



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
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April 10, 2018

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

RE: Cascade Natural Gas Corporation's 2016 Integrated Resource Plan Quarterly Updates 1-3
and its 2016 IRP Two-year Action Plan.
Docket UG-160453

Dear Mr. King:

Commission Staff has reviewed the compliance filings of Cascade Natural Gas Corporation (Cascade), dated: September 29, 2017, December 22, 2017, and March 30, 2018. Staff appreciates the company's diligence in timely submitting these three updates. The company has addressed the majority of the items, and staff is satisfied with the company's progress in most areas.

There are a few remaining items that still need to be addressed. Staff suggests the commission direct the company to file one more status report by June 30, 2018, to address the following items:

1. (Items 1, 10) The commission required Cascade to provide detailed justification for using weather data other than from NOAA, and verify the reliability of such data. It is unclear whether this occurred.
2. (Items 2, 4, 5, 15) In multiple comments, the commission directed Cascade to consider the cost of risks associated with environmental effects, including emissions of carbon dioxide.¹ The company's plan to incorporate carbon pricing policies is unclear from the report. While staff recognizes that the Clean Air Rule as it relates to Cascade has been overturned, that does not relieve the company from its obligation to better understand the risks of environmental effects,

¹ WAC 480-90-238(2)(b).

including potential carbon regulation. Staff asks the company, in its next report, to affirmatively identify the cost of carbon it will use in its IRP, and describe how that will be accomplished.

3. (Item 3) On March 9, 2017, Cascade filed an addendum to its 2016 IRP Action Plan that outlined some specific deliverables for the company. Staff notes that the Conservation Potential Assessment was supposed to be complete in the first quarter of 2018, and further notes that the report from Cascade does not show that this is the case. The company should provide the date of completion in its next report.

4. (Item 3) Also in the addendum, Cascade is expected to calculate the economic potential of conservation within the IRP, to be completed by June 30, 2018. It is unclear from the report whether this expectation will be met on schedule.

5. (Item 6) In its first quarterly report, the company committed to an expanded discussion of distribution resource planning to include date of resource need, analysis of least cost reasonable resources and the alternatives considered. Staff expects the company to adhere to this commitment. In Cascade's third quarterly report, it is unclear how the company is moving towards including this commitment in its next IRP. If there are any changes, the company should address such changes in its next report.

6. (Item 11) Cascade committed to comparing its growth forecast with information from the state economic report. It is unclear whether or not this has occurred.

7. (Item 17) Cascade should more clearly state whether the proposals presented by NWP would (or indicate a willingness to) modify delivery rights to meet potential shortfalls, or would otherwise address shortfall concerns.

8. (Item 19) The language in the report is uncertain around the incorporation of the citygate study into the IRP. Cascade should clarify its response in the next report.

With the requirement of an additional report addressing the eight comments above, due by June 30, 2018, Staff believes that the filing complies fully with the Commission's Acknowledgement Letter regarding Cascade's 2016 Integrated Resource Plan, entered July 24, 2017.

Sincerely,

Deborah J. Reynolds
Assistant Director
Conservation and Energy Planning