

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	)	
	)	DOCKET NO. UG-101656
CASCADE NATURAL GAS	)	
CORPORATION,	)	
	)	COMMENTS OF THE NORTHWEST
For an Accounting Order Authorizing	)	INDUSTRIAL GAS USERS
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	)	
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1. Pursuant to the Washington Utilities and Transportation Commission's ("Commission's") Notice of Opportunity to Comment dated November 8, 2010, the Northwest Industrial Gas Users ("NWIGU") hereby submit these preliminary comments in the above-captioned proceeding.

**BACKGROUND**

2. On January 12, 2007, the Commission issued an order ("January 12 Order") authorizing Cascade to implement decoupling program on a "pilot" basis.<sup>1</sup> The January 12 Order approved a stipulation, with conditions, between Cascade, Commission Staff ("Staff") and the Northwest Energy Coalition ("NVEC").<sup>2</sup> The pilot was approved for a three-year period, which expired on September 30, 2010. The January 12 Order provided, in relevant part, that the decoupling mechanism: "may only be extended as part of a general rate case, and only after a thorough evaluation of the mechanism performed by an independent consultant."<sup>3</sup>

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<sup>1</sup> *WUTC v. Cascade Natural Gas Corp.*, Docket UG-060256, Order 05 (January 12, 2007).

<sup>2</sup> *Id.*, Order 5 ¶ 87.

<sup>3</sup> *Id.*, Order 05, ¶ 70; *See also Id.* Appendix A, Settlement Agreement, p. 11.

3. On October 1, 2010, Cascade Natural Gas Corporation (“Cascade”) filed with the Commission a Petition 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 (collectively referred to as “Petition”). Cascade filed the Petition without a service list, and apparently without serving those parties that participated in Cascade’s last rate case.
4. On October 22, 2010, the Public Counsel (Public Counsel) Section of the Attorney General’s Office filed a motion to dismiss the Petition. Public Counsel argues that Cascade’s Petition violates the terms of the Commission’s Order and the Stipulation establishing the decoupling Pilot. Staff and Cascade have each filed a response to Public Counsel’s motion. Public Counsel filed a proposed Reply.
5. 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). NWIGU was a party to docket U-100522.
6. On November 8, 2010, the Commission requested comments on the extent to which the Policy Statement impacts the procedural posture in this case, including but not necessarily limited to the issues raised in Public Counsel’s motion.
7. On November 10, 2010, the NWIGU filed a Petition to Intervene and Notice of Appearance in this docket.

## COMMENTS

8. As a preliminary matter, Cascade's argument that Public Counsel's motion to dismiss is untimely should be rejected. NWIGU urges the Commission to consider Public Counsel's motion to dismiss on its merits, and not reward any utility for selective service of tariffs, petitions or filings that directly arise out of or impact a settlement or order from a prior proceeding. Cascade did not serve Public Counsel, or NWIGU, with a copy of its filing, even though both Public Counsel and NWIGU were parties to Cascade's last general rate case, Docket UG-060256. This is particularly troubling since Cascade seeks, albeit in the alternative, to extend the three-year decoupling pilot program that was approved by the Commission on January 12, 2007 in that docket.<sup>4</sup> While Cascade physically moved to new facilities at about the same time this filing was made, service copies should have been provided to those parties that were involved in the prior rate case. This should have been done, even if not specifically required by law. NWIGU suggests that the Commission consider, in a future rulemaking, a requirement of courtesy filings, at least by email, for all tariff filings. The distribution list should be taken from the service list from the utility's most recent rate case. In the mean time, a utility's best practice would hopefully incorporate the same courtesy service.

9. As described above, 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 contains general nonbinding considerations that may be used to evaluate the merits of particular regulatory mechanisms designed to encourage conservation. The Policy Statement is

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<sup>4</sup> *WUTC v. Cascade Natural Gas Corp.*, Docket UG 060256, Order 05 (January 12, 2007).

not a rule and does not mandate a particular outcome or shape of any mechanism to encourage a gas utility to meet or exceed its conservation targets for its sales customers. Every proposed mechanism should be considered on its own merit, with consideration given to the particular proposal, the particular utility and the impact on customers. NWIGU does not believe the Policy Statement should impact the procedural posture of this case because it is nonbinding and the Policy Statement simply reflects the Commission's “. . . current thinking on decoupling and conservation incentive mechanisms. . . .”<sup>5</sup>

10. There are two parts to Cascade's Petition—the deferral mechanism and a request to extend the Pilot program. The Commission can certainly consider Cascade's proposed deferral mechanism. Approval of the deferral mechanism would allow Cascade to defer, into Account 186, any alleged loss of margin associated with the Company's conservation program. If approved, the amounts deferred could be considered for recovery in rates as part of the annual Deferral Tracking Mechanism filings. This proposal may be considered by the Commission because it is not tied to Cascade's last rate case.

11. As far as the proposed modification to the Stipulation and January 12 Order—Cascade made a deal, which was approved by the Commission. It is undisputed that Cascade has not met the requirements set forth in the January 12 Order to continue its Pilot program. Cascade has not, in NWIGU's opinion, justified why the proposed modification to the Stipulation and January 12 Order is appropriate. Ultimately, it is up to the Commission to determine whether the requirements set forth in the Stipulation and January 12 Order may be waived under these

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<sup>5</sup> *In Re WUTC Investigation Into Energy Conservation Incentives*, Docket U-100522, Report and Policy Statement on Regulatory Mechanisms, Including Decoupling, To Encourage Utilities to Meet or Exceed Their Conservation Targets, ¶ 35.

circumstances. Public Counsel's motion raises legitimate arguments that the requirements should not be waived. However, if Public Counsel's motion is granted and this case is dismissed, Cascade would not be prohibited from filing a new regulatory mechanism that is designed to encourage conservation that would then be judged on its merit, with due consideration given to the Policy Statement.

12. NWIGU appreciates the opportunity to submit these comments and reserves the right to respond to the other parties' written comments and other issues at the Prehearing Conference on December 1, 2010.

DATED at Portland, Oregon this 18th day of November, 2010.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I hereby certify that I caused to be served the foregoing document upon all parties of record in this proceeding via postage-paid first class mail:

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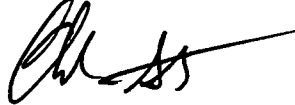
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