will support Cascade's efforts to mitigate leaks and quantify and report company-specific methane emissions to the Washington State Department of Ecology to demonstrate emissions reductions and ultimately lower Cascade's reliance on allowance purchases.

Q. Describe Cascade's CCA compliance cost recovery filings submitted to date.

A. The Company has submitted three advice filings to recover CCA compliance costs to date, including a recent application requesting recovery of CCA costs with a proposed effective date of June 1, 2026.[10] The CCA compliance costs included in each application exceed $100 million and are not included in base rates in this case. The rates associated with the costs, as well as the benefit amounts due to the no-cost allowances, are in the Company's tariff Schedule 700, Climate Commitment Act (CCA) Rate Adjustment.

Q. What will be the customer impact to financial affordability resulting from the current policy and regulatory landscape?

A. Overall, Cascade customers will experience bill increases resulting from the implementation of CCA, although the CCA provides protections for low-income residential customers. As outlined in RCW 70A.65.130(2)(a), revenues from the sale

[10] *In re the Petition of Cascade Nat. Gas Corp. To Approve Tariff Revs. Regarding Climate Commitment Act*, Docket UG-240141, Order 01 Allowing Tariff to Go Into Effect, Subject to Conditions ¶¶ 1, 9 (May 23, 2024) (approving Cascade's March 1, 2024, filing to add Schedule 700 subject to Staff's two conditions); *In re Cascade Nat. Gas Corp. Tariff Rev., Tariff No. WN U-3*, Docket UG-250214, Open Meeting Memo at 1 (May 22, 2025) (recommending that the Commission take no action and allow the Company's tariff, filed March 31, 2025, to go into effect); Docket UG-260212, Cascade's Initial Filing (Mar. 31, 2026).

of no cost allowances must "at a minimum eliminat[e] any additional cost burden to low-income customers[.]"

V. CASCADE IS PLANNING NEW DECARBONIZATION MEASURES THAT COMPLEMENT CAP-AND-INVEST ALLOWANCE PURCHASES

Q. Please describe the decarbonization planning process Cascade is undertaking to fulfill CCA compliance and address the business and financial impacts to Cascade.

A. Driven by the current state energy policy described above, Cascade is undertaking a planning exercise to manage the financial impact on the Company's customers and business while meeting the state climate goals. Through this exercise, Cascade is strategizing how to best meet the emissions reduction targets of the CCA by utilizing a combination of allowance purchases, offset purchases, and durable, direct capital investments. As outlined above, the near-term investments that Cascade will make to meet CCA compliance requirements—primarily purchasing allowances in the cap-and-invest market—will result in cost increases for Cascade customers.

Meanwhile, the Company is strategizing ways to make direct investments in a diversified portfolio of durable decarbonization measures that will limit impacts to customers in the future and support a cost-effective transition to a low-carbon energy system for Washington's residents and businesses.

Q. What are the advantages of Cascade investing in capital projects and programs in addition to allowance purchases?

A. Investing directly in durable, targeted decarbonization measures alongside allowance purchases will transform the role of the natural gas utility. While carbon allowance purchases allow CCA-covered entities to comply, they do not directly mitigate the natural gas utility's GHG emissions. By meeting the CCA requirements through

durable, direct investments in targeted decarbonization measures, Cascade will continue to provide vital energy services to customers while being an important part of Washington's decarbonized energy solution.

Q. How will Cascade's decarbonization planning effort support the financial resiliency of Cascade's utility operations while complying in full with the State of Washington's policy and regulatory mandates?

A. Cascade believes that a rigorous planning effort is needed to achieve best-cost decarbonization while also maintaining the Company's financial strength. The outcome of the planning effort will provide Cascade with a trajectory that will enable the continued financial strength and stability of the business while also complying with existing policy mandates. The stability of the business is of high importance for both Cascade and its customers. Cascade has a duty to serve customers in its service territory, and customers depend on Cascade to meet their energy needs. Cascade must be financially stable to meet customers' energy needs while also investing in the decarbonization of its system. Please see the Direct Testimony of Stephanie A. Sievert (Exhibit SAS-1T) for further discussion of the importance of Cascade's financial stability in ensuring the Company can provide safe and reliable service at just and reasonable cost to customers. Future business planning will align with solutions that support Washington's decarbonization policy efforts while taking into account customer impacts.

Q. What are the decarbonization strategies that Cascade is exploring to meet the requirements of the CCA as a natural gas supplier?

A. In the early years, Cascade will achieve CCA compliance primarily by purchasing allowances through the Washington cap-and-invest auctions and secondary market transactions. Additionally, the Company plans to evaluate procurement of WCOs up to the program limit of five percent of emissions from projects sited on non-tribal lands, and an additional three percent from projects sited on tribal lands, if available.[11] Cascade will also evaluate the use of Golden WCOs, which are a specific type of WCO where the seller agrees to replace the offset if they are invalidated by Washington's Department of Ecology, first with replacement offsets, and then if those are invalidated, with allowances. This shifts the risk of project invalidation from the Company to the seller of the offset.

As of April 2026, Cascade has made significant progress towards its Compliance Period 1 procurement goal. Cascade has also begun introducing RNG as a low-carbon fuel option for customers. As noted earlier, the Company is in the initial stages of implementing a portfolio of decarbonization measures—including capital projects and programs—that it can deploy to meet CCA emissions reduction targets over time. This work is ongoing and will chart a path forward for Cascade to support achieving the State of Washington's decarbonization goals.

[11] RCW 70A.65.170(3)(a) (providing that "[a] total of no more than five percent of [the] compliance obligation during the first compliance period may be met by transferring offset credits, regardless of whether or not the offset project is located on federally recognized tribal land); RCW 70A.65.170(3)(e)(i) (limiting transfers of offset credits from projects on tribal land to "an additional three percent" for the first compliance period). The "first compliance period" ends on December 31, 2026. WAC 173-446-030(1).

Q. What categories of decarbonization measures is Cascade exploring?

A. The primary solutions Cascade is exploring as part of this process include the following three decarbonization measure categories:

1. **Developing Low-Carbon Fuel Production:** Low-carbon fuels ("LCF"), such as RNG, offer decarbonization benefits while leveraging existing natural gas distribution infrastructure and limiting the burden on customers to make significant investments in replacing end-use equipment. Cascade currently has three RNG projects operating on its system that were put into service prior to 2026. As described in greater detail below, Cascade is currently working on three additional RNG-related projects, including one production facility. Cascade continues to explore opportunities to make additional direct investments in LCF production facilities. By owning the facilities, Cascade can secure long-term access to LCF supply and limit exposure to long-term risk of LCF price volatility, providing more security in costs for our customers.
2. **Developing Thermal Energy Networks:** Community geothermal and thermal energy networks offer an efficient way for customers to meet heating and cooling needs while curtailing GHG emissions at the point of use. Although geothermal heating systems can offer very low operating costs, the underground pipe infrastructure can be overly costly to serve a single customer. Cascade is exploring opportunities to leverage its capabilities as a regulated utility with knowledge of underground pipe infrastructure to develop thermal energy networks, to achieve economies of scale that make geothermal a more economical solution for low-carbon heating and cooling. This exploration will

be further enabled by House Bill ("HB") 2131, which passed in the 2024 legislative session. The law gives gas utilities priority for developing thermal energy network pilot projects in the gas utility's service territory and provides the opportunity for local distribution companies to apply for grant funding for such pilots through the Washington State Department of Commerce.[12] An interested gas utility must announce in writing to the Washington Utilities and Transportation Commission ("Commission") its intention to deploy a pilot project in a specific location within 12 months of the effective date of the statute and then must deploy a pilot project within 30 months to maintain this priority.

Cascade has initiated a pilot project at the Bellingham Community College in Bellingham, Washington. This project is currently planned to be in-service by 2028 or 2029. The complexities of these projects may cause them to extend beyond the scope of HB 2131's initial timelines. More information on this project can be found in the Direct Testimony of Patrick Kinney (Exhibit PK-1T).

3. **Encouraging the Deployment of Hybrid Heating Systems:** Hybrid heating systems, such as dual fuel heat pumps, offer decarbonization benefits over traditional fossil fuel systems while providing benefits around system resilience. Cascade is exploring opportunities to pilot hybrid heating systems to provide viable avenues to support system decarbonization and reduce impacts to customers.

Cascade currently has an active pilot in Bend, Oregon, with

[12] RCW 80.28.460(2)(a); RCW 43.31.033.

24 residential households. The pilot seeks to understand the effectiveness and efficiency of hybrid systems. The pilot began in fall of 2025 with equipment installations and will run through March of 2027 to ensure all homes have a full heating season (winter 2026/2027).

Cascade is currently exploring each of the decarbonization solutions described above to evaluate the market opportunity, understand the interest of customers, and to build the financial case, particularly in comparison to the ongoing purchase of allowances through the Washington cap-and-invest market. Cascade is committed to pursuing capital projects and programs that result in a reduction of CCA-covered GHG emissions to reduce the need for purchases over time. To meet the objectives of the CCA, Cascade believes incremental capital project investments and programs that reduce CCA covered emissions are necessary to leverage the Company's infrastructure, which has been heavily invested in by Washington ratepayers. A diverse portfolio of decarbonization solutions will ensure that Cascade will be a part of reducing energy-related GHG emissions across the state, will help meet the CCA requirements, and will help manage the impacts of the transition to a low-carbon energy system equitably and cost-effectively for Cascade's customers and energy users across the state.

Q. With respect to low-carbon fuel production discussed above, please describe Cascade's ongoing and planned RNG development efforts as part of the Company's CCA compliance.

A. Cascade believes that RNG is a critical resource in the portfolio to be deployed to meet CCA GHG emissions reduction targets. RNG is an emerging supply option that brings many benefits; chief among them being emissions reductions. RNG is a gas consisting

largely of methane and other hydrocarbons derived from the decomposition of organic material in landfills, wastewater treatment facilities, and anerobic digesters. Cascade provides a deeper discussion of RNG in its 2025 Integrated Resource Plan ("IRP"). An excerpt of the 2025 IRP is provided as Exhibit HG-6.

Cascade is currently progressing on RNG projects at varying stages of development. There are three types of RNG projects with which Cascade is involved: "Purchase Projects," "Transport Projects," and "Production Projects."

Purchase Projects are defined as projects where the Company would invest in the Cascade infrastructure required to on-board or flow the RNG produced by a third party into the Company's distribution system and purchase the environmental attributes or Renewable Thermal Credits ("RTC") to be utilized for compliance obligations or voluntary RNG tariffs. The Company's investment in the infrastructure influences the negotiated price to purchase the RNG.

Transport Projects involve RNG produced by a third party that is injected into the Company's distribution system, and Cascade transports the customer's RNG so that the customer may market the environmental attributes to other parties. Cascade is not the purchaser of the environmental attributes of Transport Projects, either because they are priced higher than would be prudent for cost recovery from utility customers, or they are already committed to another customer. For a Transport Project, the third-party producer will normally be placed on Cascade's Schedule 900, Biomethane Receipt Services rate schedule, and Cascade will make an investment in the infrastructure required to flow the gas in the distribution system in accordance with the criteria outlined in Schedule 900. Although Cascade plays an essential role in enabling

Washington's emissions reductions through its facilitation of RNG Transport Projects, under current rules, Cascade receives no credit for the emissions reductions accorded to the RNG production entity.

Production Projects are defined as projects where Cascade invests in the RNG production facility as well as the infrastructure required to flow the RNG into the distribution system. Cascade will ultimately produce and own the RNG, including the associated environmental attributes. Cascade plans to grow its portfolio of RNG Production Projects over time to support Washington's GHG emissions reduction goals.

Q. Please describe the three projects that Cascade is currently working on.

A. Cascade has signed contracts for three RNG projects in addition to the three RNG projects that went into service prior to the filing of this case. Two are contracts with third-party producers where the gas will be injected into Cascade's distribution system. One of the two projects is a Purchase Project where Cascade will be purchasing some or all of the environmental attributes. The other is a Transport Project where Cascade is only facilitating the transportation of RNG on its distribution system. The third project is a Production Project where Cascade will own and operate the production facility and retain both the biomethane and RTCs for use by its customers. Additional contracts may occur in the future.

VI. CASCADE'S DECARBONIZATION MEASURES

Q. Is Cascade seeking approval of direct investments in decarbonization measures in this case?

A. Yes, Cascade is seeking cost recovery of RNG capital additions.

Q. What RNG capital additions is Cascade seeking to recover in this case?

A. The Company is seeking recovery for the Iogen Sagebrush RNG Project and the Knott Landfill RNG Project. I will describe these projects in greater detail below.

A. Iogen Sagebrush RNG Project

Q. Please describe the Iogen Sagebrush RNG Project [FP-326057, FP-326062, FP-327056, FP-327100].

A. The Iogen Sagebrush RNG Project in Boardman, Oregon, is a Purchase Project that will allow RNG from the RNG production biorefinery to flow into Cascade's distribution system and will allow Cascade to purchase all of the biomethane and environmental attributes from this RNG project. The project consists of a new interconnection facility at the location of the biorefinery at the Port of Morrow in Boardman, Oregon, and approximately 1.5 miles of 4-inch high-pressure steel main from the interconnection facility to Cascade's existing system. As with Cascade's other RNG Purchase Projects, Cascade is making the investment in these project facilities as a part of the negotiated price to obtain the RNG produced by the biorefinery.

Q. Why did the Company undertake the project?

A. Cascade entered into an agreement to develop the Iogen Sagebrush RNG project as part of its strategic procurement strategy to secure vital resources that the Company projected it would be able to optimize for compliance with Washington's CCA and Oregon's Climate Protection Program ("CPP"). This particular project was selected because the economics of the development opportunities were favorable to other procurement options at the time, and the location was particularly appealing to the company as it would be able to utilize the biomethane in the Boardman distribution system. By injecting directly into this distribution system, Cascade can abate the need

to procure and transport a portion of its methane need and possibly offset or delay the need to procure additional future transportation capacity to the Boardman area.

Q. How will the Company's Washington customers benefit from the project?

A. This project will bring RNG onto Cascade's system. Acquisition of the RNG has the added benefit of enabling Cascade to meet the requirements of the Washington CCA and make RNG available to its customers on a voluntary basis though Cascade's Schedule 705.

Q. Did the Company consider alternative ways to meet the need for the project?

A. Yes, this project compares favorably with opportunities to purchase off-system attributes as well as other on-system projects. Cascade utilizes its RNG Valuation Model, as discussed in its IRP process, to calculate a projected Market Value per Dekatherm per Year for projects like this. This levelized metric can be compared against alternatives of differing sizes and contract lengths to make a fair assessment of the optimal project to select. Using the Company's best, conservative projections around these costs, it was concluded that this project has a more favorable Market Value per Dekatherm per Year than two contemporary offers to procure RTCs.[13]

Q. Are there any offsetting operations and maintenance ("O&M") cost savings associated with this project?

A. No, the Company did not identify any offsetting O&M cost savings associated with this project.

[13] Gilchrist, Exh. HG-7HC.

Q. What work has been completed and when will the project be placed in service?

A. The Company has begun ordering long-lead time materials, coordinating utility infrastructure requirements, finalizing the design, and working through required permitting approvals. Construction of the project is expected to be completed and the project placed in service Q4 2026.

Q. What are the estimated costs for the project?

A. The estimated costs are presented in Table 1, below.

Table 1 – Estimated Costs for the Iogen Sagebrush RNG Project

Funding Project	Description	2026 In-Service	2026 Closed to Plant
FP-326057	**Ins Main Boardman Port Morrow RNG**	*2026/12*	**1,469,656**
FP-326062	**Instl Reg Stn RNG Iogen Boardman**	*2026/12*	**497,746**
FP-327056	**Instl Odorizer RNG Logen Boardman**	*2026/12*	**1,122,932**
FP-327100	**Instl Meter Set RNG Logen Boardman**	*2026/12*	**48,634**
Total			**$ 3,138,968**

Costs shown above are Washington-allocated costs. This project will be considered an overall system asset with 75 percent allocated to Washington and 25 percent to Oregon.

B. Knott Landfill RNG Project

Q. Please describe the Knott Landfill RNG Project [FP322677, FP-324296, FP-326394, FP-326370, FP-325334].

A. The Knott Landfill RNG Project is a Production Project that will allow RNG produced from landfill gas collected from Deschutes County's Knott Landfill to flow into Cascade's distribution system. Cascade has executed a contract with Deschutes County, Oregon, to purchase landfill gas and will design, construct, and operate an RNG plant and landfill gas collection system to produce RNG that meets pipeline quality specifications from the landfill gas. The project consists of expansion to the

existing landfill gas collection system, a new RNG production plant, RNG interconnection facilities, and approximately 1.1 miles of 4-inch high-pressure steel main from the RNG plant to Cascade's existing South Bend Gate Station where the RNG will be injected into Cascade's existing system. Cascade is making the investment in these project facilities in order to produce RNG from landfill gas from the Knott Landfill. Cascade will receive 100 percent of the biomethane and environmental attributes from this project.

Q. Why did the Company undertake the project?

A. Cascade entered into an agreement to develop the Knott Landfill as part of its procurement strategy to secure vital resources that the Company projected it would be able to optimize for compliance with Washington's CCA and Oregon's CPP. This particular project was selected because the economics of the development opportunities were favorable compared to other procurement options at the time, and the location was particularly appealing to the company as it would be able to utilize the biomethane at the South Bend Gate Station, which feeds a distribution system that had been identified as a high growth area in past IRPs. By injecting directly into this distribution system, Cascade can abate the need to procure and transport a portion of its methane need and possibly offset or delay the need to procure additional future transportation capacity to the South Bend, Oregon, area.

Q. How will the Company's Washington customers benefit from the project?

A. As with Cascade's other RNG projects, acquisition of the RNG has the added benefit of enabling Cascade to meet the requirements of the CAA and make RNG available to its customers through a Voluntary Renewable Natural Gas Program tariff. This project

will bring RNG onto Cascade's system and will contribute to Cascade's gas portfolio from a system perspective, reduce gas purchase requirements, and decarbonize Cascade's portfolio.

Q. Did the Company consider alternative ways to meet the need for the project?

A. Yes. This project compares favorably with opportunities to purchase off-system attributes as well as other on-system projects. Cascade utilizes its RNG Valuation Model, as discussed in its IRP process, to calculate a projected Market Value per Dekatherm per Year for projects like this. This levelized metric can be compared against alternatives of differing sizes and contract lengths to make a fair assessment of the optimal project to select.

Q. Are there any offsetting O&M cost savings associated with this project?

A. No, the Company did not identify any offsetting O&M cost savings associated with this project.

Q. What work has been completed and when will the project be placed in service?

A. Cascade has ordered long-lead time materials and is finalizing utility infrastructure requirements, finalizing the design, and working through required permitting approvals. The project is anticipated to be placed in service between Q2 2027 and Q4 2027.

Q. What are the estimated costs for the project?

A. The estimated costs are presented in Table 2, below.

Table 2 – Estimated Washington-Allocated Costs for the Knott Landfill RNG Project

Funding Project	Description	2027 In-Service	2027 Closed to Plant
FP-322677	Deschutes Landfill-Design and Const	*2027/06*	[redacted]
FP-324296	GR-4" HP Knott Landfill Bend	*2027/06*	**934,860**
FP-326394	Instl Odorizer Knott Landfill RNG	*2027/06*	**188,074**
FP-326370	Instl Meter Set Knott Landfill RNG	*2027/06*	**5,514**
FP-325334	Deschutes LF-Initial Well Expansion	*2027/06*	[redacted]
Total			[redacted]

Costs shown above are Washington-allocated costs. This project will be considered an overall system asset with 75 percent allocated to Washington and 25 percent to Oregon.

VII. CONCLUSION

Q. Does this conclude your Direct Testimony?

A. Yes.