

[Service Date November 8, 2010]

November 8, 2010

**NOTICE OF OPPORTUNITY TO COMMENT  
(Due by Thursday, November 18, 2010)**

RE: *In re Petition of Cascade Natural Gas Corporation for an Accounting Order Authorizing Deferred Accounting Treatment of Loss in Margin Due to Company Sponsored Conservation Programs, Docket UG-101656*

TO ALL PARTIES:

On October 1, 2010, Cascade Natural Gas Company (Cascade or the Company) filed a petition with the Washington Utilities and Transportation Commission (Commission) for an accounting order authorizing deferred accounting treatment of loss in margin due to Company-sponsored conservation programs, or, in the alternative, the continuation of the pilot decoupling mechanism that was approved in Docket UG-060256 (Petition).

On October 22, 2010, the Public Counsel Section of the Attorney General's Office (Public Counsel) filed a motion to dismiss the Petition (Motion) as procedurally improper because it does not comply with the requirement in Order 05 in Docket UG-060256 (Order 05) that any continuation of the pilot decoupling mechanism be considered and authorized only in the Company's next general rate case.

On November 1, 2010, Commission Staff (Staff) and Cascade each filed responses to the Motion. Staff agrees with Public Counsel that Cascade has not complied with the conditions in Order 05, but Staff reserved its right to comment on the Petition until the Commission issued its anticipated policy statement on decoupling in Docket U-100522. Cascade opposes the motion as untimely and unfounded, contending that the Commission has authority to grant the Company's primary request for deferral of lost margins for Company-sponsored conservation efforts without regard to Order 05. On November 4, 2010, Public Counsel sought leave to reply to Cascade's response on the issue of the timeliness of the Motion.

Also on November 4, 2010, the Commission issued its Report and Policy Statement on Regulatory Mechanisms, Including Decoupling, to Encourage Utilities to Meet or Exceed Their Conservation Targets in Docket U-100522 (Policy Statement). The Policy Statement articulates the Commission's nonbinding views on procedural and substantive issues related to various forms of decoupling and how best to account for variations in margins resulting from gas company conservation efforts.

The Petition extensively discusses the Commission's proceedings in Docket U-100522 leading up to issuance of the Policy Statement, and Cascade quotes a portion of the record in that docket in response to the Motion. Staff in its response to the Motion observed that Commission action in Docket U-100522 might "directly affect the action the Commission ultimately takes regarding Cascade's pending petition in the present docket."

The Commission, therefore, seeks comment on the extent to which the Policy Statement impacts the procedural posture of this case, including but not necessarily limited to the issue raised in the Motion. Please file comments no later than **Thursday, November 18, 2010**, with an original and twelve (12) copies. In addition, the parties should be prepared to discuss the Motion and related procedural issues at the December 1, 2010, prehearing conference.

If you have any questions concerning this notice, please contact Gregory J. Kopta, Administrative Law Judge, at 360-664-1355, or via e-mail at [gkopta@utc.wa.gov](mailto:gkopta@utc.wa.gov).

Sincerely,

GREGORY J. KOPTA  
Administrative Law Judge