

**BEFORE THE WASHINGTON STATE UTILITIES AND TRANSPORTATION
COMMISSION**

In the Matter of the Petition of

CASCADE NATURAL GAS
CORPORATION,

for an accounting order authorizing
deferred accounting treatment of loss in
margin due to Company sponsored
conservation programs, or, in the
alternative, the continuation of the pilot
decoupling mechanism that was approved
in Docket UG-060256

DOCKET UG-101656

NW ENERGY COALITION'S
RESPONSE TO MOTION TO
WITHDRAW PETITION

1. The NW Energy Coalition (Coalition) submits this response to Cascade Natural Gas Corporation's (Cascade) Motion to Withdraw its Petition in this proceeding.
2. As a preliminary matter, it is unfortunate that Cascade no longer wishes to pursue its Petition. The Policy Statement in Docket U-100522 provides guidance for natural gas utilities if they seek full or limited decoupling. As we noted in our earlier comments,¹ Cascade could have decided to conform its Petition to the Policy Statement. By choosing not to conform the Petition, however, the company foregoes the opportunity in this proceeding to seek decoupling, and the Commission and stakeholders lose the opportunity to examine Cascade's request and to fully vet the issues that the Policy Statement raises, in the context of an adjudicative proceeding.
3. We offer the following additional thoughts on Cascade's decision. First, the company has left the door open for a possible filing that does conform to the Policy Statement.² Cascade's

¹ Response of NW Energy Coalition to Notice of Opportunity to Comment, at ¶ 14.

² The Motion to Withdraw states at ¶ 7 that Cascade does not wish to pursue the Petition "at this time."

withdrawal of the Petition, in this proceeding, should not prevent it from making such a filing in the future.

4. Second, the company should consider itself free in the future to pursue not just lost margin recovery (the Petition's primary request), but the other regulatory mechanisms that the Commission discusses in the Policy Statement. These mechanisms include full decoupling and direct conservation incentives.³ Again, the Policy Statement provides a detailed road map for natural gas utilities that desire to pursue these options.
5. Third, Cascade's decision to withdraw the Petition should not be at the expense of the company's conservation efforts. The Petition states at p. 2 that "the Company has identified several conservation measures that are cost-effective and Cascade prefers to continue offering those measures within its conservation program." In accordance with Commission policy favoring cost-effective conservation, the company should continue to pursue these cost-effective opportunities despite its decision regarding the Petition.
6. Fourth, and regardless of Cascade's decision, we expect that the Commission and stakeholders will want to review the H. Gil Peach and Associates evaluation once it is complete.⁴ The evaluation will not occur in this proceeding, apparently. Thus, the Commission may wish at some point to formulate a process for receiving and reviewing the evaluation, *e.g.*, a stand-alone proceeding, an adjudicative format, etc.

³ The Coalition reviewed these options – including full decoupling and limited decoupling -- in its series of comments in Docket U-100522. In comments dated July 14, 2010, at p. 2, we observed that "the Coalition has generally supported [full] decoupling mechanisms with specific conditions based on the principles adopted by our Board last year." Regarding lost margin recovery mechanisms, we stated that these mechanisms have "several potential disadvantages" and that the Coalition has "generally not embraced lost margin recovery mechanisms." *Id.* at pp. 2-3.

⁴ In the order that approved the pilot, the Commission stated that Cascade must perform the evaluation and submit it for review regardless of whether the company seeks to continue the pilot. *WUTC v. Cascade Natural Gas Corporation*, Docket UG-060256, Order 05 at ¶¶ 84, 87 ("evaluation of this pilot program is important to determining the value of decoupling mechanisms for regulated utilities in Washington State").

7. Finally, it is important to raise one more point. Cascade states in its Motion to Withdraw that the Commission’s position regarding lost margin recovery – presumably as expressed in the Policy Statement – contributed to the company’s decision not to pursue the Petition.⁵ Cascade does not elaborate on what part of the Commission’s position may have contributed to the decision.
8. At some level, then, it appears that the Policy Statement may have caused Cascade not to pursue decoupling at this time, even though a stated objective in the Policy Statement was to articulate the Commission’s “support for limited decoupling designed to compensate a natural gas utility for the effects of its conservation program.”⁶ As such, the Commission may wish to consider whether the elements and criteria in the Policy Statement have the intended impact from the perspective of utilities when they are considering whether to propose a decoupling mechanism.
9. Dated: December 1, 2010.

NW ENERGY COALITION

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⁵ Motion to Withdraw at ¶ 7 (“the Company does not wish to pursue its Petition at this time in light of the Commission’s and other parties’ positions regarding lost margin recovery mechanisms”).

⁶ Policy Statement at ¶ 15.