

Cascade Natural Gas Corporation

*Request for Proposals for a
Program Management Contractor
For Energy Conservation Efficiency
Resources*

*Business Energy Solutions Firm Sales &
New Construction*

RFP Issued: October 31, 2007

Proposals Due: November 30, 2007

Date: October 31, 2007

Subject: Request for Proposal (RFP)
Acquisition of Energy Conservation Efficiency Resources
Firm Sales & New Construction Buildings

Cascade Natural Gas Corporation (“Cascade”) is pleased to invite your firm to respond to this Request for Proposal (RFP) for services related to assisting Cascade in the acquisition of natural gas energy conservation efficiency savings through investments in improvements in the efficiency of existing and new natural gas equipment and process owned and operated by Cascade as described in the Scope of the Work/Proposal Instructions (“Scope/Instructions”) included in the RFP package.

It is important that your firm submit all of the information requested in the Scope/Instructions to assist in the selection process. Any inquires should reference RFP Cascade Energy Conservation Efficiency Plan and direct all inquires to the following e-mail address. ckautzman@cngc.com

Sincerely,

Cascade Natural Gas Corporation

Christine Kautzman
Conservation Specialist

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Request for Proposal (“RFP”)

October 31, 2007

**Cascade’s Acquisition of Business Energy Solutions Firm Sales & New Construction Buildings
RFP Number: 08WAC/11**

Submittal Date and Time: November 30, 2007, 4:00 PM

Note: Any proposal received after 4:00 PM on the Proposal submittal date may be considered non-responsive.

Introduction

Cascade Natural Gas has been providing natural gas services to the Pacific Northwest since 1953. Cascade provides reliable natural gas services to more than 183,255 residential, commercial and small industrial customers through 9,740 miles of mains and service lines in Washington State. Cascade Natural Gas is committed to being a good corporate citizen and supporting the communities it serves. Providing reliable and safe energy backed by top quality customer service is Cascade’s primary concern.

Cascade Natural Gas Corporation (“Cascade”) has in place Energy Efficiency Programs approved by the Washington Utilities and Transportation Commission (“WUTC”) in the Conservation Plan for the acquisition of natural gas resource savings through investments in improvements in the efficiency of existing and new natural gas equipment. The Company has funding available to Cascade customers and third parties to facilitate the implementation of more energy efficiency programs.

Purpose of This Request for Proposal:

Under its new Conservation Program, Cascade seeks Program Implementation Proposals for their Commercial/Industrial Conservation Programs to acquire cost effective natural gas demand side resources from customers within its Washington natural gas distribution service territory.

This Request for Proposal (RFP) is intended to seek qualified entities to submit bids to provide Cascade Commercial/Industrial Conservation Marketing programs that will secure cost effective demand side resource levels as specified in the below Commercial/Small Industrial Target Market Goals.

Annual Commercial/Industrial Target Market Goals (See Appendix for details)

Projected 2007-2008	157,095	Therms Savings
Projected 2008-2009	227,380	Therms Savings
Projected 2009-2010	329,996	Therms Savings

Contract(s) will be awarded based on the work described in this RFP package.

Instructions to Bidder(s):

1. Proposals shall be manually signed. If erasures or other changes appear on the form, the person signing the Proposal Form must initial each erasure or change.
2. Bidder(s) shall submit six (6) copies of Proposal (in addition to the clearly marked "Original") each complete with all attachments and supplemental correspondence in order for your Proposal to be considered.
Deliver Proposal to:
Cascade Natural Gas Corporation
Attn: Christine Kautzman
222 Fairview Avenue North
Seattle, WA 98109
3. Proposals shall be submitted in a sealed envelope clearly addressed to Christine Kautzman, with Bidder(s) Company name clearly labeled, listing the RFP Number/Title thereon. Modification to Proposals already submitted will be considered, if received in Cascade's office by 4:00 PM on November 30, 2007. Proposals may be withdrawn by written facsimile request received from Bidder(s) prior to 4:00 PM November 30, 2007.
4. All Proposal submittals, as required by this request, shall be included with the Proposal on the specified due date and time.
5. The notice of awarded is expected to be made, to the successful Bidder(s), no later than thirty (30) days after November 30, 2007. However, Proposals shall remain firm for a period of one hundred and twenty (120) days from November 30, 2007. Award will be to the responsible Bidder(s) whose Proposal conforms to the bidding documents and is most advantageous for Cascade, price and other factors considered. Cascade may, when it is in their best interest, reject any and all bids, or waive any informality in any Proposal received. On rare instances a proposal that does not meet the standard requirements set out through the RFP will not be considered.
6. Bidder (s) is deemed to have satisfied himself before submitting Proposal as to the correctness and sufficiency of his bid and that it is sufficient to cover all requirements as requested per this document.
7. Bidder(s) or awarded Bidder(s), shall under no circumstances use Cascade's name or logos in advertising, marketing materials, printed matter, listed as a reference, or in any other way that could be construed as advertising (e.g., memo pads, tee shirts, binders, reference list, etc.) without Cascade's prior written consent.

8. No oral or telephone proposal will be considered. Proposal sent via facsimile or e-mail before the deadline will be accepted for evaluation; however, hard copies of such proposals must be received by mail or delivery no later than three days after the due date. The fax number for Cascades Conservation Department is (206) 654-4039.

Insurance:

Bidder(s) shall carry, at their expense, insurance with reliable insurance companies satisfactory to Cascade and authorized to do business in the State of Washington.

Workers Compensation insurance and Occupational Disease insurance with statutory limits, and employers' liability insurance, with a minimum limit of \$2,000,000. Comprehensive General Insurance with a combined single limit for bodily injury, personal injury and property damages of \$10,000,000 for injuries to or death of anyone or destruction of any property, including loss of use thereof, arising out of an occurrence. Automobile Liability Insurance, including all owned, hired, or non-owned vehicles and equipment, with limits the same as those provided above for Comprehensive General Liability Insurance.

Any and all deductibles in the above-described insurance policies shall be assumed by, for the account of, and at the sole risk of the Bidder(s). Modifications or cancellations of policies providing coverage listed above shall be effective only after written notice received by Cascade from the insurance company at least thirty (30) days in advance of such modification or cancellation.

Cascade shall be named as an additional insured on Comprehensive General Liability Insurance and the policy shall contain a cross liability endorsement and contractual liability coverage for obligations assumed by the Contractor under the indemnity provisions of this contract.

All insurance required hereunder shall be endorsed as primary to any insurance carried by the insurance company.

Irrespective of the requirements as to insurance to be carried, the insolvency, bankruptcy, or failure of any such insurance company providing insurance to the bidder(s), or failure of any such insurance company to pay claims occurring, shall not be held to waive any of the provisions hereof. All the above described policies, together with all other insurance policies now owned or purchased in the future, relating to work to be performed, shall contain provisions that the insurance companies will have no right to recovery or subrogation against Cascade.

Negotiation Terms:

Cascade reserves the right to select, request further information from, and negotiate with those Bidder(s) it deems qualified for competitive negotiations. Cascade also reserves the right to reject any or all proposals submitted and to terminate negotiations at any time without incurring liability. This RFP gives rise to no contractual obligations, implied or otherwise.

RFP Terms and Conditions:

This RFP does not constitute an offer to enter into a contract with Cascade Natural Gas, nor does it commit Cascade to enter into a contract or similar undertaking with the Bidder(s) or any organization associated with the Bidder(s), nor does it constitute an offer by Cascade to pay or reimburse the bidder(s) for any costs associated with preparing this RFP. Any exceptions to the terms and conditions or any additions, which the Bidder(s) may wish to include in the RFP should be made in writing and included in the form of an addendum to the applicable section in the RFP.

Treatment of Proposals and Confidential Information:

All data and information submitted to Cascade in connection with this application will become the sole property of Cascade Natural Gas. Proposals will be reviewed by Cascade's staff, and may include a Cascade consultant.

Bidder(s) are responsible for identifying confidential proposal content. Bidder(s) shall clearly identify only those portions of their proposals that they do not want revealed to third parties and label such portions as "Confidential Information". Cascade will not accept proposals or other documents that are marked to indicate the entire document is confidential. Except as required by law or for legal or for regulatory purposes, Cascade will maintain confidentiality of such information. Cascade shall not be liable for any damages resulting from any disclosure of such information.

Hold Harmless:

In submitting a proposal, Bidder(s) understands that Cascade will determine which proposal, if any, is accepted. Bidder(s) waives any right to claim damages of any nature whatsoever based on the selection process, final selection, and any communications associated with the selection.

Cascade reserves the right to award the contract to the Bidder(s) whose proposal(s) are deemed the most advantageous in meeting the specifications of the RFP. In addition, Cascade reserves the right to waive any requirements contained in the RFP at its sole discretion with regard to proposals submitted.

Miscellaneous:

Neither the content of this RFP nor a response to it constitutes a commitment by Cascade to contract for services from a Bidder(s). All expenses related to developing and submitting this RFP and any travel to negotiate sites are entirely the responsibility of the Bidder(s). Furthermore, all information and documents submitted by the Bidder(s) will become the property of Cascade, and none will be returned. Cascade reserves the right to (i) reject any or all responses; (ii) modify any Cascade requirements or data contained within this RFP; and (iii) negotiate with one or more firms. All companies submitting responses will be notified of the results of the selection process.

Proposal Evaluation and Award:

Cascade reserves the right to exercise any of the following options:

- a) Issue no contract award for any of the services described within this RFP.
- b) Award all services to one Bidder
- c) Issue contract awards for any combination of services and bidder(s), either all or part of the business as Cascade sees fit.
- d) Cascade is not obligated to accept the lowest price; however, prices will be considered important criteria by the Company. Bidder(s) should base their prices on real costs and not on any limits or price ceiling provided in this RFP.

Cascade reserves the right to reject any or all bids, to waive technicalities or irregularities, and to accept any bid it determines to be in the best interest of the Company, its Ratepayers and program participants. The acceptance of any bid submission shall not in any way cause Cascade to incur liability or obligation to Bidder(s), financial, or otherwise.

Contract Negotiation and Execution:

It is the intent of Cascade that, after the successful Bidder(s) has been selected, Cascade and the selected Bidder(s) will enter into contract negotiations containing all terms and conditions of the proposed product and services. Any acceptance of a quote is contingent upon the execution of a written contract and Cascade shall not be contractually bound to any Bidder prior to the execution of such written contractual agreement. Cascade expects that appropriate sections of your response may, or will be requested, to be included, word for word, in the contract. If requested by Cascade, a Bidder(s) must assist and cooperate with Cascade in preparing a formal Contract agreement. Within ten working days after presentation of a formal agreement, contractor must duly execute the same and return it for execution by Cascade. Failure to duly execute and return the agreement, together with certificate of insurance and any other required documentation will constitute a breach of contract by the Bidder(s) and entitle Cascade, in addition to all other rights and remedies available to it, to award a contract to another Bidder(s).

Scope of Services:

Cascade is seeking Proposals that are comprehensive, cost effective and provide customers excellent customer satisfaction with the programs. The Scope of Work is the primary contractual document that identifies the deliverable for the project. It is an action document that specifically delineates each step or procedure required to accomplish the project objectives. Bidder(s) should describe how they intend to deliver the services requested in a timely and cost-effective manner.

Proposal Content:

Program Description:

- Cascade's Business Energy Solutions conservation program initiative includes specified program measures included in the Appendix and a custom program. The measures specified in the Appendix have related deemed savings per unit of measurement installed. The custom program does not specify the measures. Rather, the custom program is open to measures estimated to achieve cost effective natural gas therm savings on a case-by-case basis.

Provide a marketing plan that will be used to achieve the program's goals. The marketing plan should include a full description, related costs and time needed to complete each of the following components:

- Market Research
 - Outline specific target markets for the program:
 - Include locale, demographics, and size
 - Commercial market sectors should include:
 - Retail
 - Restaurants
 - Hotels/Motels
 - Offices
 - Medical Facilities
 - Government Buildings
 - Schools / Colleges
 - Institutions
 - Outline specific measures to be included in the Appendix (or reasons for exclusions) for each program design.

- Program Design:
 - List and describe the advertising methods considered to maximize cost effective market response for each program and identify those selected for each program design.
 - Identify any subcontractors considered and selected for each promotional and advertising mechanism to be used.
 - List and describe the promotional incentive mechanisms considered to cost effectively maximize program participation and identify those selected for each program design.
 - List and describe how Cascade's programs will include, leverage and/or complement other programs/incentives/information offered by local, regional or national offers from utilities, equipment manufacturers, weatherization measure manufacturers, bank/finance entities, government entities, and related industry associations.

- Program Qualification:
 - Describe the qualifying criteria and identifying and securing qualified program contractors/installers.
 - Describe how eligibility for participation in each program will be determined:
 - List and describe the proposed processes and mechanisms used to ensure only qualified customers participate in each program.
 - Describe the difference between qualifying customers installing measures specified in the Appendix versus a custom program.
 - Identify the level of energy audit required for each type of program. It is desired to have the minimum level of energy audits performed for all programs, while still qualifying all participants under each program to maximize program cost effectiveness.

- Program Implementation:
 - Describe each program's ongoing process and documentation that contractors/installers and customers will need to complete.
 - Delineate the difference in implementation process between custom programs versus programs that include measures specified in the Appendix.
 - Describe the proposed incentive payment disbursement process.
 - Describe how customer service issues will be addressed including customer complaints of any kind and disputes regarding contractors/installers workmanship

- Measurement and Verification:
 - Describe each program's measurement and evaluation mechanisms and processes including:
 - Conservation measures installation verification process
 - Verification of incentives provided to customers
 - Customer service levels and program satisfaction
 - Energy Savings Verification Plan:
 - Describe the quantitative methods that will be used to estimate each installed measure's therm savings for the measures listed in Appendix.
 - Describe how therm savings estimates will be derived for measures installed on a custom installation basis (measures not listed in Appendix).

- Other Information:
 - Describe the role(s) of Cascade personnel in the design, implementation and/or measurement and verification of the program and all resources and information the Bidder(s) expects Cascade to provide.
 - Provide monthly and annual estimates of each program's customer participation levels, resulting therm savings and the basis of such estimates.
 - Provide a Gantt chart showing the timeline, resources and costs for each of the above program components.
 - Provide a detailed description of the pricing in Bidder's Proposal including the cost to Cascade for each of the above components.

Relevant Experience/General Qualifications

- Please provide three (3) or more references from the last five jobs in which you have performed similar services as those included in this proposal. These references can be a contact person at another utility to whom Bidder(s) has provided energy efficiency services, preferably similar to those included in the RFP. Provide contact information for such references.
- Provide a general description of your company's background and experience in projects similar to this Proposal.
- List and describe any licenses your company or subcontractors have or will obtain to perform the type of work described in your proposal.

- List all lawsuits, regulatory proceedings, or arbitration in which you/your company or affiliate(s) or predecessor(s) have been engaged related to the types of services requested hereunder. Identify the parties involved in such lawsuits, proceeding, or arbitrations and the final resolution or present status of such matters.

Corporate Image:

Cascade maintains a respected corporate image and its employees pride themselves on customer service and satisfaction in the office and in the field. Cascade's Contractors represent not only their company but also Cascade. It is the responsibility of the Bidder(s) to maintain professional, courteous, caring and safe employees. If the Bidder(s) does not maintain employees with these traits, this RFP could be in jeopardy of termination.

Response Form

The enclosed Proposal Response form should be completed and returned as indicated thereon. One of the purposes of this form is to ensure that those planning to submit a bid can be contacted to receive any supplemental information or clarifications which might be issued prior to the proposal due date.

All inquiries concerning this RFP and/or request for additional information must be directed to Christine Kautzman in written format via e-mail at: ckautzman@cngc.com

Notice of Intent to Respond

Cascade Natural Gas Corporation Request for Proposal

Proposal for: Acquisition of Cascade Natural Gas Corporation Business Energy Solutions Firm Sales & New Construction Energy Conservation Efficiency Programs

Respondents are asked to complete and return this form via fax prior to November 9, 2007 by 5:00 PM. A signed hard copy must be sent to:

Cascade Natural Gas Corporation
222 Fairview Avenue North
Seattle, WA 98109
Attn: Christine Kautzman

_____ My Company **will** submit a Proposal in response to Cascade's RFP

_____ My Company **will not** submit a Proposal in response to Cascade's RFP

Company Name _____
Contact Name _____
Title _____
Address _____

Telephone # _____
Fax # _____
E-mail Address _____

Time is of the essence with regard to this Conservation Program, and prolonged contract negotiations will not be undertaken.

Appendix

Business Energy Solutions Firm Sales & New Construction

Projected 2007-2008 157,095 Therms Savings
Projected 2008-2009 227,380 Therms Savings
Projected 2009-2010 329,996 Therms Savings

Measure	Description	Efficiency Type For Qualification	Unit Incentive	Therms Savings
HVAC Unit Heater	High-Efficiency Non-Condensing with Electronic Ignition	Minimum 86% AFUE	\$1.50/kBtu/hr	.61 per kBtu/hr
HVAC Unit Heater	High Efficiency Condensing	Minimum 92% AFUE	\$3.00/kBtu/hr	1.05 per kBtu/hr
Warm Air Furnace < 225,000 kBtu	High Efficiency Condensing Furnace	Minimum 91% AFUE	\$3.00/kBtu/hr	1.1 per kBtu/hr
Radiant Heating	Direct Fired Radiant Heating	None	\$6.50/kBtu/hr	4.33 per kBtu/hr
Insulation	Attic Insulation	Minimum R-19	\$0.20/sq. ft.	.18 per sq.ft
Insulation	Roof Insulation	Minimum R-11	\$0.20/ sq. Ft.	.24 per sq.ft
Insulation	Wall Insulation	Minimum R-11	\$0.20/ sq. Ft.	.156 per sq ft
Domestic Hot Water Tanks	Condensing Tank	Minimum 91% AFUE or 91% Thermal Efficiency	\$2.50/kBtu/hr	.79 per kBtu/hr
Domestic Tankless/ Instantaneous Water Heaters	With Standing Pilot	Minimum 70.8% Energy Factor	\$30.00/gpm	16.4 per gpm
Domestic Tankless/ Instantaneous Water Heaters	With Electronic Ignition	Minimum 73.8% AFUE	\$40.00/gpm	21.7 per gpm
Boiler	High Efficiency Condensing Boiler with Electronic Ignition	Minimum 90% AFUE and 500 kBtu input	\$2.00/kBtu/hr	.88 per kBtu/hr
Boiler Vent Damper	Boiler Vent Damper	Minimum 1,000 kBtu input	\$1,000/ vent damper	.27 per kBtu/hr
Gas Fryer	Energy Star	None	\$600.00	548 per yr
Gas Convection Oven	Full Sized Oven (Cooking capacity 6 cubic feet or more)	None	\$600.00	464 per yr
Gas Griddle	High Efficiency Infrared Gas Griddle	None	\$500.00	458 per yr
Clothes Washer	Commercial Gas Washer	1.8 MEF	\$180.00	118 per yr

Eligibility for programs: refer to Cascade's Conservation Plan and the Approved Conservation Tariffs.

Commission Approved Conservation Plan



222 FAIRVIEW AVENUE N., SEATTLE, WASHINGTON 98109-5312 206-624-3900
FACSIMILE 206-654-4039

Advise CNG/W07-05-01C

September 14, 2007

Ms. Carole J. Washburn
Washington Utilities and
Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Dear Ms. Washburn:

In compliance with the Commission's Order 06 in Docket UG-060256, enclosed for filing is an Addendum to the Company's Conservation Plan and the associated tariff sheets. The Addendum incorporates the Commission conditions to modify the therm savings threshold to reflect the mid-point therm targets, modifies the penalty mechanism to allow only 90% of deferred margins, and provides additional details regarding the accounting/ reporting process surrounding the penalty mechanism and the earnings cap.

The following tariff sheets implements the Conservation programs outlined included in the Conservation Plan, along with Company's partial decoupling mechanism that was approved in Order 5, conditioned on approval of the Company's Conservation Plan.

Original Sheet 25
Original Sheet 300
Original Sheet 300-A
Original Sheet 301
Original Sheet 302
Original Sheet 302-A

The Company believes it has met the requirements outlined in Order No. 06 and requests that the Commission approve the proposed Addendum to the Plan and authorize the compliance tariffs sheets to become effective October 1, 2007. If you have any questions regarding this filing, please feel to contact Christine Kautzman at 206-381-6780.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon T. Steltz".

Jon T. Steltz
Senior Vice President
Gas Supply & Regulatory Affairs

Enclosures

We make warm neighbors

www.cngc.com

Addendum to Cascade Natural Gas Corporation Conservation Plan
Docket UG-060256 Order 06

SUMMARY

In response to the Commission's Order 6 in Docket UG-060256, the Company submits following addendum to its Conservation Plan, originally, filed on May 7, 2007.

Specifically, this addendum addresses the Commission's condition which required the Company to file a revised plan that:

- 1) Changes the conservation targets to the mid-points of the currently proposed best case and conservative targets;
- 2) Includes in its conservation targets the savings expected from the Company's low income weatherization program;
- 3) Modifies the penalty mechanism to limit the maximum recovery of deferred revenue to 90 percent; and
- 4) Provides the specific reporting and accounting methods used to implement the Plan, including the penalty mechanism and the earnings cap.

Each of the required modifications are discussed below:

ANNUAL THERM SAVINGS TARGETS & PENALTIES

Consistent with the Commission's Order #6, the Company modifies its Conservation Plan therm savings targets to 335,625 therms for Calendar 2008, 441,250 for Calendar 2009 and 565,500 for Calendar 2010. These targets are based on the mid-point of the originally filed range of therms savings targets and include those savings associated with the Low-Income weatherization program.

Year	Residential and Commi/Industrial Programs	Low Income Weatherization Program	Total Annual Therm Savings
2008	322,500	13,125	335,625
2009	415,000	26,250	441,250
2010	530,000	35,500	565,500

Furthermore, the Company modifies the proposed penalty structure such that the maximum level of recovery of recorded annual deferred conservation revenues is 90%. The modified Penalty structure is as follows:

<u>Actual vs Threshold Annual Therm Savings</u>	<u>Penalty Structure</u>
<70%	100% disallowance/ 0% recovery
≥ 70% and < 80%	30% disallowance of deferred balance
≥80% and < 90%	20% disallowance of deferred balance
≥ 90%	10% disallowance of deferred balance

ACCOUNTING/REPORTING PROCESS

Cascade provides the following clarification on the timing/reporting associated with the annual thresholds, earnings test, and ultimately the proposed amortization of deferred conservation revenues.

For the Period October 1, 2007 through Dec 31, 2008 Balances

Cascade defers conservation related revenue differences beginning with the approval of the Decoupling Tariff (requested as October 1, 2007) through Dec 31, 2008 based upon the methodology outlined in the proposed Rule 22, Conservation Alliance Plan (CAP) (Tariff Sheet 25).

The Company will submit an annual report to the Commission on the achievement of the Calendar year therm savings target, along with it's Commission Basis results of operations report for calendar 2008, no later than March 31, 2009. The amounts deferred under CAP would first be subject to the earnings test. If the Company's 2008 earnings are, at or below the 8.85% threshold, all of the CAP deferred amounts would be eligible for amortization if conservation targets were met. If earnings exceed the 8.85% threshold, the amount of the deferred conservation revenues will be reduced to bring the rate of return down to the 8.85%. If reducing the entire deferred conservation revenue balance from the commission basis results does not reduce the overall rate of return to 8.85%, the deferred conservation balance will be eliminated and the Company will not be permitted recovery of those amounts.

Any deferred conservation revenue balance remaining after the earnings test will be subject to the conservation targets and the Penalty Structure. Assuming that the 2008 therm savings targets of 335,625 therms are met or exceeded, in the 2009 PGA filing, the Company would seek amortization of 90% of the outstanding Calendar 2008 deferred conservation revenue balances.

The same reporting and accounting process would be utilized for the 2009 program year.

IMPLEMENTATION PLAN UPDATE

Cascade's original plan as filed in May 2007, discussed a possible relationship with the Energy Trust of Oregon for program delivery and administration in the Company's Washington service territory. Since the filing of the plan, the Company has received the results of the detailed Implementation Planning Study provided by the Energy Trust. The Company has also been informed that the Energy Trust has declined to assist Cascade in the implementation of our Washington Conservation Plan. As a result, Cascade plans to implement the Energy Trust's model in house by managing its conservation programs with a small staff delivering the majority of its programs through contracts with third-party Program Management Contractors that provide conservation services through a network of several business trade allies. Cascade's Staff will assume the roll of the:

- Evaluation/Design of overall conservation programs
- Development and evaluation of Request for Proposal (RFP) for delivery of conservation programs
- Contract with third-party Program Management Contractors (PMC)
- A centralized call center and resources to assist customers with energy efficiencies

Consistent with the Energy Trust's model, Cascade is planning to contract with third party Program Management Contractor(s) (PMC) for the delivery of the Conservation Programs listed in Appendix B & C. Additionally, the Company will consider preparing a separate RFP for a third party contractor to deliver the Company's Low Income Weatherization Program should the therm savings targets not be met by existing delivery structure through the Community Action Agencies.

Commission Approved Conservation Tariffs

WN U-3

Original Sheet No. 25

CASCADE NATURAL GAS CORPORATION

RULES & REGULATIONS

(N)

RULE 21- CONSERVATION ALLIANCE PLAN MECHANISM

APPLICABLE:

The Conservation Alliance Plan ("CAP") mechanism described in this rule applies to customers served on Residential General Service Rate Schedule 503 and Commercial General Service Rate Schedule 504.

PURPOSE:

The purpose of this provision is to define the procedures for the deferral of differences experienced between the actual weather-normalized average commodity margin per customer and the average commodity margin established in WUTC Docket UG-060256 for rate schedules 503 and 504.

TERM:

This tariff will expire three years from the date on which the mechanism is implemented unless the Company files a general rate case within such period seeking to extend authorization of the tariff.

DEFERRAL OF MARGIN COLLECTION DIFFERENCES:

1. The Company will maintain a Conservation Variance deferral account as a Regulatory Asset or Liability. Each month, the Company will calculate the difference between the weather-normalized actual margin and the expected margin for rate schedules 503 and 504. Expected margin shall be the baseline average commodity margin per customer multiplied by the current customer count. The resulting dollar amount difference will be recorded in a Conservation Variance deferral account for rate schedules 503 and 504.
2. The Company shall impute interest on the deferred balance on a monthly basis utilizing the interest rate published quarterly by FERC. This calculation will be made consistent with the current deferred accounting procedures detailed in WAC 480-90-233.
3. The Company will include with its annual Temporary Technical Adjustment filing a temporary adjustment amount designed to amortize any balance in the Conservation Variance accounts calculated separately for rate schedules 503 and 504. Temporary surcharges and/or refund increments will be applied to the Margin Commodity Rate over the following 12 months or any other appropriate amortization period.

(N)


BY AUTH. OF ORDERS 05, 06 AND 07 OF WASH. UTILITIES & TRANSPORTATION COMM., DOCKET UG-060256

By Authority of the Commission's Order in Docket No. UG-060256

ISSUED September 14, 2007

EFFECTIVE October 1, 2007

BY


Jon T. Soltz

ISSUED BY CASCADE NATURAL GAS CORPORATION

TITLE Senior Vice President
Regulatory & Gas Supply

CASCADE NATURAL GAS CORPORATION

RESIDENTIAL CONSERVATION INCENTIVE PROGRAM

(N)

AVAILABILITY:

This program is available throughout Cascade's Washington service territory to qualifying residential customers served on rate schedule 503 upon meeting the requirements contained in the following eligibility section.

PROGRAM DESCRIPTION:

This program is designed to increase energy efficiency in residential households within Cascade's service territory by providing rebates for the installation of certain energy efficiency measures in qualifying residential dwellings.

ELIGIBILITY:

To qualify for weatherization or new construction incentives the dwelling must use natural gas as its primary heating source. Additionally as applicable to the project, baseline insulation levels in existing structures must not exceed the following baseline specifications in order to qualify for an incentive.

	Existing Insulation Level
Ceiling	R-18 or less
Floor	R-11 or less
Wall	R-4 or less
Duct Insulation	R-2 or less

Customers currently using high-efficiency natural gas HVAC or water heating equipment are not eligible for the high efficiency equipment measures.

MEASURES/INCENTIVES:

The following measures are deemed cost-effective and may be recommended under this program.

Energy Star Whole Home Package	Description	Incentive Amount
Energy Star Qualified Home - Gas with A/C	90% AFUE Rating	\$350.00
Energy Star Qualified Home - Gas without A/C	90% AFUE Rating	\$350.00
Energy Star Plus Qualified Home - Gas with A/C	Federal tax credit eligible	\$750.00
Energy Star Plus Qualified Home - Gas without A/C	Federal tax credit eligible	\$750.00
Premium Gas Furnace Upgrade	95% AFUE Rating	\$150.00
Stand Alone Measures	Description	Incentive Amount
High Efficiency Gas Furnace + PTCS Duct Sealing	90% AFUE Rating	\$300.00
New High Efficiency Gas Furnace	90% AFUE Rating	\$150.00
Replacing with New Tankless Water Heater	.81 Energy Factor	\$200.00
Construction Upgrade to a Tankless Water Heater	.81 EF Above Energy Star Home	\$100.00
Energy Star Qualified Clothes Washers	2.0 MEF	\$75.00
New High Efficiency Gas Hearth	80% AFUE Rating	\$70.00
Upgrade to a High Efficiency Gas Hearth	80% AFUE Rating	\$70.00
Wall Insulation	Equal to or greater than R-11 to fill cavity	\$.30/sf.
Ceiling Insulation	Equal to or greater than R-38	\$.25/sf.
Floor Insulation	Equal to or greater than R-11	\$.45/sf.
High Efficiency Water Heater	.62 Energy Factor or greater	\$25.00

--Continued on Following Page--

(N)

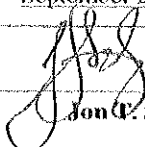
BY AUTH. OF ORDERS 05, 06 AND 07 OF WASH. UTILITIES & TRANSPORTATION COMM., DOCKET UG-060256

In compliance with Docket UG-060256 Order-06

ISSUED September 26, 2007

EFFECTIVE October 1, 2007

BY


 Jon C. Stoltz

ISSUED BY **CASCADE NATURAL GAS CORPORATION**

TITLE **Senior Vice President**
Regulatory & Gas Supply

WN U-3

Original Sheet No. 300-A

CASCADE NATURAL GAS CORPORATION

RESIDENTIAL CONSERVATION PROGRAM

Continued from previous Page

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GENERAL PROVISIONS:

The administrative and program delivery costs associated with this program will be accounted for and recovered through a temporary technical adjustment mechanism in the deferral tracking portion of the Company's annual PGA filing. 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. Customer must submit required documentation of purchase and installation to the Company under the terms and instructions on the current rebate form. The Company reserves the right to verify installation prior to payment of any rebates.

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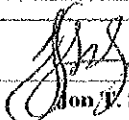
BY AUTH. OF ORDERS 05, 06 AND 07 OF WASH. UTILITIES & TRANSPORTATION COMM., DOCKET UG-060256

In Compliance with Docket UC-060256 Order 06

ISSUED September 14, 2007

EFFECTIVE October 1, 2007

BY



Don V. Stoltz

ISSUED BY **CASCADE NATURAL GAS CORPORATION**

TITLE Senior Vice President
Regulatory & Gas Supply