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August 29, 2014

Steven V. King
Executive Director and Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: Addendum to Conservation Report for CY13

Dear Mr. King:

Please add the following addendum to the Company's informational filing for our Annual Conservation Achievement Report for Calendar Year 2013 placed on July 1, 2014. The annual report is an informational filing following the expiration of the Decoupling Mechanism and Annual Reporting requirement associated with **Docket UG-060256 Order 06**. This addendum provides a supplemental cost effectiveness analysis which includes the general program expenses as well as the costs of our Potential Assessment study and corresponding EM&V performed by Nexant during the 2013 calendar year.

Any questions regarding this document should be directed to Monica Cowlshaw, Manager, Energy Efficiency & Community Outreach, at (360)-788-2357 or monica.cowlshaw@cngc.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", with a long horizontal flourish extending to the right.

Michael Parvinen
Director, Regulatory Affairs

Attachments

CASCADE NATURAL GAS CORPORATION
 Program Participant Cost Effectiveness Estimate Summary including Nexant Study Expenses

| PROGRAM | MEASURES | TOTAL ANNUAL THERM SAVINGS | TOTAL INCREMENTAL COSTS | NON-ENERGY BENEFITS | WEIGHTED MEASURE LIFE | DISCOUNTED THERM SAVINGS | PROGRAM DELIVERY & ADMIN | TOTAL PROGRAM REBATE | PROGRAM UTILITY COST | UC W/DELIVERY & ADMIN | BENEFIT COST RATIO | PROGRAM TOTAL RESOURCE COST | TRC W/DELIVERY & ADMIN | BENEFIT COST RATIO |
|--|----------------|----------------------------|-------------------------|----------------------|-----------------------|--------------------------|--------------------------|------------------------|----------------------|-----------------------|--------------------|-----------------------------|------------------------|--------------------|
| RESIDENTIAL (includes units of insulation) | 671,915 | 174,836 | \$ 1,715,789.88 | \$ 689,322.30 | 26.12 | 2,608,890 | \$ 494,493.97 | \$ 553,358.05 | 0.212 | \$ 0.402 | 1.256 | \$ 0.393 | \$ 0.583 | 0.866 |
| COMMERCIAL | 149 | 288,079 | \$ 1,382,610.17 | \$ 138,261.02 | 16.94 | 3,339,161 | \$ 711,229.41 | \$ 467,772.00 | 0.140 | \$ 0.353 | 1.295 | \$ 0.373 | \$ 0.586 | 0.781 |
| TOTAL | 672,064 | 462,915 | \$ 3,098,400.05 | \$ 827,583.32 | 20.41 | 5,948,051 | \$ 1,308,864.31 | \$ 1,021,130.05 | \$ 0.172 | \$ 0.392 | 1.226 | \$ 0.382 | \$ 0.602 | 0.798 |
| PROGRAM LOW INCOME | 144 | 14,960 | \$ 223,537.00 | \$ 22,354.00 | 26.49 | 234,768 | \$ 35,819.00 | \$ 146,718.00 | 0.599 | \$ 0.752 | 0.638 | \$ 0.857 | \$ 1.010 | 0.475 |

Nominal interest rate (post tax cost of cap.) 7.65%
 Inflation rate 3.32%
 Long term real discount rate 4.17%
 EM&V/Nexant Potential Assessment Study \$105,140.93

As noted in our CY12 report, the Company has devised a more intuitive and focused approach for measuring non-energy benefits, as opposed to previous methods where they were calculated as a blanket 10% for yearly achievements. This approach has been applied to CY13 for the residential program. The company is currently performing a non-energy benefits analysis on the commercial/industrial side and will use this same method in future years, however for this year it still utilizes the 10% Non-Energy Benefits for the Commercial CIP.