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December 28, 2007

Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-9022

Re: Conservation Plan Implementation Status Report, Docket UG-060256

The following provides a status report on Cascade Natural Gas Corporation's implementation of its Conservation Plan filed in docket UG-060256, which was approved by the Commission on October 1, 2007.

Since approval of the Plan, the Company issued its Requests For Proposals (RFP) and selected the third party vendors to assist with program delivery of the Company's Washington programs, added to the Company's internal Conservation staff, and established a relationship with NW Energy Star to jointly promote NW Energy Star Homes. Each of these areas and the Company's progress is discussed below.

Request for Proposals/Third Party Vendor Selection

On October 31, Cascade issued two RFPs for program delivery services of the Company's conservation programs; one for the Residential Energy Efficiency Program and the second for the Commercial and Industrial Efficiency Program. With the assistance of the company's Conservation Advisory Group and the Northwest Energy Efficiency Council, the company established a list of 13 vendors to receive the RFP. The Company received responses from three vendors and all three respondents have experience providing similar programs for other utilities/agencies including the Energy Trust of Oregon.

The Company believes that all three vendors are qualified to work with Cascade on delivering the programs throughout the company's diverse service territory. CSG was selected as the vendor for the Residential program and Lockheed Martin for the Company's Commercial/Industrial program. Both thoroughly outlined their approach and the program costs and the Company is confident that the 2008 therm savings targets for these programs will be met and will be cost-effective.

At present, the Company is finalizing contracts with the selected vendors and both vendors are prepared to begin program delivery on January 1, 2008.

Increased Cascade Staffing

The company has hired a Director of Conservation to oversee all conservation activity. This position is in addition to the existing Conservation Specialist position that was established in 2006. Cascade personnel will be responsible for ensuring that the conservation targets are met

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by working closely with the Program Management Contractors (PMCs) to ensure that a network of trade allies is established throughout Cascade's area. Trade Allies are builders, remodeling contractors, appliance dealers and manufacturers who provide the energy efficiency equipment and services to homeowners and businesses.

NW Energy Star-New Homes

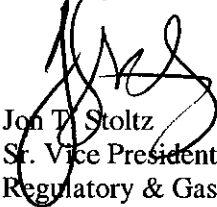
Cascade has established a relationship with the NW Energy Star program to jointly promote the NW Energy Star program with builders in the Company's service territory. NW Energy Star Staff and Cascade held joint meetings with two of the Company's larger builders who have developments planned in the Tri-Cities and Yakima areas. NW Energy Star staff and the Company have also scheduled builder and dealer meetings in January to review the NW Energy Star Homes program and explain the benefits of the program.

Low Income Program

The Company is continuing to utilize the existing Community Action Agency network to deliver Cascade's Low Income Weatherization Program. The company will be reviewing the annual term usage of those customers who receive energy assistance to determine whether or not they may be eligible for weatherization and forward those leads onto the agencies. The company will be tracking the progress of the program on a regular basis to ensure that the participation levels improve in light of the program improvements that were made (ie agency reimbursement of 100% of avoided cost). By regularly monitoring the agencies progress, the company believes that it will be able to easily adapt the delivery mechanism should that be necessary in order to ensure that the low income targets are met.

If there are any questions regarding this status report, please contact Katherine Barnard at (206) 381-6824 or myself.

Sincerely



Jon T. Stoltz
Sr. Vice President
Regulatory & Gas Supply