

CASCADE NATURAL GAS CORPORATION

Twenty-Fourth Revision Sheet No. 2-A

Canceling

WN U-3

Substitute Twenty-Third Revision Sheet No. 2-A

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Director, Regulatory Affairs

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Twelfth Revision Sheet No. 300

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Substitute Eleventh Revision Sheet No. 300

SCHEDULE 300

ENERGY EFFICIENCY INCENTIVE PROGRAM

1. PURPOSE

This program is designed to increase energy efficiency for Residential, Commercial and Industrial customers within Cascade’s service territory by providing information about, and incentives for, certain energy efficiency measures in qualifying buildings. Energy efficiency activities will be consistent with cost-effectiveness methodologies used by the Northwest Power and Conservation Council (NWPCC) and Cascade will use a modified Utility Cost Test (UCT) as its primary cost-effectiveness test. Individual program offerings including Residential and Commercial/Industrial programs are described within the Company’s most recently acknowledged Biennial Conservation Plan (BCP) Exhibit 1. Low Income program offerings are described under Schedule 301 and are addressed in the BCP.

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2. AVAILABILITY

This program is available throughout Cascade’s Washington service territory to qualifying Cascade Natural Gas customers served on rate schedules 503, 504, 505, 511, and 570 upon meeting the requirements contained in the following eligibility section. The services are available to current account holders and/or property owners of facilities. Specific incentives and services may also be available for manufacturers, contractors, vendors, retailers, or other entities who provide equipment or services, and install or facilitate the installation of approved measures in facilities upon notification to and/or approval of account holders.

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A measure is defined as a piece of equipment, product, service, system or operational practice employed to achieve greater energy efficiency.

To qualify for services under this schedule, customer’s energy source for specific measure install must be natural gas and the measure must increase efficiency in the natural gas use.

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3. PROGRAM COST RECOVERY

The administrative and program delivery costs associated with delivery of this program (including services, programs, incentives and methods to encourage customers to invest in energy efficiency upgrades) will be accounted for and recovered through an annual deferral amortization or other accounting mechanism as required under the most recent conditions of the Company’s BCP. Cascade shall retain existing cost recovery mechanisms, subject to the Commission’s Order in Docket UG-152286, unless otherwise ordered by the Commission. Cost recovery will be via the Company’s Gas Conservation Service Tariff Schedule 596, Conservation Program Adjustment. Availability of all services, programs, rebates and incentives offered in this schedule are subject to funding through this schedule.

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(continued)

(M) Refers to language on Sheet No. 300 that was previously on Sheet No. 300-A
(K) Text previously on Sheet No. 300 is found on Sheet No 300-B.

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Revised Substitute Eighth Revision Sheet No. 300-A

SCHEDULE 300

ENERGY EFFICIENCY INCENTIVE PROGRAM

4. DEFINITIONS

Unless noted otherwise the terms and acronyms used in this Schedule as well as Schedule 301 are defined in the Company's BCP and/or within this tariff, rules, and regulations.

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5. ELIGIBILITY

Customers must meet the end-use qualifications identified in the Program incentive sheets, applications, rate schedules, and BCP. In addition, the following may apply:

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- a. Additionally, as applicable to the project, baseline insulation levels in existing structures must not exceed the baseline specifications to qualify for an incentive
- b. Insulation measures must be installed in an existing building heated by natural gas
- c. All installations of weatherization and equipment must comply with all codes and permit requirements applicable in the state of Washington and must be properly inspected, if required, by appropriate agencies
- d. Measures will be eligible for incentives when they are installed on or after the effective dates of this tariff and will qualify per program timelines as indicated in the BCP
- e. The Company reserves the right to alter, amend or cancel rebate offerings in consultation with its Conservation Advisory Group (CAG) and
- f. Rebates are intended to incentivize high-efficiency equipment and upgrades and where existing high-efficiency measures have previously been incentivized and equipment is replaced early in its expected lifetime, replacement with a similar high-efficiency measure may be disallowed
- g. The customer must submit to the Company the required documentation demonstrating the purchase and installation of the measure. Submissions must comply with the terms and instructions on the Company's current rebate form
- h. The Company reserves the right to verify installation prior to payment of rebates
- i. Program incentive sheets, applications, rate schedules, the current BCP as well as additional information about Cascade's conservation incentive programs are available on the Company's website at <http://www.cngc.com>

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6. ANALYSES

Energy efficiency measure offerings are deemed cost-effective as a portfolio and may be recommended under these programs. Prescriptive Residential and Commercial/Industrial energy savings estimates are based on the Company's most recently acknowledged Conservation Potential Assessment which uses unit energy savings values and standard protocols approved by the Regional Technical Forum when available. These are based on generally accepted methods, impact evaluation data, or other reliable and relevant data that includes verified savings levels. In the event new or significant changes to the program offerings are needed, the Company works with its CAG to review potential changes.

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(K) Text previously on Sheet No. 300-A is found on Sheet No. 300-B.

(M) Refers to language on Sheet No. 300-A that was previously on Sheet No. 300.

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Original Revision Sheet No. 300-B

**SCHEDULE 300
ENERGY EFFICIENCY INCENTIVE PROGRAM**

(N)

6. ANALYSES (continued)

Energy efficiency measures not listed in the prescriptive programs may still be eligible for a custom incentive provided they remain cost-effective.

- a. Commercial/Industrial customers requesting site-specific energy efficiency measures must submit estimated costs and natural gas savings associated with the project. Natural gas savings are to be calculated using standard engineering practices. The Company will review the natural gas savings calculations and reserves the right to modify energy savings estimates

7. MEASURES AND INCENTIVES

Measures deemed cost effective under the Modified UCT and a Total Resource Cost Test and recommended under this program are indicated in the Company’s BCP, Exhibit 1. All offered measures shall meet or exceed the efficiency standards set in applicable energy code, or in the event not indicated by code, “industry best practices” as determined by the Company in consultation with its CAG. Measure installations are expected to meet industry best practice standards for safety, quality, and energy efficiency.

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- a. Incentives for the Custom Commercial/Industrial program are determined under the Total Resource Cost test or through a 1.25 benefit cost ratio under the UCT, including leveled accounting for program administrative costs. The Company will pay custom incentive levels at the lesser of the normalized tariff amount or actual installed cost and will work with its CAG should it deem necessary to update this criteria in its BCP
- b. At its sole discretion the Company may provide payments, funding or other remuneration that may be less than the maximum allowed under the above noted parameters based on market conditions and install costs
- c. The Company reserves the right to verify installation prior to payment of any rebates. Rebates are qualified for payment under the terms of the most recent rebate application form and are subject to update

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8. ENVIRONMENTAL ATTRIBUTES

Environmental attributes, reporting rights as well as therm savings associated with these efficiency installations under the Company’s Energy Efficiency Programs will accrue to the ownership and beneficial use of the Company.

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(M) Refers to language on Sheet No. 300-B that was previously on Sheet No. 300.

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Original Revision Sheet No. 300-C

SCHEDULE 300
ENERGY EFFICIENCY INCENTIVE PROGRAM

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9. SPECIAL CONDITIONS

- a. Low Income: The program is available to Department of Commerce approved Low Income (LI) Weatherization providers and other LI Agencies providing weatherization services to residential dwellings served by Cascade. Funding and program information is available in Schedule 301 as well as the Company's BCP. Reimbursements shall fully fund the cost of qualified weatherization measures for income qualified customers as certified by the LI weatherization provider in Washington State. Measures will qualify for a rebate payment to the Agency when: (a) the measures are identified as cost effective under the appropriate climate zone and housing type under the Washington State Department of Commerce Weatherization Priority List, or (b) each measure is identified as having a savings-to-investment ratio of 1.0 or higher according to the Agency's energy audit in the dwelling in which a measure is being installed, or (c) when it is cost-effective to do so using utility-specific avoided costs
- b. Pilots: The Company, in consultation with its CAG, will implement pilot projects to explore new energy efficiency opportunities and offerings. These pilots may not have immediate savings impacts and are allowed if they do not exceed 10 percent of the program budgets and the overall portfolio of conservation passes the primary cost-effectiveness test
- c. Market Transformation: The Company will invest in regional studies and market transformation, in collaboration with other regional parties to complement its energy efficiency programs. This includes participating in the Northwest Energy Efficiency Alliance's (NEEA) gas market transformation program to drive market change and increase accessibility to high-efficiency natural gas measures

10. EXPENDITURES

For the 2022 and 2023 biennium the Company budgets \$24.5 million to deliver cost-effective energy efficiency initiatives and measures to achieve savings goals in coordination with its CAG as set in the Biennial Acquisition Target.

11. GENERAL RULES AND REGULATIONS

Service under this schedule is subject to the general Rules and Regulations noted within this tariff and detailed in the BCP.

12. TERMINATION

Programs and measures under this tariff may terminate under the following conditions:

- a. Upon 30 days written notification to the CAG based on appliance standards changes, building code updates and program delivery criteria: or
- b. When the program is no longer cost effective per Commission approved cost tests; or
- c. At the expiration of the BCP period, December 31, 2023
- d. Commitments entered into and approved by the Company prior to termination will be honored

(N)

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Director, Regulatory Affairs

**SCHEDULE 301
LOW INCOME WEATHERIZATION INCENTIVE PROGRAM**

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1. AVAILABILITY

This program is available to Department of Commerce approved Low Income Weatherization providers and other Low Income Agencies providing weatherization services (Agencies) to income-eligible residential dwellings served by Cascade Natural Gas Corporation.

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2. PROGRAM DESCRIPTION

This program is designed to increase energy efficiency in low-income households within Cascade’s service territory by providing rebates to Agencies for the installation of approved energy efficiency measures in qualifying residential dwellings following the completion of a home energy evaluation performed by a qualifying Agency.

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3. ELIGIBILITY

In order to qualify for the Weatherization Incentive Program (WIP) and Enhanced Weatherization Incentive Program (E-WIP) benefits, the customer must be a residential customer of Cascade Natural Gas, must be certified as low-income by a qualified Low-Income Weatherization provider in Washington State, and must live in a dwelling where the primary heat source is fueled by natural gas. Combined WIP and E-WIP rebates shall fully fund the cost of qualified weatherization measures for customers. "Fully fund" does not prohibit the agency leveraging other funding sources, in combination with utility funds, to fund low-income conservation projects.

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In order to receive rebates for the installed cost of weatherization measures under E-WIP, the Agency delivering weatherization services must meet the requirements above and must also have in place a current, signed Memorandum of Understanding (MOU) with Cascade Natural Gas with individualized targets for the number of homes anticipated to be served by that Agency for the calendar year. This target shall be developed in coordination with the Agency and shall be adjusted on an annual basis.

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4. ENERGY EFFICIENCY MEASURES

The following measures qualify for rebate under both the WIP and E-WIP programs:

- Ceiling insulation
- Wall insulation
- Floor insulation
- Water heater insulation
- Duct sealing
- Duct insulation
- Infiltration reduction
- Low-flow faucet aerators
- Low-flow showerheads
- Natural gas furnaces (95% AFUE or greater)¹
- Furnace tune-up and filter replacement
- Direct vent space heater (90% AFUE or greater)
- Natural gas water heaters (0.91 EF or greater tankless)
- Natural gas water heaters (0.64 EF or greater storage)

(continued)

¹ Unless Department of Commerce specifications specifically recommend a lower efficiency unit, and documentation is provided to the Company to verify this is the case.

SCHEDULE 301

LOW INCOME WEATHERIZATION INCENTIVE PROGRAM

4. ENERGY EFFICIENCY MEASURES (continued)

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These measures will qualify for a rebate payment to the Agency when: (a) the measures are identified as cost effective under the appropriate climate zone and housing type under the Washington State Department of Commerce Weatherization Priority List, or (b) each measure is identified as having a savings-to-investment ratio of 1.0 or higher according to the Agency’s energy audit in the dwelling in which a measure is being installed, or (c) when it is cost-effective to do so using utility-specific avoided costs. Participating Agencies shall use TREAT energy modeling software when conducting audits. Agency shall provide a copy of TREAT or Priority List report along with its completed rebate application, and other documentation as specified on the Company’s current rebate application form in order to qualify for incentives. The Company may consider exemptions to the 1.0 SIR requirement for individual measures, if such exemptions are consistent with provisions in the Department of Commerce Weatherization Manual, and the total weatherization project remains cost-effective. Such exemptions must be approved on an individual basis by the Company and its Conservation Advisory Group. Only Agencies with a demonstrated 12-month history of projects whose final costs have not exceeded 120% of anticipated costs shall be eligible for this exemption.

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5. REBATE CALCULATION & PAYMENT:

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Cascade will provide a rebate to participating Agencies for the installation of the measures listed above. The following formula will be used to calculate the rebate under the standard WIP:

Projected Annual Therm Savings of Measure(s) x 100% of the Avoided Cost per Therm

The WIP portion of the rebate will not exceed 100% of the Avoided cost of the annual therm savings.

The avoided cost per therm is based on the Company’s most recently acknowledged Integrated Resource Plan.

Agencies participating in the E-WIP program shall receive a rebate payment in the amount of the total installed cost of the approved weatherization measure/s. Installed cost shall include associated repair work and health and safety improvements necessary to the installation of a qualified measure, provided advanced review and approval is provided to the Company prior to payment. Agency shall demonstrate total install costs by providing the Company with all requisite documentation including contractor invoices, where available, or an otherwise itemized list of work performed and cost incurred.

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Agencies will be provided reimbursement for actual project costs for homes treated under both the WIP and E-WIP programs. Expenses associated with project coordination will be funded up to a maximum program average of 20 percent of the total project cost as billed to the Company. An additional agency indirect-rate associated with the delivery of low-income conservation measures will be provided in the amount of 10 percent of the total project cost as billed to the Company. The total combined project coordination and indirect-rate provided by the Company to the Agencies shall not exceed 30% of total project cost as billed to the Company.

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Original Sheet No. 301-B

SCHEDULE 301
LOW INCOME WEATHERIZATION INCENTIVE PROGRAM

6. **GENERAL PROVISIONS:**

The low-income weatherization investment costs associated with this program will be accounted for and recovered through an annual deferral amortization or other accounting mechanism as required under the most recent conditions of the Company's Biennial Conservation Plan. Cascade shall retain existing cost recovery mechanisms, subject to the Commission's Order in Docket UG-152286, unless otherwise ordered by the Commission. All installations of weatherization must comply with all codes and permit requirements applicable in the state of Washington and must be properly inspected, if required, by appropriate agencies. The Company reserves the right to verify installation prior to payment of any rebates. Rebates are qualified for payment under the terms of the most recent rebate application form and are subject to update. Cascade, in conjunction with its Conservation Advisory group, and the agencies that deliver the low-income weatherization program, will develop and report annual savings goals based on projected annual completions. Agency spending will be monitored by the Company in conjunction with the CAG to ensure that proper fiscal management is taking place by those delivering the program. To the extent possible, these activities will be integrated with Cascade's existing biennial and annual conservation planning and reporting processes.

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Tenth Revision Sheet No. 302

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(D)

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Eighth Revision Sheet No. 302-A

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(D)

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