

Agenda Date: July 13, 2017
Item Number: A1

Docket: UG-170700

Company: Cascade Natural Gas Corporation
Staff: E. Cooper Wright, Regulatory Analyst

Recommendation

Acknowledge Cascade Natural Gas Corporation's 2016 Annual Conservation Achievement Report.

Background

Cascade Natural Gas Corporation (Cascade or company) operates its natural gas conservation program under the requirements of a joint settlement agreement approved in Docket UG-152286.¹ On May 31, 2017, Cascade timely filed its 2016 Annual Conservation Achievement Report with the Washington Utilities and Transportation Commission (commission) in Docket UG-170700.² While reviewing Cascade's 2017 conservation plan,³ staff collaborated with the company to develop a course of action for improving the company's conservation results. The principle elements of that collaboration are included in this discussion.

In 2016, Cascade served 183,815 customers in Benton, Chelan, Cowlitz, Grant, Grays Harbor, Kitsap, Skagit, Walla Walla, Whatcom, and Yakima counties.

Discussion

2016 Conservation Plan: Typically, when a company submits a conservation report they will measure their achievement against the corresponding conservation plan acknowledged by the commission sometime the year before. Cascade's 2016 conservation achievement report differs from this process because the company submitted its 2016 conservation plan as "informational only" and conducted their conservation efforts for 2016 based upon this unacknowledged plan.⁴

2016 Conservation Achievement: For 2016, Cascade's conservation portfolio achieved 405,557 therms in conservation costing \$2.4 million. This is just 41 percent of their 2016 savings goal and 73 percent of their 2016 budget. The program remained cost effective with a ratio of 1.02 for the Utility Cost Test.⁵ Table 1 below offers more detail about the results at the program level.

¹ *WUTC v. Cascade Natural Gas Corporation*, Docket UG-152286, Order 04, ¶10 (July 7, 2016).

² The company submits an advanced version of the report to their conservation Advisory Group for comment at least 30 days prior to submitting a final revision to the Commission.

³ Docket UG-1161253, Staff Open Meeting Memo (March 16, 2017).

⁴ 2016 Washington Conservation Plan, UG-152354 (Dec. 5, 2015).

⁵ Combined residential and commercial, excluded low-income residential.

Table 1 Cascade spending and conservation breakdown by program.

Program ⁶	2016 Budget	2016 Expend.	Percentage	2016 Goal	2016 Actual	Percentage
Residential	\$1,635,897	\$977,921	60%	409,975	171,620	42%
Commercial	\$1,621,795	\$1,369,017	84%	565,940	222,194	39%
Low Income	\$105,002	\$93,377	89%	7,000	11,743	168%
Portfolio Total	\$3,362,694	\$2,440,315	73%	982,915	405,557	41%

Conservation Guidelines: The American Council for an Energy-Efficient Economy (ACEEE) uses the proportion of conservation achieved as a percentage of retail sales and how much is spent on conservation by residential customer to compare statewide natural gas conservation efforts across the nation.⁷ In general, healthy programs on a national level conserve 1.0 percent of total sales in therms and spend \$35 per residential customer. In 2016, Cascade conserved just 0.2 percent of sales in therms and spent a little over \$13 per residential customer.

Cascade's Actions for Correction: Cascade reports that conservation incentive levels in 2016 were not high enough to drive additional efficiency achievement. Staff agrees with this assessment. Encouragingly, the company has already implemented the new measures and higher conservation incentives to address this problem.⁸

Additionally, in the process of acknowledging Cascade's 2017 Conservation Plan, the company agreed to issue a request for proposal to procure a more accurate energy-efficiency potential assessment and associated modeling software. Staff believes this new tool will enable better planning, target-setting, and better conservation implementation.

Conclusion

The results of Cascade's 2016 Conservation Program are not acceptable. However, the significant changes required to place the program more in-line with other natural gas conservation programs, with counsel from staff and the Advisory Group, are already underway.

Recommendation

Staff recommends the commission acknowledge the Cascade Natural Gas Corporation's 2016 Annual Conservation Achievement Report.

⁶ Northwest Energy Efficiency Alliance 2016 budget was 244,996.

⁷ 2016 State Energy Efficiency Scorecard, pages 33 and 35, Tables 12 and 14 at <http://aceee.org/sites/default/files/publications/researchreports/u1606.pdf>.

⁸ Docket UG-170670, Staff Open Meeting Memo (June 29, 2017).