

Agenda Date: January 17, 2024  
Item Number: D6

**Docket:** UG-230937

**Company:** Cascade Natural Gas Corporation

Staff: Byron Harmon, Regulatory Analyst

### **Recommendation**

Issue an order in Docket UG-230937 accepting Cascade Natural Gas Corporation's:

- (1) Biennial Acquisition Target of 1,782,212 therms,
- (2) subject to the conditions in Attachment A.

### **Background**

On November 15, 2023, Cascade Natural Gas Corporation (Cascade or Company) filed its 2024-2025 Biennial Conservation Plan (BCP or Plan) with the Washington Utilities and Transportation Commission (Commission) under Docket UG-230937. RCW 80.28.380 requires gas companies to establish a conservation acquisition target, to be approved by the Commission, every two years. Cascade serves approximately 230,000 gas customers in its Washington service territory. These customers reside in both Western and Eastern Washington.

Commission Staff (Staff) filed responsive comments on the Plan on December 22, 2023.<sup>1</sup> The comments detail Staff's review of Cascade's expected gas savings in the 2024-2025 biennium along with some of the programs the company will run to achieve those savings.

### **Discussion**

Cascade plans to spend \$26,375,262 over the 2024-2025 biennium to establish a savings goal of 1,782,212 therms. This results in a 7 percent increase in the Company's conservation budget but a 7 percent decrease in therms saved relative to the previous biennium. Table 1 illustrates the Company's conservation targets and goals for 2024-2025, comparing Cascade's gas expected savings and budgets with those from the 2022-2023 biennium.

---

<sup>1</sup> Docket UE-230937, "Commission Staff Comments Regarding Gas and Electric Utility Conservation Plans Under RCW 19.285 and 80.28 and WAC 480-109 (2024-2025 Biennial Conservation Plans)," filed Dec. 22, 2023.

**Table 1. Cascade Natural Gas Corporation Conservation Targets and Goals 2024-2025**

<b>Program</b>	<b>2022-2023 Projected Savings (therms)</b>	<b>2022-2023 Budget</b>	<b>2024-2025 Projected Savings (therms)</b>	<b>2024-2025 Budget</b>
Residential Total	936,908	\$15,001,351	928,665	\$18,166,647
<i>Low-income</i> <sup>2</sup>	<i>37,524</i>	<i>\$3,643,991</i>	<i>41,087</i>	<i>\$3,906,329</i>
Commercial/Industrial	957,319	\$8,604,288	812,460	\$6,680,752
Pilots/Trials/Regional	N/A	\$594,483	N/A	\$1,089,863
<i>NEEA</i> <sup>3</sup>	N/A	\$531,883	N/A	\$1,000,142
Evaluation	N/A	\$140,000	N/A	\$278,000
<b>Total</b>	<b>1,931,751</b>	<b>\$24,500,122<sup>4</sup></b>	<b>1,782,212</b>	<b>\$26,375,262<sup>5</sup></b>

The budget rose by 7 percent due to several factors. The increase can be largely attributed to inflation and costs arising outside of the core incentive programs. Though Cascade also noted that the lingering effects of the COVID-19 pandemic continue to influence outcomes by impacting material and labor costs, supply chain slowdowns, labor shortages, and general economic uncertainty hampering facility upgrades and investment.

For this biennium, the residential portfolio has a UCT ratio of 3.98 and a TRC ratio of 3.19. The commercial/industrial portfolio has a UCT ratio of 4.61 and a TRC ratio of 3.52, indicating that the program remains cost-effective.

Staff highlights that there is room for improvement regarding Cascade's low-income Weatherization Incentive Program (WIP). The WIP program, from 2008 to 2023, treated on average 54 customers annually or 0.089 percent of eligible customers. Compare this to the residential energy efficiency rebate program with 2,536 participants in 2023. Staff looks forward to working with Cascade to design low-income energy efficiency alternatives and improve WIP program outcomes.

Cascade is streamlining its point-of-sale program to improve trade ally participation rates. In the last year, Cascade saw considerable improvements in participation rates. Trade Ally participation

<sup>2</sup> Low-income is a subset of Residential Total

<sup>3</sup> NEEA is a subset of Pilots/Trials/Regional

<sup>4</sup> The table above does not include the Conservation Potential Assessment Budget (\$160,000)

<sup>5</sup> The table above does not include the Conservation Potential Assessment Budget (\$160,000)

increased more than five-fold from July 2022 to July 2023 and now equates to approximately 61 percent of total residential program applications<sup>6</sup>. Staff commends these improvements.

### **List of Conditions**

As with previous biennia, Staff, and the state's five electric and gas utilities, negotiated a set of conditions that Cascade agrees to adhere to throughout the biennium. These are included as Attachment A to this memo.

Staff highlights that condition 4(b)(iii)(3) was substantively altered, increasing the amount of conservation resulting from a single large facility being applied to two subsequent years from 5 to 10 percent.

### **Stakeholder Comments**

On December 28, 2023, Staff reached out to The Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) and the NW Energy Coalition (NWEC), The Energy Project (TEP) were contacted for comments on the Plan. There are no comments identified as of this filing.

### **Conclusion**

Staff recommends the Commission Issue an order in Docket UG-230937 accepting Cascade's Biennial Acquisition Target subject to the negotiated conditions.

---

<sup>6</sup> Trade Allies are relationships that are cultivated between the Utility and trades people in their service territory. Trade Allies are quality inspected and provided additional streamlining, incentives, and cooperative marketing by the Utility. Available at: <https://www.cngc.com/energy-efficiency/trade-ally/>.