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October 5, 2012

VIA ELECTRONIC FILING (records@utc.wa.gov)

David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Re: Commission Investigation into Natural Gas Conservation Programs
Docket UG-121207

Dear Mr. Danner:

The Northwest Industrial Gas Users (“NWIGU”) hereby submit Reply Comments in the above captioned rulemaking docket regarding natural gas conservation programs. NWIGU has reviewed the Opening Comments of the parties and submits the following, brief Reply Comments.

NWIGU strenuously disagrees with those parties that are urging the Commission to bias avoided cost calculations by arbitrarily inflating the future price of natural gas for purposes of calculating avoided cost. The unconventional natural gas revolution resulting from shale development has lowered the natural gas price outlook, to the benefit of gas ratepayers. The changes in the natural gas market over the past few years are very real, are not a short-term phenomenon, and are reflected in current estimates of avoided cost. The price of natural gas may rise in the future above current levels, but avoided cost calculations will reflect any real rise in prices. To arbitrarily declare that current avoided cost calculations are in essence wrong and thus must be inflated does a disservice to the ratepayers of Washington. It will erode the credibility of demand side management programs if they cannot be truly cost justified.

NWIGU concurs with Public Counsel that there is no current justification for modifying the Total Resource Cost test as it is currently understood and applied to demand side management programs. Some have suggested that non-energy benefits be included in determining the value of demand side management programs. Before NWIGU could endorse such an approach, we would have to have a better understanding of what the benefits are,

October 5, 2012

Page 2

whether they are based in reality and whether they are related at all to the provision of natural gas service. Ratepayers are being asked to fund these programs through extra charges for the natural gas they purchase. Ratepayers should not be required to fund programs that have no economic benefit to gas consumers and can only be justified on the basis of nebulous societal benefits not directly related to the provision of natural gas service. NWIGU urges the Commission to maintain the current approach to applying the Total Resource Cost test to demand side management programs.

NWIGU looks forward to participating in the upcoming workshop in this docket.

Respectfully submitted,



Chad Stokes
Tommy Brooks