



*In the Community to Serve**

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May 1, 2013

Mr. Steven King, Acting Executive Director & Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: Cascade Natural Gas Corporation's 2012 Integrated Resource Plan's Revised 2013-2014 Action Plan (Docket UG-112165)

Dear Mr. King:

Cascade is submitting the enclosed informational filing with the Washington Public Utility Commission, which is a revision to the Company's 2012 Integrated Resource Plan (Docket UG-112165), and in compliance of WAC-480-90-238 (h).

The Revised 2013-2014 Action Plan clarifies the specific actions to be taken by the company in implementing the long-range integrated resource plan over the next two years, based on coordination with Staff.

Cascade has provided a copy to all interested parties that participated in the Company's Planning process. If you have any questions, please contact Mark Sellers-Vaughn at 509-734-4589.

Sincerely,

Mike Parvin
Director of Regulatory Affairs

Enclosures:
CNGC 2012 IRP Revised Action Plan

We make warm neighbors

Prior IRP Action Plan and Progress Review

Cascade filed its last Integrated Resource Plan in December 2010. Since that time, Cascade has made significant progress in meeting its 2011-2012 Action Plan. Appendix I includes the detailed Two-year Action Plan for 2011-2012 along with a description of the Company's progress on each of the items.

Cascade's 2013-2014 Action Plan continues to focus on the following five areas:

- Demand Forecasting
- Distribution System Constraint Analysis
- Demand Side Resources
- Supply Side Resources
- Integration

The 2013-2014 Action Plan embodies Cascade's commitment to maximizing the efficiency from its Integrated Resource Plan and to achieving the lowest cost resource portfolio of reliable natural gas services and conservation.

Demand Forecast

1. In continuing efforts to create a more accurate load forecast, Cascade will, by December 15, 2013, research the viability of expanding the detail of the data capabilities of the Company's Customer Information System (CIS) by determining therm usage per customer per degree day by customer class (residential, commercial, etc.) along with the non-heat sensitive baseload usage. This is largely dependent upon the report development. If the CIS is not capable of delivering this information, Cascade will discuss an alternate approach at a designated Technical Advisory Group meeting.
2. Cascade will continue to monitor outside determinants of natural gas usage, such as legislative building code changes and electrical "Direct Use" campaigns as they are determined to significantly affect the Company's forecast.
3. Cascade will explore 50 and 40 year options in addition to the coldest day in the past 30 years as well as T-var 90 in an attempt to ensure it is best capturing all weather extremes.

Distribution System Constraint Analysis

1. Cascade will present its capacity needs on a city-gate or zonal level within the main body of its Plan.

Demand Side Resources

1. Cascade will continue to monitor the effectiveness of the Oregon Public Purpose Fund to ensure the funds are adequate to capture significant portions of achievable therm savings in Oregon.
2. The company will continue to follow and analyze the impacts of the Western Climate Initiative and proposed carbon legislation at both the state and federal level as they

pertain to natural gas conservation, as well as other such acts that may arise from these efforts. The company will continue to monitor the timing and the costs associated with carbon legislation and analyze the impacts on the company's overall portfolio costs. As specific carbon legislation is passed, the company will update its avoided cost calculations, conservation potential and propose modifications to its DSM incentive programs as necessary.

3. The company will continue to monitor the cost effectiveness of existing conservation measures and emerging technologies to ensure that the current mix of measures included in the Washington Conservation Incentive Program (CIP) is appropriate. Areas for further analysis include the impacts associated with modifications to building codes along with the cost effectiveness of newer technologies such as the next generation of high efficiency water heaters (.70 EF) and high-efficiency hybrid heat pumps. The applicability of these measures within Cascade's service territory will be analyzed. The company's CIP will be modified, if appropriate, following consultation with its advisory group.
4. Cascade will include its Washington conservation program cost recovery as a companion to its annual Purchased Gas Adjustment (PGA) filing.
5. The Company will complete a Washington-specific Conservation Potential Assessment in time for application to our DSM planning efforts in 2014. This will help the Company maintain the fullest understanding of the impacts of economic, technological, and code-based changes to the Company's DSM potential.
6. Future documentation outlining the Company's annual Conservation Achievements in its Washington service territory will be filed with the WUTC in a format similar to its previous Conservation Reports by July 1st of the following program year. The report includes annual program achievements measured by therm savings for our residential, commercial, and low income conservation programs, incentive costs, administrative costs, and overall program cost-effectiveness from both Total Resource Cost and Utility Cost perspectives.
7. The company will work with Washington staff and interested parties to develop guidance for the information that should be included in the IRP about conservation, including details about budget amounts like those included in Cascade's IRP Update filed February 14, 2013.

Supply Side Resources

1. The Company will continue to monitor the potential reporting, administrative and potential financial impacts of long term resources as a result of concerns surrounding fracking (hydraulic fracturing) and how they might be included in the 2014 IRP analysis. In particular, the company is awaiting the EPA to reveal the results of its current study in alleged water contamination found in Wyoming as a result of fracking activities.
2. Cascade will continue to evaluate gas supply resources on an ongoing basis, including supplies of varying lengths (base, swing, peaking) and pricing alternatives. The company

will continue to analyze the uncertainties associated with supply and demand relationships in support of the 2014 IRP analysis. In addition to using the IRP process, Cascade will apprise Staff on the status of this on-going analysis at planned quarterly meetings beginning in spring 2013.

3. The Company will continue to monitor the proposed pipeline expansion projects to access more supplies out of the Rockies. As cost estimates change, the company will analyze those resources under consideration to determine if modifications to the preferred portfolio are necessary. In addition to using the IRP process, Cascade will apprise Staff on the status of this on-going analysis at planned quarterly meetings beginning in spring 2013.
4. The Company will continue to explore options to incorporate biogas into its portfolio, as specific projects are identified in our service territory. Price, location and gas quality considerations of the biogas supply will be evaluated. In addition to using the IRP process, Cascade will apprise Staff on the status of this on-going analysis at planned quarterly meetings beginning in spring 2013.
5. The Company will continue to monitor proposed LNG import facilities as information becomes available and will evaluate the various options that, if built, could result. Issues to monitor include specific cost, the availability of pipeline capacity and project timing.
6. The Company will continue to monitor the futures market for price trends and will evaluate the effectiveness of its risk management policy. In addition to using the IRP process, Cascade will apprise Staff on the status of this on-going analysis at planned quarterly meetings beginning in spring 2013.

Integration

1. Cascade will provide a combined depiction for the Washington State and Oregon State Meacham zones along with the separate charts within its next IRP.
2. Cascade will continue to refine its specific peak day resource acquisition action plans to address anticipated capacity shortfalls. Possible solutions may be Satellite LNG, peak shaving facilities or pipeline looping to meet the growing requirements of the firm core load. Specifically, the Company will further analyze issues such as determination of project location issues and risks, project cost estimates, and construction/acquisition lead times.
3. Cascade will continue to investigate how the peak day standard affects those zonal areas that are short of capacity. This investigation will include (but not be limited to) analysis of how other regional utilities look at peak day, discussions with various weather services, and continued dialogue with commission staff and other interested parties.
4. Cascade will include its firm commitments within its Action Plan and involve staff in the development of its next Action Plan; at a minimum at a designated Technical Advisory Group meeting.