



Bob Ferguson  
**ATTORNEY GENERAL OF WASHINGTON**

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February 24, 2017

**VIA UTC WEB PORTAL**

Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Pk. Dr. S.W.  
P. O. Box 47250  
Olympia, WA 98504-7250

Re: Cascade Natural Gas Corporation 2016 Natural Gas Integrated Resource Plan,  
Docket UG-160453

Dear Mr. King:

Public Counsel respectfully submits comments in response to the Commission's Notice of Opportunity to File Comments, issued on February 1, 2017. Staff was responsive to Public Counsel's questions and Public Counsel is grateful for this cooperation. Furthermore, Public Counsel appreciates the Commission's questions as it pertains to Cascade Natural Gas Corporation's ("Cascade" or "Company") conservation modeling and customer-facing programming, specifically on issues of the use of appropriate adoption curves and amount of achievable conservation. We look forward to participating in the resolution of the issues addressed in this comment period. Our responses to the Commission's questions are as follows.

- 1. Does the Use of "Achievable Base," "Achievable Moderate," and "Achievable High" Adoption Curves, as Presented in Appendix D of the IRP, Appropriately Represent the Rate of Adoption for All Measures?**

***Public Counsel's Recommendation***

The Company's adoption curves do not accurately or appropriately represent measure adoption for the full conservation portfolio. Public Counsel supports Staff's recommendation to incorporate adoption curves for each measure in Cascade's future program models.

No, the current scheme of a uniform adoption curve does not accurately represent adoption rates for Cascade's full portfolio of conservation measures. Although the Company applies this curve to three different incentive levels, applying only one of these identical curves for every conservation measure is not appropriate.

For example, it is unreasonable to assume that higher cost measures are subject to the same adoption rates as lower-cost measures, particularly in relation to the Company's incentives.



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Also, depending on the market for individual measures, differing incentive levels will impact customer uptake. As a result, market transformation plays a critical role in customer uptake, as well as the level at which each measure should be incentivized. Thus, Cascade's program models should use the most up-to-date, specific data available to appropriately reflect market conditions.

After reviewing the Company's Integrated Resource Plan (IRP), and subsequently the 2017 Annual Conservation Plan, Staff recommended that Cascade's program model should use adoption curves and data for each measure available in order to develop accurate, appropriate targets. Public Counsel supports Staff's request.

**2. Has Cascade Identified the Appropriate Amount of Conservation to Meet Current and Future Needs at the Lowest Reasonable Cost to the Utility and Its Ratepayers?**

***Public Counsel's Recommendation***

The Company has not appropriately identified its conservation. Public Counsel recommends conducting a new, more accurate conservation potential assessment. Furthermore, ratepayers should be shielded from the costs associated with the assessment and revision of program models due to the circumstances surrounding this docket.

No, Cascade's current approach does not appropriately identify available conservation. In addition to concerns about adoption curves in the programmatic model, the Company's TEA-Pot Model does not capture the full conservation potential available in the service territory. As such, a new conservation potential assessment should be conducted in tandem with efforts to improve adoption curves.

Based on the historical analysis of Cascade's projected conservation targets in relation to actual savings, the current modeling approach has failed to estimate savings targets within a reasonable margin of error. Although the Company has made adjustments to the model since its inception in the 2012 IRP, it has produced inaccurate and inconsistent results. Targets have deviated from actual savings by as much as 42 percent in 2015.<sup>1</sup> Revising the programmatic savings model and gaining a better understanding of the full conservation potential will allow the Company to better understand cost-effective savings available to customers in the near and long terms.

If the recommendations included in this letter are followed, the Company will likely have to retain the services of a third-party contractor to provide the conservation potential assessment and amendments to the program model. Public Counsel recommends that costs incurred from this effort are not included in rates.

In closing, Public Counsel believes that Cascade's 2016 IRP, and subsequently the 2017 Annual Conservation Plan, should be acknowledged under the condition that the Company agrees to work with Staff and the Conservation Advisory Group (CAG) to address concerns with the

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<sup>1</sup> 2017 draft Annual Conservation Plan, at 5.

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conservation potential assessment and the conservation program model, including the adoption curves.

Sincerely,



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