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CNG/WA09-08-01A

September 3, 2009

Mr. Dave Danner
Secretary and Executive Director
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-9022

Re: Docket UG-091275- Substitute Tariff Sheet

Dear Mr. Danner:

Cascade Natural Gas Corporation encloses for filing the following substitute tariff sheet containing a requested effective date of September 11, 2009:

Substitute Second Revision Sheet No. 302 Canceling First Revision Sheet No. 302

This revision should not be docketed as the sheet is a replacement page to Cascade's filing in Docket UG-091275. The proposed revision incorporates modifications requested by Staff to clarify the level of existing insulation requirements in order to qualify for the proposed Tier One-Wall insulation measure.

Additionally, attached is revised Exhibit 1 that provides clarification on the assignment of deemed therm savings for the tiered insulation measures.

Any questions regarding is filing may be made to Allison Spector, 206-381-6834 or Kathie Barnard at 206-381-6824.

Sincerely,

Jon T. Stoltz
Senior Vice President
Regulatory & Gas Supply

"In The Community To Serve"

**Summary of Proposed Program Modifications to
Cascade's Commercial Conservation Program**

High Efficiency (90+) Boilers: Commercial customers and equipment suppliers have indicated that the current rebate of \$2.00/kbtu/hr is not adequate to achieve full saturation of High Efficiency Boilers in CNGC's Washington service territory. Given this feedback, the Company agreed that a more rigorous analysis was warranted and conducted a parametric analysis performed by the program's commercial engineer. Results of this examination indicated that a rebate level of \$4.00/kbtu/hr (commensurate with ETO's program offering) would encourage greater uptake while allowing the measure to remain cost effective. It was further determined that moving the 500 kbtu minimum input standard to 300 kbtu would allow the program to capture smaller systems that were equally efficient compared to the larger models currently allowed under the tariff. The parametric analysis performed in support of the incentive change incorporates the expansion of allowable system sizes. The minimum 90% AFUE standard remains unchanged.

Two Tiered Prescriptive Insulation Levels: Results from the Commercial Custom Incentive Program indicate that many customers will pass over lower insulation levels in exchange for higher efficiencies when given the proper financial incentive. A two tiered prescribed insulation level has been proposed to encourage greater uptake of high R-value insulation in commercial buildings creating a greater opportunity for energy savings. Calculations to determine revised incentive levels and cost effectiveness were developed from a bin based calculation method with the Seattle Bin weather file used for the typical commercial type occupancy schedule and temperature balance points. The tiers and associated rebates are outlined as follows:

Measure	Minimum Requirements		Incentive	
	Tier 1	Tier 2	Tier 1	Tier 1
Attic Insulation	Min R-30	Min R-45	.50/sq ft	.65/sq ft
Room Insulation	Min R-21	Min R-30	.60/sq ft	.80/sq ft
Wall Insulation	Min R-11	Min R-19	.30/sq ft	.40/sq ft

Deemed savings values will be assigned by customer location/climate zone when tracking the projects for internal and external reporting as outlined below:

Measure	Therm Savings (West of Cascades)		Therm Savings (East of Cascades)	
	Tier 1	Tier 2	Tier 1	Tier 2
Attic Insulation	.220/sq ft	.225/sq ft	.399/sq ft	.407/sq ft
Room Insulation	.247/sq ft	.253/sq ft	.447 sq ft	.460/sq ft
Wall Insulation	.121/sq ft	.135/sq ft	.220 sq ft	.243/sq ft

Steam Traps: Malfunctioning steam traps are common energy wasters that can leak usable steam, thus increasing gas consumption. To address this common inefficiency, CNGC is proposing the addition of a prescriptive amount of \$80 for steam traps fitted to steam boilers with a minimum rating of 300 kbtuh and steam pressures operating at 7 psig or greater. Steam trap line size must be <2" with minimum 25 psig Trap Design Pressure. This amount was determined by parametric analyses at minimum trap levels for varying system pressures. This measure will only be allowable in instances where the customer signs an agreement to have the trap regularly maintained and replaced every seven years.

Proposed Housekeeping Changes

Warm Air Furnaces: Current tariff language lists qualifying warm air furnaces as having to have "less than 225,000" kbtu input. However, this is a misprint and should actually read <225 kbtu input. The commercial engineer for the program has indicated that AFUE should be the most important factor in determining energy efficiency. Therefore, in order to avoid confusion on which furnaces qualify, the Company proposes that the input qualification be removed and the minimum 91% AFUE standard remain.