



*In the Community to Serve*

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February 14, 2024

Oregon Public Utility Commission  
Attn: Filing Center  
P.O. Box 1088  
Salem, OR 97308-1088

**RE: LC 83 Cascade Natural Gas Corporation's 2023 Integrated Resource Plan ("IRP")**

Attention: Filing Center

Enclosed for filing is Cascade Natural Gas Corporation's (Cascade or Company) Final Comments to the 2023 Integrated Resource Plan (IRP or Plan).

Cascade thanks OPUC Staff and the other stakeholders for their focused attention throughout the entire IRP process. The feedback, suggestions and guidance we received from the public via the Technical Advisory Group (TAG) meetings greatly assisted Cascade in meeting today's milestone.

If there are any questions regarding this request, please contact me at (509) 221-9808 or via email at [Brian.Robertson@cngc.com](mailto:Brian.Robertson@cngc.com).

Sincerely,  
CASCADE NATURAL GAS CORPORATION

Brian Robertson  
Manager, Supply Resource Planning

LC 83 Cascade Final Comments 2-14-2024

**BEFORE THE  
PUBLIC UTILITY COMMISSION OF OREGON**

In the Matter of

CASCADE NATURAL GAS  
CORPORATION

2023 Integrated Resource Plan (LC 83)

Cascade Natural Gas  
Corporation Final Reply  
Comments

**CASCADE NATURAL GAS CORPORATION**

**February 14, 2024**

## Introduction

Cascade Natural Gas Corporation (Cascade, CNG or Company) files these final reply comments regarding the Cascade 2023 Integrated Resource Plan (IRP or Plan), filed in Docket No. LC 83 as well as in response to final comments received by the Oregon Public Utility Commission Staff (OPUC, Commission Staff, or Staff).

## Opening Remarks

Cascade appreciates the feedback the IRP stakeholders have provided, not only through opening comments and Staff's final comments, but during the entire IRP process as well. The ultimate goal of the IRP process is to produce a plan with the best combination of expected costs and associated risks and uncertainties for the utility and its customers. This is best accomplished with input from all stakeholders.

To date, Cascade filed the 2023 IRP on June 2<sup>nd</sup>, 2023, has responded to several data requests from Staff and other Stakeholders, and have gone through a round of opening comments and, most recently, receiving Staff's final comments on December 22, 2023. On December 20, 2023, the Oregon Court of Appeals ruled to invalidate the Climate Protection Program (CPP).<sup>1</sup> On January 22, 2024, the Oregon Department of Environmental Quality expressed its acceptance of the Court's ruling and declared its intent to re-establish the nullified program by correcting court-identified deficiencies and restarting the process of rulemaking from the beginning.<sup>2</sup> Cascade's 2023 IRP and several items on the Action Plan included a lens of meeting the CPP. Cascade held a transparent IRP process, holding five Technical Advisory Group (TAG) meetings, seeking feedback throughout the entire IRP process. Cascade believes it has produced an IRP that is consistent with IRP rules and guidance.

In addition to these final comments, Cascade is also providing an update to the Company's load forecast, as discussed in Cascade's opening reply comments.<sup>3</sup> Staff stated that Cascade's IRP omits retail price as an independent variable and produced their own results, using Prineville as an example.<sup>4</sup> Cascade has updated the Company's load forecast model where Cascade included retail price, rather than front of month pricing, in the use per customer and customer forecast. In addition to this change, Cascade also included income levels in the customer forecast as well. Cascade has provided the results of Prineville, similar to Staff's example, along with the total demand forecast for all of Oregon by year through the planning horizon. Cascade found that near term results are similar, with long term resulting in lower usage. Cascade does have some concerns regarding the results of some of the commercial and industrial customers and looks forward to discussing this new methodology in the next IRP.

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<sup>1</sup> See: [N.W. Natural Gas Co. v. Environ. Quality Comm. :: 2023 :: Oregon Court of Appeals Decisions :: Oregon Case Law :: Oregon Law :: US Law :: Justia](#)

<sup>2</sup> See: [State of Oregon Newsroom : NewsDetail : State of Oregon](#)

<sup>3</sup> See: LC 83, Cascade Reply Comments, page 6.

<sup>4</sup> See: LC 83, Staff Final Comments, page 6.

Cascade is also investigating retail rates lagged one year but has not finalized that forecast yet.

## **Cascade's Response to Opening Comments**

The following bullets are recommendations and expectations from Commission Staff in their final comments. Cascade has organized the recommendations by similarity and has provided a response:

### Staff Recommendation 1: Staff recommends the Commission not acknowledge Cascade's long-term plan.

The Company objects to the recommendation of non-acknowledgment on the long-term plan. Cascade's 2023 Oregon IRP included a transparent IRP process where reasonable inputs and analysis were used in the development of its Top Ranking Portfolio. The Company produced an IRP that is consistent with previous IRPs that were acknowledged. IRP processes are lengthy, allowing for several technical advisory group meetings and rounds of edits, data requests, and comments. Much of the analysis for Cascade's IRP was completed in the first and second quarter of 2023, whereas an acknowledgment decision is made approximately one year later. The regulatory landscape has rapidly evolved throughout this IRP cycle, particularly in the areas of decarbonization rules and impacts. Many of these challenges left utilities with unclear guidance from the Commission regarding the desired level of analysis expected in the development of IRP portfolio optimization models. Cascade is concerned with the direction of IRPs, especially the lengthy process providing opportunities of data becoming stale but is encouraged that the Commission has signaled that a proceeding to improve IRP development guidance may be opened in the coming year where the Company, other utilities, and stakeholders will work with Staff to better quantify and clarify IRP analytical expectations in light of the changing landscape. Cascade is committed to being an engaged participant in those efforts.

### Staff Recommendation 2 and 3: Staff Recommends the Commission acknowledge the purchase of 236,132 CCIs for the CPP's first compliance period and; Staff Recommends the Commission acknowledge the purchase of 325,020 CCIs for the CPP's second compliance period.

As previously mentioned, Oregon Court of Appeals ruled to invalidate the Climate Protection Program. Given the invalidation of the CPP, and Oregon Department of Environmental Quality declaring its intent to re-establish the nullified program, Cascade will be monitoring the new timeline and requirements from DEQs rulemaking process. Cascade will re-evaluate CCI acquisitions in regard to the re-established DEQ program in the 2023 Oregon IRP Update, expected to be filed in March of 2025.

Staff Recommendation 4 and 5: Staff Recommends the Commission not acknowledge the acquisition of 11,950,471 therms of renewable natural gas (RNG) for the CPP's first compliance period; and Staff Recommends the Commission not acknowledge the acquisition of 62,670,245 therms of RNG for the CPP's second compliance period.

Staff is recommending not acknowledging the RNG acquisitions because “the procurement of RNG is too far along to be considered for acknowledgment in an IRP.”<sup>5</sup> Cascade agrees that any individual RNG project should be reviewed under the SB 98 Small Utility Plan filing UM 2307. However, the Company states that RNG, in general, should be considered for acknowledgment when it's modeled in the IRP as a needed resource acquisition. Cascade would like clarification from Commissioners on how emission reduction acquisitions, such as RNG, should be treated in action plans for future IRPs. Given the recent ruling of the CPP invalidation, Cascade will monitor the new timeline and requirements from DEQs rulemaking process. Cascade will re-evaluate RNG acquisitions in regard to the re-established DEQ program in the 2023 Oregon IRP Update.

Staff Recommendation 6, 7, 8, and 9: Staff Recommends the Commission acknowledge the acquisition of 772,570, 816,866, 831,951, and 831,951 therms of energy efficiency in 2024, 2025, 2026, and 2027, respectively.

Cascade appreciates and agrees with Staff's recommendation with one clarification. Cascade is seeking acknowledgement on 848,951 therms of energy efficiency in 2027, while Staff's comments indicated they're recommending acknowledgment on only 831,951 in 2027. The Company has clarified with Staff that this was a typo on their end and they're recommending acknowledgment on the entire 848,951 therms.

Staff Expectation 1: Cascade should provide the marginal cost of RNG procurement for the avoided cost in UM 1893.

Cascade generally supports this recommendation but would advise amending this to reflect the Company's Marginal Abatement Cost for Carbon (MACC), which is described in Cascade's 2023 IRP.<sup>6</sup> While that is equivalent to RNG in the short term, this gives the Company flexibility to utilize the most expensive resource for its avoided cost, in the case that another resource exceeds the cost of RNG. Using the MACC would ensure the Company is attempting to avoid the most expensive resource to meet emission reduction goals.

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<sup>5</sup> See: LC 83, Staff Final Comments, page 2

<sup>6</sup> See: LC 83, Cascade 2023 IRP, Page 9-23 and Appendix J

Staff Expectation 2: Cascade should model all known demand-side measures endogenously and procure them after the IRP.

Cascade will continue to work with Energy Trust of Oregon to secure all cost-effective energy efficiency. In addition, the Company will work with the TAG in the 2025 IRP process to identify additional demand-side measures that can be modeled.

Staff Expectation 3 and 5: Before the next IRP, Staff expects Cascade to work with the TAG to identify an approach for considering electrification as a proactive resource strategy and; Cascade should model electrification using optimized incentives to avoid overestimating the cost of acquiring electrification from customers.

Cascade is open to working with the TAG in the 2025 IRP to identify electrification data that may be useful to Cascade in generating a load forecast. Gathering data and information for an electrification study would be better served with a coordinated statewide process. Cascade estimates that the Company shares service territories with 22 different companies, 8 in Oregon and 14 in Washington, many of which are not required to produce IRPs.

Staff Expectation 4: Cascade should develop an end-use model for demand forecasting to compare with the Company's econometric models.

Cascade has begun investigating end use level data to determine the level of useful information the Company can gather from it. Cascade does have concerns that end use level forecasting can't accurately provide use by end use, but it can provide information on the different types of customers, in terms of varying appliances, Cascade serves. Cascade looks forward to working with Staff and Stakeholders in the 2025 IRP to identify how the end-use data can be utilized to support the Company's econometric forecasts.

Staff Expectation 6: Cascade should work with the TAG to identify a PacifiCorp IRP scenario reflecting electrification that Cascade might use to generate a load forecast for its next IRP.

Cascade is open to working with the TAG in the 2025 IRP to identify electrification data that may be useful to Cascade in generating a load forecast. However, gathering data and information for an electrification study would be better served with a coordinated statewide process. Cascade estimates that the Company shares service territories with 22 different companies, 8 in Oregon and 14 in Washington, many of which are not required to produce IRPs. PacifiCorp would only have inputs for a portion of Cascade's service territory, and, unless directed by Commission, may not be willing to provide all available information.

Staff Expectation 7: Cascade should model non-renewal or retirement of pipeline capacity contracts and the costs and benefits of doing so.

Cascade agrees with modeling non-renewal or retirement of upstream pipeline capacity contracts and the costs and benefits of doing so. Cascade looks forward to working with Staff to better understand this full request during the 2025 IRP process.

Staff Expectation 8: Cascade should file, within 180 days following the final order on Cascade's 2023 IRP, a report discussing and evaluating its pipeline optimization activities, including how those pipeline optimization revenues are being returned to ratepayers.

Cascade agrees that a report discussing and evaluating the Company's pipeline optimization activities would be of benefit to stakeholders. However, Cascade's preference would be to align the filing of this report with the IRP updated and file it as an attachment. Cascade looks forward to working with AWEC and other stakeholders in the development of such a report, and its inclusion as an ongoing narrative in future IRPs.

Staff Expectation 9: Cascade should perform and transparently share the details of distribution system modeling recommended in Attachment C of Staff's Final Comments on Avista's 2023 IRP.

Cascade looks forward to working with Staff to better understand this full request during the 2025 IRP process.

Staff Expectation 10: In the next IRP, Cascade should attempt to include both the estimated societal benefits and the estimated costs of non-energy benefits when modeling non-pipe alternatives.

Cascade looks forward to working with Staff to better understand this full request during the 2025 IRP process.

Staff Expectation 11: Cascade should update the Company's Oregon line extension policies.

The Company is reviewing its line extension policy against the backdrop of the significant shifts in the energy landscape across Oregon. Cascade believes the most appropriate forum for an evaluation of the policy should be as part of the Company's next general rate case proceeding where all the factors influencing the policy can be evaluated at the same time.

## **Conclusion**

Cascade has sought to, from start to finish, embody all characteristics of a “best practices” IRP process and result. The Company believes it has exceeded all industry norms and standards in this regard. The advisory meetings have been transparent and responsive to all issues raised, with documentation provided in advance and prompt follow-up to all questions. Cascade’s Final IRP and voluminous appendices have covered all planning issues.

The Company is fully aware that overall acknowledgement by the Commission does not constitute approval for ratemaking purposes. However, awareness of what the Commission and its Staff sees as beneficial planning for its body of customers is appropriate. Cascade recognizes this IRP cycle presented several unexpected challenges. Cascade encourages the OPUC to open a docket to discuss the ever-changing regulatory environment.

This concludes Cascade’s comments.

Dated at Kennewick, Washington, this 14<sup>th</sup> day of February, 2024.

A handwritten signature in black ink that reads "Brian Robertson". The signature is written in a cursive, flowing style.

Brian Robertson  
Manager, Supply Resource Planning

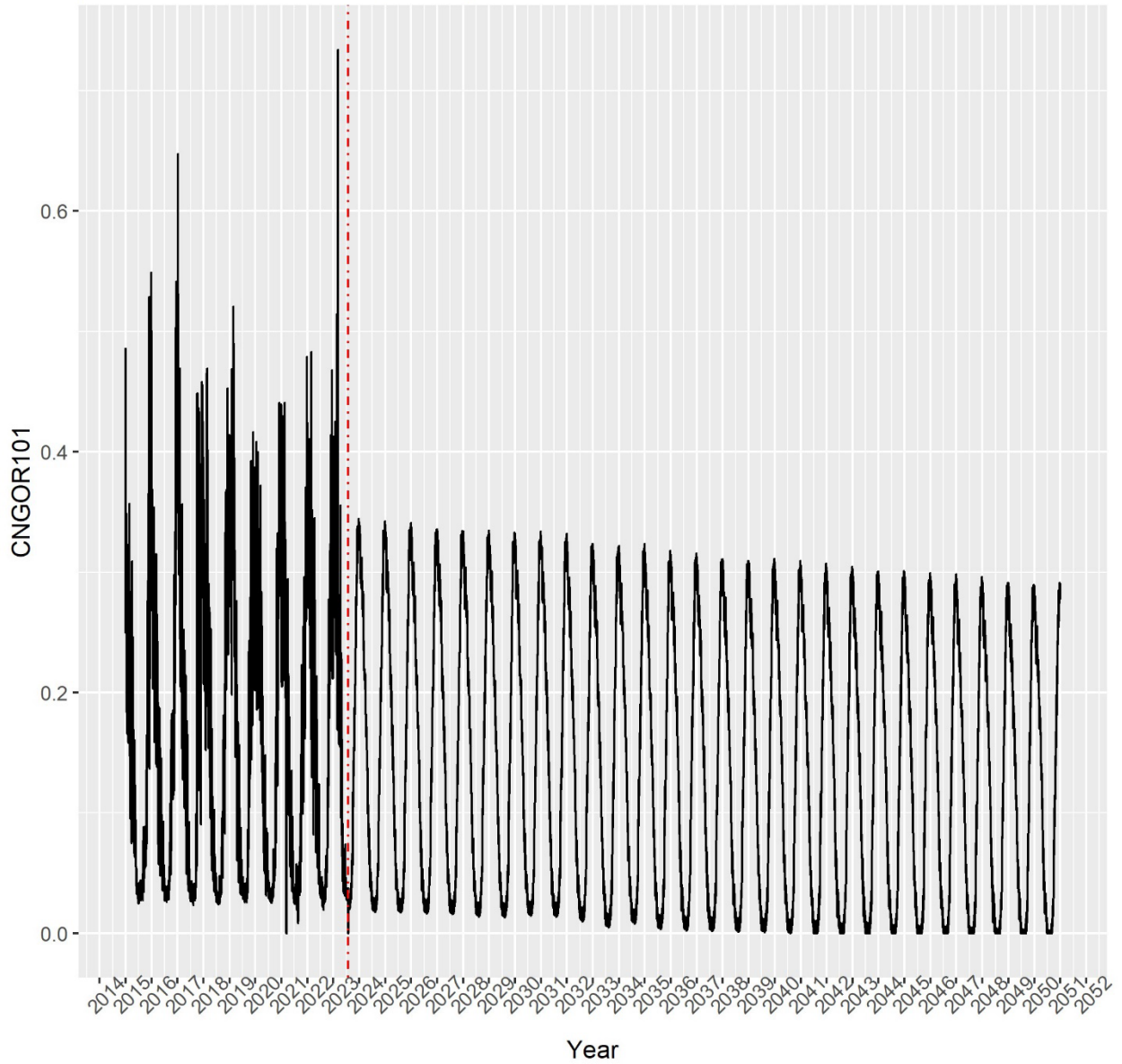
Attachment



Attachment A  
Load Forecast Update

Cascade’s updated forecast sample results using retail rates in the use per customer forecast and customer forecast, as well as including income in the customer forecast.

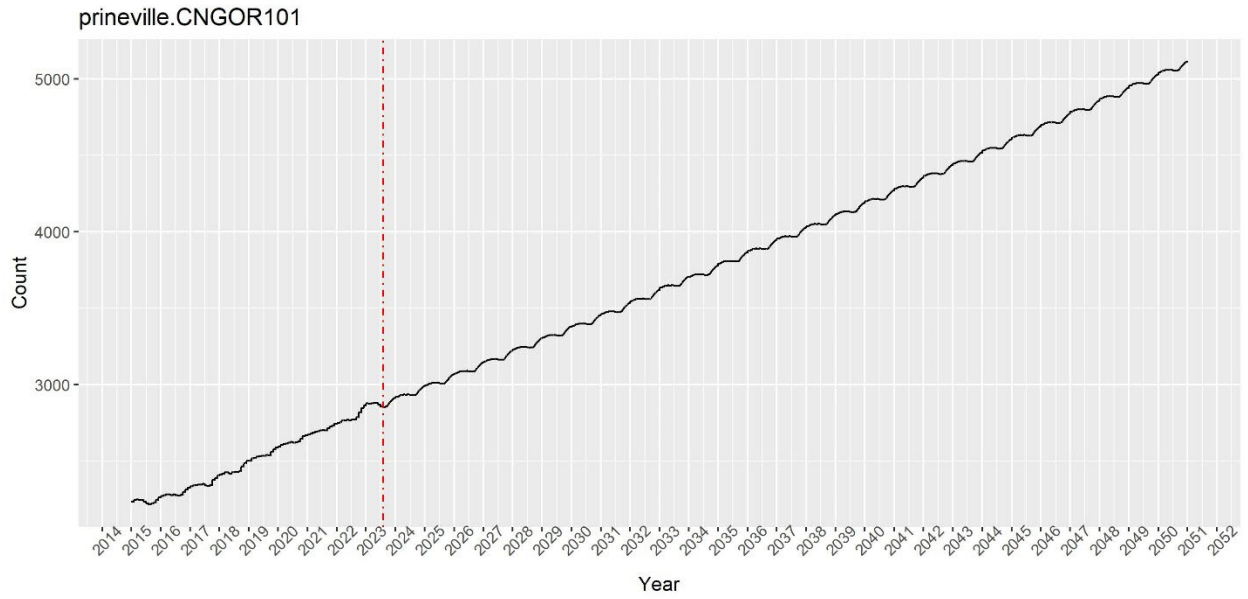
prineville.CNGOR101.upc: Dynamic Linear Regression Model



ar1	ar2	ar3	ma1	ma2	intercept	weekend	jan.hdd	feb.hdd	mar.hdd	apr.hdd	may.hdd	jun.hdd	jul.hdd	aug.hdd	sep.hdd	oct.hdd	nov.hdd	dec.hdd
0.603041	0.880425	-0.51355	0.039624	-0.88209	0.114769	-0.01052	0.004951	0.005848	0.005113	0.004645	0.004243	0.00238	0.001028	-0.00095	0.002297	0.004375	0.004882	0.004746
jan.wind	feb.wind	mar.wind	apr.wind	may.wind	jun.wind	jul.wind	aug.wind	sep.wind	oct.wind	nov.wind	dec.wind	p.101	S1-365	C1-365	S2-365	C2-365	S3-365	C3-365
0.001338	0.000845	0.001996	0.001196	0.000144	0.000507	-7.13E-05	-0.00025	4.74E-05	0.001047	-0.00133	0.000832	-0.14831	-0.04853	-0.06453	0.011104	0.017913	-0.00385	-0.00711

Attachment A  
Load Forecast Update

Cascade found that retail rate and income were statistically significant in Prineville's customer forecast. Cascade is currently investigating the underlying historical data used for customer count to make sure it accurately reflects the number of customers Cascade has.



Attachment A  
Load Forecast Update

Below are the full results for Cascade's Oregon service territory utilizing the updated forecast model.

Year	Updated Forecasted Therms
2023	93,868,446
2024	93,784,582
2025	94,632,308
2026	95,830,461
2027	97,077,748
2028	98,269,785
2029	99,033,875
2030	101,112,981
2031	102,225,355
2032	102,637,414
2033	101,743,663
2034	104,186,142
2035	104,080,463
2036	105,678,555
2037	106,316,157
2038	107,462,658
2039	108,563,134
2040	110,248,922
2041	110,615,795
2042	111,472,573
2043	112,776,313
2044	114,165,941
2045	114,622,821
2046	115,758,714
2047	116,760,064
2048	118,438,940
2049	118,848,425
2050	119,863,497