



222 FAIRVIEW AVENUE N., SEATTLE WASHINGTON 98109-5312 206-624-3900
FACSIMILE 206-654-4039
www.cngc.com

CNG/WA09-08-01

August 10, 2009

Mr. Dave Danner
Secretary and Executive Director
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-9022

Dear Mr. Danner:

Cascade Natural Gas Corporation encloses for filing the following tariff sheet:

Second Revision Sheet No. 302 Canceling First Revision Sheet No. 302

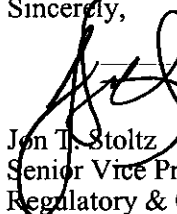
The purpose of this filing is to make the following updates and additions to the Commercial Conservation Incentive Program.

- Increasing the incentive for High Efficiency (90+) Boilers from **\$2.00/kbtuh** to **\$4.00/kbtuh**
- Moving the **500** kbtu minimum input standard to **300** kbtu in order to capture equally efficient smaller systems
- Creating a two-tiered prescribed insulation incentive
- Adding an **\$80** incentive for steam traps
- Correcting tariff language for qualifying warm air furnaces to reference *only* the minimum **91%** AFUE standard

Exhibit 1 provides the cost effectiveness analysis and further explains the proposed modifications to the commercial program measures.

Any questions regarding this filing may be made to Allison Spector at 206-381-6834 or Kathie Barnard at 206-381-6824.

Sincerely,



Jon T. Stoltz
Senior Vice President
Regulatory & Gas Supply

Attachments

"In The Community To Serve"

Cascade Natural Gas Corporation Cost Effectiveness Analysis of Proposed Commercial Program Modifications

TOTAL RESOURCE COST ANALYSIS

DESCRIPTION	ANNUAL THERM SAVINGS	UNITS	MEASURE INSTALLED COST	NON-ENERGY BENEFITS (10% of cost)	MEASURE LIFE	DISC THERM SAVINGS	ESTIMATED DELIVERY & ADMIN	PROGRAM REBATE	TOTAL RESOURCE COST	TRC W/ADMIN & DELIV	BENEFIT COST RATIO
Attic Insulation (Tier 1)	0.31	sq. ft.	\$ 1.35	\$ 0.14	30	5	\$ 0.00120	\$ 0.50	\$ 0.231	\$ 0.232	3.368
Attic Insulation (Tier 2)	0.32	sq. ft.	\$ 1.80	\$ 0.18	30	5	\$ 0.00122	\$ 0.65	\$ 0.303	\$ 0.303	2.575
Roof Insulation (Tier 1)	0.35	sq. ft.	\$ 1.83	\$ 0.18	30	6	\$ 0.00134	\$ 0.60	\$ 0.280	\$ 0.280	2.781
Roof Insulation (Tier 2)	0.36	sq. ft.	\$ 2.40	\$ 0.24	30	6	\$ 0.00138	\$ 0.80	\$ 0.357	\$ 0.357	2.182
Wall Insulation (Tier 1)	0.16	sq. ft.	\$ 1.50	\$ 0.15	30	3	\$ 0.00062	\$ 0.30	\$ 0.498	\$ 0.498	1.564
Wall Insulation (Tier 2)	0.19	sq. ft.	\$ 1.70	\$ 0.17	30	3	\$ 0.00073	\$ 0.40	\$ 0.478	\$ 0.478	1.631
Hi-Eff Cond. Boiler w/ Elec. Ign	0.88	kBtu/hr	\$ 8.89	\$ 0.89	20	12	\$ 0.00268	\$ 4.00	\$ 0.679	\$ 0.679	1.178
Steam Traps Line Size <2"	136.90	each	\$ 315.00	\$ 31.50	7	817	\$ 0.18585	\$ 80.00	\$ 0.347	\$ 0.347	2.601

UTILITY COST ANALYSIS

DESCRIPTION	ANNUAL THERM SAVINGS	UNITS	MEASURE INSTALLED COST	NON-ENERGY BENEFITS (10% of cost)	MEASURE LIFE	DISC THERM SAVINGS	ESTIMATED DELIVERY/ & ADMIN	PROGRAM REBATE	UTILITY COST	UC W/ADMIN & DELIV	BENEFIT COST RATIO
Attic Insulation (Tier 1)	0.31	sq. ft.	\$ 1.35	\$ 0.14	30	5	\$ 0.00120	\$ 0.50	\$ 0.095	\$ 0.095	8.184
Attic Insulation (Tier 2)	0.32	sq. ft.	\$ 1.80	\$ 0.18	30	5	\$ 0.00122	\$ 0.65	\$ 0.121	\$ 0.122	6.417
Roof Insulation (Tier 1)	0.35	sq. ft.	\$ 1.83	\$ 0.18	30	6	\$ 0.00134	\$ 0.60	\$ 0.102	\$ 0.102	7.634
Roof Insulation (Tier 2)	0.36	sq. ft.	\$ 2.40	\$ 0.24	30	6	\$ 0.00138	\$ 0.80	\$ 0.132	\$ 0.133	5.890
Wall Insulation (Tier 1)	0.16	sq. ft.	\$ 1.50	\$ 0.15	30	3	\$ 0.00062	\$ 0.30	\$ 0.111	\$ 0.111	7.040
Wall Insulation (Tier 2)	0.19	sq. ft.	\$ 1.70	\$ 0.17	30	3	\$ 0.00073	\$ 0.40	\$ 0.125	\$ 0.125	6.237
Hi-Eff Cond. Boiler w/ Elec. Ign	0.88	kBtu/hr	\$ 8.89	\$ 0.89	20	12	\$ 0.00268	\$ 4.00	\$ 0.340	\$ 0.340	2.357
Steam Traps Line Size <2"	136.90	each	\$ 315.00	\$ 31.50	7	817	\$ 0.18585	\$ 80.00	\$ 0.098	\$ 0.098	9.218

Nominal interest rate (post tax cost of cap.)

7.63%

Inflation rate

3.32%

Long term real discount rate

4.17%

2009 Program Budget

\$626,000

2009 Therm Target

227,380

Estimated Program Cost Per Therm

\$2.75

Exhibit AAS-1

Page 1 of 2

Summary of Proposed Program Modifications to Cascade's Commercial Conservation Program

High Efficiency (90+) Boilers: Commercial customers and equipment suppliers have indicated that the current rebate of \$2.00/kbtu/hr is not adequate to achieve full saturation of High Efficiency Boilers in CNGC's Washington service territory. Given this feedback, the Company agreed that a more rigorous analysis was warranted and conducted a parametric analysis performed by the program's commercial engineer. Results of this examination indicated that a rebate level of \$4.00/kbtu/hr (commensurate with ETO's program offering) would encourage greater uptake while allowing the measure to remain cost effective. It was further determined that moving the 500 kbtu minimum input standard to 300 kbtu would allow the program to capture smaller systems that were equally efficient compared to the larger models currently allowed under the tariff. The parametric analysis performed in support of the incentive change incorporates the expansion of allowable system sizes. The minimum 90% AFUE standard remains unchanged.

Two Tiered Prescriptive Insulation Levels: Results from the Commercial Custom Incentive Program indicate that many customers will pass over lower insulation levels in exchange for higher efficiencies when given the proper financial incentive. A two tiered prescribed insulation level has been proposed to encourage greater uptake of high R-value insulation in commercial buildings creating a greater opportunity for energy savings. Calculations to determine revised incentive levels and cost effectiveness were developed from a bin based calculation method with the Seattle Bin weather file used for the typical commercial type occupancy schedule and temperature balance points. The tiers and associated rebates are outlined as follows:

Measure	Minimum Requirements		Incentive	
	Tier 1	Tier 2	Tier 1	Tier 2
Attic Insulation	Min R-30	Min R-45	.50/sq ft	.65/sq ft
Room Insulation	Min R-21	Min R-30	.60/sq ft	.80/sq ft
Wall Insulation	Min R-11	Min R-19	.30/sq ft	.40/sq ft

Steam Traps: Malfunctioning steam traps are common energy wasters that can leak usable steam, thus increasing gas consumption. To address this common inefficiency, CNGC is proposing the addition of a prescriptive amount of \$80 for steam traps fitted to steam boilers with a minimum rating of 300 kbtuh and steam pressures operating at 7 psig or greater. Steam trap line size must be <2" with minimum 25 psig Trap Design Pressure. This amount was determined by parametric analyses at minimum trap levels for varying system pressures. This measure will only be allowable in instances where the customer signs an agreement to have the trap regularly maintained and replaced every seven years.

Proposed Housekeeping Changes

Warm Air Furnaces: Current tariff language lists qualifying warm air furnaces as having to have "less than 225,000" kbtu input. However, this is a misprint and should actually read <225 kbtu input. The commercial engineer for the program has indicated that AFUE should be the most important factor in determining energy efficiency. Therefore, in order to avoid confusion on which furnaces qualify, the Company proposes that the input qualification be removed and the minimum 91% AFUE standard remain.