



STATE OF WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION  
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April 14, 2016

Mark Sellers-Vaughn  
Manager, Supply Resource Planning  
Cascade Natural Gas Corporation  
8113 West Grandridge Boulevard  
Kennewick, Washington 99336

**Re: Cascade Natural Gas 2014 Integrated Resource Plan and  
Overdue Work Plan for 2016 Integrated Resource Plan  
Docket UG-140008**

Dear Mr. Sellers-Vaughn:

The Washington Utilities and Transportation Commission (UTC or commission) has reviewed the 2014 Integrated Resource Plan (IRP or plan) filed by Cascade Natural Gas Corporation (Cascade or company) on July 20, 2015, and has determined that it fails to meet the requirements of Washington Administrative Code 480-90-238. Further, Cascade's work plan for the 2016 Integrated Resource Plan was due on December 15, 2015. Cascade must provide its work plan for the 2016 Integrated Resource Plan by May 16, 2016, or face penalties for violation of commission rule.

Cascade presented its 2014 IRP to the commission at the September 10, 2015, Recessed Open Meeting. At the time, the commission expressed concern with numerous aspects of the plan that failed to meet the requirements of WAC 480-90-238, and requested that Cascade file a revised version of the plan to remedy those deficiencies.

Specifically, the commission expressed concern with the following components of the 2014 IRP:

- The lack of clear explanation of the timing of resource needs and how capacity deficits at specific city gates would be met (WAC 480-90-238(3)(g));

- The lack of detailed load forecast information by class and state (WAC 480-90-238 (3)(a));
- Insufficient analysis and explanation of conservation potential (WAC 480-90-238 (3)(b));
- The lack of a description of the company's stakeholder engagement process (WAC-480-90-238(5)); and
- Unclear explanation of the company's risk management rationale and hedging strategy (WAC 480-90-238(3)(f)).

In addition to the above-listed rule requirements, the commission also identified a general lack of organization and presentation that made the plan difficult to read and understand.

After the September 10, 2015, Recessed Open Meeting, the company offered to file its revised plan on December 11, 2015. On December 15, 2015, the company contacted commission staff to request an extension to January 8, to which staff agreed. On January 25, staff contacted Cascade regarding the revised IRP, and the company requested an extension until the end of February. On March 15, staff again contacted Cascade to ask about the revised IRP, and was told that an update would be forthcoming. Weeks have passed, and Cascade has failed to follow through.

The commission is disappointed by Cascade's apparently lackadaisical approach to the 2014 IRP. Despite being granted three different extensions on the 2014 IRP that moved its due date back by more than seven months, the company failed to meet the basic requirements of WAC 480-90-238 in its final plan. Furthermore, the company has failed to communicate with staff in a timely manner regarding its multiple missed deadlines.

Now, almost seven months have passed since the Recessed Open Meeting at which the commission requested an amended plan and almost four months have passed since the date that Cascade initially committed to file the revised plan. In total, it has been 16 months since the original due date of Cascade's 2014 IRP, and the company has failed to meet its basic IRP obligation.

We find Cascade's lack of attention to the IRP process deeply troubling. As explained in the commission's rules, "Each natural gas utility regulated by the commission has the responsibility to meet system demand with the least cost mix of natural gas supply and conservation. In furtherance of that responsibility, each natural gas utility must develop an 'integrated resource plan.'"<sup>1</sup>

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<sup>1</sup> WAC 480-90-238(1).

The IRP is the cornerstone of the utility's planning and operations. It touches every aspect of the company's operations, and Cascade simply must do better in this area.

To that end, we have elected to move away from the 2014 IRP so that Cascade can focus on its 2016 IRP, which is due in just eight months.

Cascade is currently out of compliance with WAC 480-90-238(4) and must provide its 2016 IRP work plan by May 16, 2016, or incur penalties for violation of commission rules.

Furthermore, Cascade's 2016 IRP is due on or before December 14, 2016.

If you have questions about this letter or your 2016 IRP, please contact Deborah Reynolds, Assistant Director for Conservation and Energy Planning at [dreynolds@utc.wa.gov](mailto:dreynolds@utc.wa.gov) or 360-664-1255.

Sincerely,

STEVEN V. KING  
Executive Director and Secretary

cc: Nicole Kivisto, President and CEO, Cascade Natural Gas Corporation