



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

621 Woodland Square Loop S.E. • Lacey, Washington 98503

P.O. Box 47250 • Olympia, Washington 98504-7250

(360) 664-1160 • TTY 1-800-833-6384 or 711

Received
Records Management
08/03/20 15:30
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

August 3, 2020

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
P. O. Box 47250
Olympia, Washington 98504-7250

RE: Cascade Natural Gas' 2019 Annual Conservation Achievement Report
Docket UG-180990

Dear Mr. Johnson:

On July 7, 2016, the Washington Utilities and Transportation Commission (Commission) entered Order 04 in Docket UG-152286. The order approved a settlement agreement in Cascade Natural Gas' (Cascade or Company) 2015 general rate case. Among the provisions of the settlement agreement were requirements for Cascade to meet 100 percent of its conservation target; file an annual conservation plan by December 1 of each year; and file an annual conservation achievement report by June 1 of each year. Cascade filed its 2019 Washington Conservation Plan on November 30, 2018. The plan proposed achieving 719 thousand therms of conservation savings,¹ at a cost of \$6.1 million.

Staff Analysis of Cascade's 2019 Annual Conservation Achievement Report

On May 29, 2020, Cascade filed its 2019 Annual Conservation Achievement Report (report). The report detailed 783 thousand therms of savings,² demonstrating that the Company exceeded

¹ Including 15 thousand therms of low-income conservation savings.

² Including 13,416 therms of low-income conservation savings and 22,106 therms of savings from NEEA.

its savings target by approximately nine percent. This savings came at a cost of \$6.7 million. These results are detailed in Table 1 below.

Table 1: Cascade 2019 Conservation Savings and Expenditures, Forecasts and Actuals

	Savings Target	Actual Savings	Actual as % of Target	Budgeted Expenditures	Actual Expenditures	Actual as % of Target	UCT
Residential	333,424	363,364	109%	\$2,844,186	\$2,976,277	105%	2.0
Commercial/Industrial	370,587	384,176	104%	\$2,211,274	\$2,048,066	93%	2.2
Low-Income³	15,000	13,416	89%	\$540,568	\$1,135,433 ⁴	210%	0.5 ⁵
NEEA	0	22,106	N/A	\$548,804	\$548,804	100%	N/A
Total	719,011	783,062	109%	\$6,144,832	\$6,708,580	109%	2.1

Both the residential and commercial/industrial programs exceeded their savings expectations for the year. Additionally, while the Company did not reach its target for low-income savings, it did achieve more conservation in that sector than it had since 2013, which is laudable progress. Total conservation spending exceeded budgeted targets by 9 percent; the commercial/industrial program, however, underspent its budget while also exceeding its savings expectations. Both the residential and commercial/industrial programs, as well as the overall portfolio (excluding low-income conservation) remained cost-effective in 2019.

Conclusion

Staff has reviewed the 2019 conservation report filing and determined that it complies with the requirements of the settlement agreement reached in Docket UG-152286.

Sincerely,

Andrew Rector
 Regulatory Analyst

³ Low-income conservation is not included in the portfolio-level cost-effectiveness figure.

⁴ Includes 15 percent project coordination fee and 10 percent indirect rate. Low-income conservation is not included in the portfolio cost-effectiveness figure.

⁵ The Company mis-calculated its low-income cost-effectiveness in the submitted report. This is a corrected figure.