



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

August 24, 2018

Mark L. Johnson, 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 Final 2016 IRP Quarterly Status Report
Docket UG-160453

Dear Mr. Johnson:

In the Commission's July 24, 2017, letter acknowledging Cascade Natural Gas Corporation's 2016 integrated resource plan (IRP), the Commission noted that its acknowledgement of the IRP was contingent upon the Company submitting three quarterly progress reports.¹ Cascade submitted these progress reports, filing the final report on March 30, 2018. On April 18, 2018, Commission Staff (Staff) filed a letter requesting that one final status report be submitted by June 30, 2018.² Cascade submitted this final report (report) in a timely manner on June 25, 2018.

Staff Analysis of Cascade's 2016 IRP Final Quarterly Status Report

Staff has reviewed Cascade's report, and found that it has adequately addressed the below items, which Staff requested it address in Staff's April 18 letter:

1. *Provide detailed justification for using weather data other than from the National Oceanic and Atmospheric Administration (NOAA), and verify the reliability of such data* – The Company provided detailed Excel files comparing NOAA weather data to its preferred provider (Schneider Electric), as well as a description of Schneider's dataset and methodology. The filings demonstrate that the difference between Schneider and NOAA data is small, and the Schneider data has fewer missing data points.
2. *Identify the cost of risks associated with environmental effects of emissions of carbon dioxide it will use in its IRP, and describe how the calculation of such cost will be accomplished* – Cascade has identified the base case and sensitivity analyses that it will

¹ Commission's letter to Cascade Natural Gas Corporation (July 24, 2017), Docket UG-160453.

² Commission's letter to Cascade Natural Gas Corporation (April 18, 2018), Docket UG-160453.

perform to incorporate the cost of carbon into its 2018 IRP. The Company's base case will be the social cost of carbon with a 3 percent discount rate, with sensitivity analyses around Initiative 1631 and other scenarios.

3. *Provide the date by which the Conservation Potential Assessment will be completed* – The Conservation Potential Assessment (CPA) was completed in March 2018.
4. *Provide calculation of the economic potential of conservation within the IRP or anticipated date of completion of such calculation* – The economic potential of conservation was run in August 2018 and will be presented at the fourth IRP Technical Advisory Group (TAG) meeting on August 23, 2018.
5. *Report to an expanded discussion of distribution resource planning to include date of resource need, analysis of least cost reasonable resources, and the alternatives considered* – Cascade's resource planning team has worked with its engineering, regulatory, finance, and other major departments to provide the IRP with information on date of resource need, analysis of least cost reasonable resources, and alternative analyses that were found to be not least cost options. Specific costs for each project will be included in confidential appendices to the IRP.
6. *Provide comparison between its growth forecast and information from the state economic report* – Cascade provided an Excel file comparing data from its vendor (Woods & Poole) to the most recent state county-level population forecasts for Washington and Oregon. The analysis shows that the long-term growth rates calculated by Woods & Poole are slightly higher for Washington than the official State forecast, and slightly lower for Oregon.
7. *State whether proposals presented by NWP would modify delivery rights to meet potential shortfalls, or would otherwise address shortfall concerns* – Cascade has discussed proposals to expand capacity and shift delivery rights with its pipeline suppliers and Gas Supply Oversight Committee (GSOC). Pipeline representatives were on hand to present and answer questions at the IRP TAG meeting on July 12, 2018. The proposals under consideration have the potential to increase the Company's ability to serve future demand in central and northwestern Washington.
8. *Clarify response regarding incorporation of the citygate study into the IRP* – The Company provided an explanation of how its citygate study will be incorporated into its modeling software to locate potential physical capability issues.

Conclusion

Staff believes that Cascade's final 2016 IRP status report addresses the concerns noted in Staff's April 18, 2018, letter, and that the Company has complied with the IRP acknowledgement letter of July 24, 2017.

Sincerely,

Andrew Rector
Regulatory Analyst