CASCADE NATURAL GAS CORPORATION
A Subsidiary of MDU Resources Group, Inc.

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Kathy Hunter
Acting Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: U-230161, Cascade's Climate Commitment Act Comments

Director Hunter,

Cascade Natural Gas Corporation ("Cascade" or "Company"), hereby submits the following comments, in accordance with the Washington Utilities and Transportation Commission's ("Commission") Notice of Opportunity to File Written Comments, issued on October 23, 2023, in Docket U-230161.

__**CCA Risk Sharing**__

1. **For a potential CCA risk sharing mechanism, what risks associated with the CCA are under the utility control? Examples may include market risk, energy procurement, conservation levels, etc.**

   The utilities have no control over the risks associated with the CCA. However, the utilities may have some control over how they respond to such risks. Utility risk response would fall under the category of prudency determinations and may not be resolvable through the design of a sharing mechanism.

   To use market risk as an example, the utilities have absolutely no control over the market, but once market factors are understood, the utility can implement strategies to mitigate volatility within the market. In the case of the CCA, the market is not developed enough for the utilities to have adapted robust strategies to address associated risks and volatility. The utilities are subject to a prudency determination for market transactions based on the information that was available at the time of the decisions.

Another example is conservation achievements. The utilities have no control over whether a customer decides to move forward with any conservation measures, but the utility can control how it responds to trends and feedback from customer's choices to make conservation programs more attractive to customers.

For these reasons, Cascade has been unable to determine a potential risk sharing mechanism. However, the Company believes potential solutions could emerge under prudency evaluation and determinations.

2. How should a potential CCA risk sharing mechanism be structured?

A risk sharing mechanism must first determine the risk being evaluated. Does the utility have control over the risk itself, or does the utility only have control over its *response* to the risk?

If sharing is determined to be appropriate based on how the utility responds to the risk, several factors must be considered. First, stakeholders should determine the intended purpose and goal of the sharing mechanism. Second, the mechanism should be balanced, providing both upside and downside potential. Third, timing should be considered. Is there enough information and sufficient time allocated to identify goals, objectives, measurements, and balance?

3. What should the Commission consider when assessing utility actions for prudency as they relate to the CCA?

The CCA is very new and how the utilities respond will change as markets and alternative options develop. Ultimately, it is incumbent on the utility to demonstrate that it acted or performed reasonably given the information available at the time of decision-making. While there can be some objectivity to the process, all parties to a prudency determination have traditionally had opportunities to express different views based on their interpretations of the information available at the time decisions were made by the utility.

4. When should the risk sharing mechanism allow for prudency determination? Every auction, yearly, every four-year compliance period, or another frequency?

Cascade does not see any viable risk sharing mechanisms at this point in time, so prudency determination around a mechanism is not necessary.

CCA Dispatch Cost Modeling

Cascade has no comments regarding Dispatch Modeling.

If you have any questions, please direct them to me at (509) 528-9223.

Sincerely,

/s/ Michael Parvinen

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