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November 30, 2015

CNG/O15-11-02

Oregon Public Utility Commission
P.O. Box 1088
Salem, OR 97308-1088

Re: Schedule 33, Conservation Achievement Tariff

Cascade Natural Gas Corporation (Cascade or the Company) files herewith the following revisions to its Tariff P.U.C. Or. No. 9, stated to become effective with service on and after January 1, 2016:

First Revision Sheet No. 33-D, "Conservation Achievement Tariff."

The purpose of this filing is to revise Rule 33, "Conservation Achievement Tariff," which details the parameters of the Company's Conservation Achievement Tariff (CAT) pilot program that commenced January 1, 2014, and is set to expire December 31, 2015. The Company seeks to adjust the expiration date to December 31, 2017, in order to allow the CAT to continue operation in tandem with the OLIEC program in order to gain further insights into its operations and overall long-term effectiveness. It took some time to identify remaining barriers to OLIEC program implementation, but with the CAT in place, the Community Action Agencies (CAAs) who administer the Company's low income programs were ultimately able to take advantage of this tariff to serve an ever-increasing number of low income households in need. As they did, the number of homes treated annually increased significantly. Pilot findings demonstrate that the presence of the CAT tariff during the pilot period allowed for effective adaptation to roadblocks that would otherwise have been insurmountable. This success has been detailed in both the CAT Pilot Report filed with the PUC on October 21, 2015 and the Annual OLIEC/CAT Achievement Report filed with the PUC on November 30, 2015.¹ Based on these highly promising outcomes, the Company would like to continue analyzing the potential of CAT and its sustainability as well as the cost of the program without losing momentum by bringing this offering to a close on December 31, 2015.

CAT was developed as an overlay to the Company's Oregon Low Income Energy Conservation (OLIEC) program, which provides rebates for home weatherization measures that, when coupled with other federal and state monies, provides qualifying gas heat customers with whole home weatherization services at no direct cost. OLIEC was designed to provide participating Agencies with a rebate equated to the avoided cost of energy associated with a natural gas conservation measure. However this funding was not designed to cover the full cost of a weatherization job performed for a Cascade customer. The funds provided via OLIEC were not sufficient to empower the Agencies to serve more income-qualified natural gas homes on their own. In an effort to improve the program's reach, the Company developed CAT which removes the barriers of needing additional matching funds by bridging the gap between providing

¹ Both reports were submitted in Docket No. RG-7.

funds strictly based from energy savings, and offering program delivery dollars to reflect the full cost of the work performed. The CAT was placed in a separate account and paid from accrued interest associated with the OLIEC program.

Cascade has been engaged in conversations with Commission Staff and the other Oregon gas utilities in an effort to improve the penetration of low income gas conservation programs. The Company is committed to delivering a successful low income conservation program, and at this time, the Company believes extending CAT will continue the hard-won momentum generated by this program mechanism, and will ensure the opportunity for as many low income natural gas households possible to be served within the Company's service area.

If CAT continues to perform well, the Company will consider increasing the program funding by raising collections under Schedule 31, Public Purposes Funding. If that becomes necessary, the Company will submit a tariff filing that will include CAT program budget forecasts. Until then, the Company will only allocate funds collected for low income weatherization services that are not being spent under OLIEC.

If you have any questions regarding this filing, please contact Jim Abrahamson at (503) 230-9607.

Sincerely,



Michael Parvinen
Director, Regulatory Affairs

Attachment

CASCADE NATURAL GAS CORPORATION

CONSERVATION ACHIEVEMENT TARIFF (CAT)
SCHEDULE NO. 33-D

PROGRAM DESCRIPTION:

The Conservation Achievement Tariff (CAT) is a pilot program in effect until December 31, 2017. The CAT operates alongside of, and in conjunction, with the existing Oregon Low-Income Energy Conservation (OLIEC) Program which is defined previously in this Schedule. This provision defines the terms and conditions under which funds designated for low-income energy conservation programs under Schedule No. 33 is administered and delivered to eligible residential customers within Cascade Natural Gas' service territory in Oregon.

At its sole discretion, the Company may allocate funds collected under Schedule 31, Public Purposes Funding for low income energy conservation programs to a separate pool (CAT pool) if funding for OLIEC is sufficient to meet the needs of agencies qualified to provide weatherization services to Cascade customers under the OLIEC Schedule 33. CAT funding may be accessed by any of the qualifying Low-Income, 501c3 or Community Action Agencies (Agencies) that administer the OLIEC program for the purpose of providing programmatic funding for the completion and performance of qualified weatherization work authorized through the OLIEC tariff. The intent of this tariff is to provide essential monies to bridge the gap between the Company's payments associated with customer energy savings via the traditional OLIEC program and the funds necessary for full delivery of this essential program to qualified customers. The funds are available to Agencies on a first come, first serve basis for the purpose of providing Total Installed Costs for weatherization measures approved under Schedule No. 33, Oregon Low Income Energy Conservation (OLIEC) program.

"Total Installed Costs" are defined as all costs incurred for materials and contractor labor necessary to fully perform tariff-eligible natural gas weatherization work at a qualified customer premise. In order to qualify for CAT funding, the participating Agency shall provide all associated invoices and receipts as evidence of expenditures for authorized weatherization work provided to the Company for validation.

Monies may be directed from OLIEC to the CAT fund during the course of the program year at the Company's sole discretion, whenever the Company determines that such a reallocation is the most effective and efficient use of available funds. The Company will not make any such re-allocation without first providing advance notice to the affected Agencies.

All measures currently defined as eligible under OLIEC shall be eligible for funds to cover Total Installed Costs under CAT. In the event that additional measures become eligible for funding under the OLIEC, the CAT shall also apply.

Agencies that complete projects under OLIEC, and install one or more of the eligible energy efficiency measures, are eligible to receive their normal reimbursement under that program. Agencies are also eligible to receive an additional CAT allocation that equates to the difference between the OLIEC rebate for each eligible measure installed and the invoiced amount for the Total Installed Cost of each measure. These monies shall be available upon receipt of documentation verifying the final incremental costs between those covered under the traditional OLIEC program and the remaining Total Installed Costs.

PROGRAM ADMINISTRATION AND DELIVERY COSTS:

The OLIEC program will remain a separate low-income energy conservation program. The CAT program is a pilot program that operates in conjunction with OLIEC. The OLIEC program contains a listing of program administration and delivery costs. There are no additional program administration and delivery costs associated with the Conservation Achievement Tariff.

PROGRAM EVALUATION:

The annual OLIEC report will contain information on CAT including but not be limited to, number of participants and, total cost of CAT

CNG/015-11-02

Issued November 30, 2015

Effective with Service On and After January 1, 2016

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Scott W. Madison

TITLE Executive Vice President
and General Manager