

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Petition of

CASCADE NATURAL GAS
CORPORATION,

for an accounting order authorizing deferred
accounting treatment of loss in margin due
to Company sponsored conservation
programs, or, in the alternative, the
continuation of the pilot decoupling
mechanism in Docket UG-060256.

DOCKET UG-101656

COMMISSION STAFF'S RESPONSE
TO PUBLIC COUNSEL'S MOTION
TO DISMISS

1 On October 1, 2010, Cascade Natural Gas Corporation (Cascade) filed a petition for an accounting order authorizing deferred accounting treatment for lost margins due to Company-sponsored conservation programs, or, in the alternative, for a three-year continuation of Cascade's pilot decoupling mechanism that the Commission authorized in Docket UG-060256. Public Counsel filed a motion to dismiss Cascade's petition on October 22, 2010.

2 As Public Counsel validly points out, Cascade has not complied with the conditions that the Commission set forth in the January 12, 2007, order originally authorizing Cascade to institute a three-year pilot decoupling program.¹ Order 05 stated that Cascade's decoupling mechanism would be extended only if "(i) such extension is authorized as part of

¹ *WUTC v. Cascade Natural Gas Corp.*, Docket UG-060256, Order 05 (January 12, 2007).

a general rate case to be filed by the Company prior to the expiration of the mechanism, and (ii) such general rate filing includes the results of a thorough evaluation of the mechanism.”² Cascade has not yet filed a general rate case, nor has it yet filed a thorough evaluation of the decoupling mechanism.

3 However, Staff is also aware that the Commission, since the entry of Order 05 in Docket UG-060256, has further examined the issue of conservation incentives and decoupling mechanisms. Specifically, in April 2010, the Commission opened a new proceeding (Docket U-100522) to examine whether new regulations are needed to govern conservation incentive mechanisms or address declines in revenues due to company-sponsored conservation or other causes of conservation. Among the participants in this docket are public utilities (including Cascade), Public Counsel, other ratepayer advocates, governmental entities, and energy and environmental advocates. The Commission has held workshops and taken numerous comments from interested parties on several conservation-related matters, including decoupling mechanisms and lost margins. Moreover, the Commission may well take further action in Docket U-100522, in the form of an order, rule, or policy statement, which addresses these policy matters in the near future. This may, in turn, directly affect the action the Commission ultimately takes regarding Cascade’s pending petition in the present docket. Staff, hence, wishes to reserve its right to address Cascade’s petition until the Commission’s Conservation Incentive Inquiry is further developed.

4 Staff also is concerned over the possible unintended consequences of an outright rejection of Cascade’s petition at this time. In particular, Staff notes that the Commission approved Cascade’s pilot mechanism to encourage and develop conservation in Washington.


² *Id.* at ¶ 70 and Appendix A, Settlement Agreement at p. 11.

Staff believes that the Commission should be careful, in considering Cascade's petition, not to take action that might have the ultimate effect of discouraging conservation by public utilities in this state.

DATED this 1st day of November 2010.

Respectfully submitted,

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