

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	DOCKET UG-230434
CASCADE NATURAL GAS CORPORATION	ORDER 01
Petitioner,	APPROVING NATURAL GAS CONSERVATION POTENTIAL ASSESSMENT
Seeking an Order Approving Natural Gas Potential Conservation Assessment	

**BACKGROUND**

- 1 RCW 80.28.380 requires gas companies to identify and acquire all conservation measures that are “available and cost effective.” Each utility must establish an acquisition target every two years. The Washington Utilities and Transportation Commission (Commission) must approve the acquisition target by order. These targets must be based on a conservation potential assessment (Conservation Potential Assessment or CPA) prepared by an independent third party and approved by the Commission. The analysis used to identify all cost-effective conservation must include the cost of greenhouse gas emissions established in RCW 80.28.395.
- 2 On June 1, 2023, Cascade Natural Gas Corporation (Cascade or Company) filed its 2023 Conservation Potential Assessment prepared by Applied Energy Group (AEG). In the CPA, Applied Energy Group provides an analysis of the available and cost-effective conservation potential for Cascade from 2024 to 2043. AEG identified first-year natural gas energy efficiency achievable economic potential of 669,000 therms under the Total Resource Cost (TRC) test and 815,000 therms under the Utility Cost Test (UCT), with additional savings in subsequent years.<sup>1</sup>
- 3 Cascade’s previous CPA was approved by the Commission in 2021, subject to the following condition:

The Company will file the full CPA model (confidentially where necessary) with the Commission when seeking approval of the CPA. The Company will coordinate one or more structured, technical discussions as the CPA is developed to discuss the CPA model with Commission Staff, other interested stakeholders,

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<sup>1</sup> Cascade 2023 CPA Report, Table ES-1-1, page ii, Docket UG-230434.

and the independent third party performing the CPA. The Company will work with Staff to establish a timeline and additional supporting documentation required for Staff review.<sup>2</sup>

4 Staff believe that Cascade has met the requirements of this condition and has provided the full CPA model with Commission in this docket.

5 Staff observes that during the approval process of the 2021 gas CPAs, Staff recommended that the Commission include a condition which required gas companies to include transportation customers in future CPA analyses. The Commission ultimately decided that it did not have enough information to take action on the subject of transportation customers at that time. Cascade did not evaluate potential for these customers in its 2023 CPA, citing additional data needs and the need for a better understanding of how these customers view energy savings as reasons for the exclusion of transport customers in this report.<sup>3</sup> Staff notes that AEG was able to evaluate and identify potential for transportation customers in NW Natural's 2023 CPA, suggesting that these barriers are not insurmountable and that Cascade should be able to collect the information it needs to evaluate these customers in the next CPA. However, Staff does not recommend, at this time, that the Commission require the evaluation of conservation potential for transportation customers in future CPA filings.

### DISCUSSION

6 We approve the Company's Conservation Potential Assessment, taking effect for the 2024 - 2025 biennium.

7 We agree that Cascade's CPA for the 2024 - 2025 biennium meets the requirements of the statute and the condition in Order 01 of Docket UG-210450 and should be approved. The CPA was prepared by an independent third party and reasonably reflects all available and cost-effective conservation measures typically considered.

8 Cascade's CPA followed Northwest Power and Conservation Council (NWPCC) methodology and past standard practice to identify conservation potential. With regards to the specific cost-effectiveness tests, Cascade notes that it uses both the TRC and UCT. The Company includes the social cost of greenhouse gas as an avoided cost. We find this

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<sup>2</sup> *In the Matter of the Petition of Cascade Natural Gas Corporation*, Docket UG-210450 Order 01 ¶¶ 11, 13 (October 14, 2021).

<sup>3</sup> Cascade 2023 CPA Report, page 2, paragraph 4, Docket UG-230434.

approach adequate and approve of the CPA but recognize that this is a complicated issue that deserves further consideration in the coming years.

### FINDINGS AND CONCLUSIONS

- 9 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including gas companies.
- 10 (2) Cascade is a gas company and a public service company subject to Commission jurisdiction.
- 11 (3) Cascade is subject to RCW 80.28.380, which requires the Company to determine a conservation acquisition target every two years.
- 12 (4) Cascade's Conservation Potential Assessment was prepared by an independent third party and followed NWPC methodology.
- 13 (5) Cascade identifies 669,000 therms of natural gas energy efficiency economic achievable potential in 2024, with additional savings in subsequent years.
- 14 (6) Cascade has provided the full Conservation Potential Assessment model and supporting workpapers, per Order 01 of Docket UG-210450.
- 15 (7) This matter came before the Commission at its regularly scheduled meeting on September 14, 2023.
- 16 (8) After reviewing Cascade's Conservation Potential Assessment filed on June 1, 2023, and giving due consideration to all relevant matters, the Commission finds that Cascade's Conservation Potential Assessment should be approved.

### ORDER

#### THE COMMISSION ORDERS:

- 17 (1) Cascade Natural Gas Corporation's Conservation Potential Assessment filed on June 1, 2023, meets the requirements of RCW 80.28.380, and the condition set forth in paragraph 11 of Order 01 in Docket UG-210450.

18 (2) The Commission retains jurisdiction over the subject matter and Cascade Natural  
Gas Corporation to effectuate the provisions of this Order.

19 The Commissioners, having determined this Order to be consistent with the public  
interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective September 14, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KATHY HUNTER  
Acting Executive Director and Secretary