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In the Community to Serve®

January 14, 2011

Via Electronic Filing

Washington Utility and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Attn: David W. Danner, Executive Director and Secretary

Re: Opportunity to File Response to Information Request (Low Income Conservation Program Inquiry Docket U-101973)

Cascade Natural Gas Corporation (CNGC) appreciates the opportunity to submit a response to the Information Request related to Low Income Program Inquiry Docket U-101973. Below you will find the Company's response to each of the questions pertaining to utilities in the Commission's Information Request.

1) Complete Budget for CNGC Low Income Conservation Programs

Below is the estimated budget for Cascade Natural Gas Corporation's low-income conservation efforts. These figures were derived by multiplying the targets in the Company's Conservation Plan for each year from 2008 to 2010 (and the IRP target for 2011), by the avoided cost of gas for that program year.¹ Cascade pays the lesser of the avoided cost of the therms saved or the total installed cost of a measure.

It should be noted that there is no formal budget associated with our Low Income Conservation Programs. As long as low income agencies install tariff-approved measures in income-qualified homes, we will have monies available to them for the purpose of this rebate program.

2008	\$171,400
2009	\$342,800
2010	\$463,600
2011	\$466,400

Other expenses such as housing repair and health & safety are not covered under CNGC's low income conservation budget. However, if an agency submits a rebate for tariff-approved weatherization work, and the total installed cost is *less* than the avoided cost of the therms saved, the rebate amount could *theoretically* include minor repair and safety measures incidental to the installation of that measure.

¹ These dollar figures have been rounded to the nearest hundred dollars.

2) Total CNGC Disbursement to CAP Agencies in 2008 – 2009

In 2008 and 2009, total disbursement to Low-Income Agencies under the Company's Low Income Weatherization Assistance Program was \$95,344 for 43 projects and \$168,378 for 54 projects respectively. There is no cap on the amount of dollars that can be distributed to an agency over the course of a program year for tariff approved projects/measures.

Cascade Natural Gas is pleased to have these rebate monies available to the WAP to actively encourage our partner agencies to reach out to and serve as many low income households as possible. We look forward to continued, active partnership in the coming year and will continue to offer assistance to agencies to develop bill inserts and other outreach collateral to generate greater awareness of this excellent program. To date, interest in this assistance has been minimal. However, we will continue to actively work with the agencies to consider ways to overcome perceived obstacles to serving gas households.

3) Explanation of the Administration of Low-Income Conservation Program

Cascade Natural Gas administers the Washington Low-Income Weatherization Program (Program) which is an integral part of the Company's Conservation Plan. Cascade partners with 12 (twelve) community action agencies located throughout the Company's entire Washington service area to deliver program services to customers.

The Program provides rebates to agencies following the successful completion of a low-income weatherization project where the client is served by Cascade Natural Gas and utilizes natural gas as their primary heat source. The rebate funds are provided to the agency after the job has been completed and all required paperwork has been processed.

Program rebates to agencies are determined as being the LESSER dollar amount of the sum of the dollar value of the first year therm savings OR the sum of the installed cost of the measures plus a reimbursement of an "Energy Audit Fee" in the amount of \$225.

The Application for Payment document is a one-page form that requires basic information from the TREAT Improvement Packages report to complete. If an agency utilizes TREAT all that is required for submission for payment under the program is a completed application form and a copy of the TREAT Improvement Packages report. The TREAT Improvement Packages report lists energy savings and installed costs by measure.

For agencies that do not utilize TREAT (opting instead to follow the Department Of Commerce's list of measures that are deemed to be cost effective) they can access the Program by providing copies of the agencies job cost detail and/or a contractor's invoices for the project, information on the square footage of insulation installed, and the total square footage of the house. Cascade calculates the first-year therm savings on each project based upon energy efficiency measure savings factors included in the Company's approved Integrated Resource Plan. The costs of installing measures are calculated on the basis of information contained in the agency or contractor invoices.

Following the completion of the weatherization project(s), an agency submits the above mentioned information to Cascade. Cascade reviews and checks each submitted rebate request for accuracy and completeness. Cascade also compiles two or three years of usage history on each customer served to verify that they are a qualified customer for the program. Any questions that emerge related to specific projects or measures are handled via phone call or email exchanges between the agency and Cascade. Following this review process the projects(s) from each agency are submitted to the Company's accounts payable department and checks are mailed to the agency in the amount of the total rebate(s) submitted.

4) List of Conservation Measures Installed

The Cascade Natural Gas Washington Low-Income Weatherization Program offers potential rebates on the installation of five energy efficiency measures. The five measures included in this program are:

- Attic/Ceiling Insulation (30-year measure)
- Floor Insulation (30-year measure)
- Wall Insulation (30-year measure)
- Duct Sealing and Insulation (20-year measure)
- Air Infiltration Reduction (20-year measure)

5) Health and Safety Measures Installed

No health and safety measures are directly rebated for through this program. As stated earlier, in circumstances where the installed cost of a measure is less than the avoided cost of the therms, there is a *chance* some health and safety, or incidental repairs may have been performed as part of the installation process. However the Company does not itemize or individually track these components.

6) Cost Effectiveness Calculations

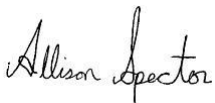
CNGC does not provide funding for repair or safety assistance. Please see the attached “CNGC Decoupling Mechanism Report for CY09” for a spreadsheet demonstrating the most recent cost-effectiveness calculations associated with this program.

7) Low Income Conservation Potential

The best information available to Cascade at this time yields a total low-income conservation potential in our Washington service area of around 1.6 million therms. This figure was determined by taking the sum of the technical potential from the Company’s 2010 Integrated Resource Plan for the categories of Existing Shell, HVAC and Water Heat and multiplying that figure by 20 percent. The company has no way of ascertaining the exact proportion of residential customers that have household incomes that would qualify them for the low-income weatherization program.

Thank you again for the opportunity to respond to this inquiry. Please feel free to address questions to Allison Spector (allison.spector@cngc.com) or Kathie Barnard (kathie.barnard@cngc.com).

Sincerely,



Allison Spector
Manager, Conservation