



222 FAIRVIEW AVENUE N., SEATTLE WASHINGTON 98109-5312 206-624-3900
FACSIMILE 206-654-4039
www.cngc.com

Advice No. CNG/O09-12-01

December 18, 2009

Oregon Public Utility Commission
550 Capitol Street NE
Salem, OR 97310-1380
Attention: Ms. Vikie Bailey-Goggins

Dear Ms. Bailey-Goggins:

Cascade Natural Gas Corporation encloses for filing the following tariff sheets:

First Revision Sheet No. 33 Canceling Original Sheet No. 33
First Revision Sheet No. 33-A Canceling Original Sheet No. 33-A
First Revision Sheet No. 33-B Canceling Original Sheet No. 33-B
First Revision Sheet No. 33-C Canceling Original Sheet No. 33-C

The purpose of this filing is to make the following revisions to the Oregon Low Income Weatherization Program (OLIW):

- Renaming the Program the Oregon Low Income Energy Conservation Program (OLIEC) to reflect the addition of new construction measures to the program.
- Expanding the Program to include rebates for key EE measures installed in affordable new construction (high efficiency furnaces, water heaters, and E* Qualified homes).
- Expanding the Program to include rebates for custom measures on an individual basis.
- Including 501c3 and Low Income Agencies as eligible entities to participate in the Company's OLIEC Program.
- Setting aside a portion of funds already collected under this program for use by 501c3 or Low Income Agencies for tariff approved conservation measures.
- Updating avoided costs to be consistent with the Company's most recently approved (August 2009) CNGC Integrated Resources Plan
- Adding high efficiency water heaters as a qualified program measure.

Exhibit A provides a detailed summary further outlining the proposed modifications to the Program and associated measures.

Any questions regarding this filing may be directed to Jim Abrahamson at 503-230-9607 or Allison Spector at 206-381-6834.

Sincerely,



Jon T. Stoltz
Issuing Officer

"In The Community To Serve"

CASCADE NATURAL GAS CORPORATION

OREGON LOW-INCOME ENERGY CONSERVATION PROGRAM
SCHEDULE NO. 33

(continued from previous page)

PROGRAM YEAR:

The OLIEC Program year will extend from October 1 through September 30. The Company, by December 1, will provide an annual summary report on the progress of the weatherization program for review by the Commission following the end of each program year.

CUSTOMER QUALIFICATIONS:

All funds collected under this program will be distributed only to qualifying income-eligible residential customers of Cascade. In the event the Company receives a rebate request for a single customer from two or more Agencies, the Company will process only one rebate request.

FUNDS COLLECTION AND AGENCY ALLOCATIONS:

- At the beginning of each program year, the Company will set aside a portion of funds collected under this program for use by Community Action Agencies and 501c3 nonprofit agencies for custom low income energy efficiency projects approved by the Company. This portion set aside shall also be the designated fund from which 501c3 nonprofits not identified as Community Action Agencies may access rebate funds for all energy conservation and retrofit measures eligible under this program. No additional PPC monies shall be allocated towards this fund following the initial allocation at the start of the year without prior notice by the Company. The Company will then determine the allocation of remaining funds to participating Agencies at the beginning of each program year based on the same allocation used by Oregon Housing and Community Services (OHCS) to allocate funds under the Federal Low Income Home Energy Assistance Program (LIHEAP) during the previous program year. The Company will advise each Agency at the beginning of each program year of the amount the Company estimates will be available to each Agency in that year.
- In the Company's sole discretion, funds may be re-allocated among the Agencies at any time during the program year whenever the Company determines that such a re-allocation is the most effective and efficient use of the available funds. The Company will not make any such re-allocation without first providing advance notice to the affected Agencies.
- Any amounts not disbursed in the program year will carry over to the next program year.

AGENCY QUALIFICATIONS AND RESPONSIBILITIES:

- In order to participate in the program, an Agency must be a legal entity, contracting or subcontracting with the State of Oregon, Department of Housing and Community Services (OHCS), which is eligible to administer funding under the Federal Low Income Home Energy Assistance Program (LIHEAP). An agency shall also qualify to participate in the program if it is a state-recognized Low Income Agency or 501c3 nonprofit engaged in the construction or retrofit of affordable housing designated primarily for the habitation of low income individuals.
- Each participating Agency will have sole responsibility to screen and approve applicants for eligibility. Each Agency shall follow the established protocols for the qualification of and disbursement to eligible participants in accordance with the guidelines promulgated by OHCS. Agencies operating the Weatherization Assistance Program shall complete their work in accordance with the Low-Income Energy Assistance Act of 1981 and subsequent amendments, as outlined in the OHCS Omnibus Contract. The Company reserves the right to verify installation and compliance with all state codes and standards prior to payment of any rebates.

(continued on next page)

(M) denotes material moved from Sheet No. 33
(K) denotes material moved to Sheet No. 33-B

CNG/O09-12-01

ISSUED December 18, 2009

EFFECTIVE January 20, 2010

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President
Regulatory & Gas Supply

(C)
(M)
(C)
(T)
(M)
(N)
(T)(N)
(T)
(N)
(N)
(C)
(C)
(N)
(N)
(K)

CASCADE NATURAL GAS CORPORATION

OREGON LOW-INCOME ENERGY CONSERVATION PROGRAM
 SCHEDULE NO. 33

(continued from previous page)

3. Each participating Agency shall be responsible to complete and return to the Company, all required paperwork and other documentation as may be necessary for the Company to process the rebate request. The Company will provide the documentation forms to each participating Agency in electronic or hard copy form, whichever is requested. At a minimum, the documentation must include the Agency name, customer name, the landlord name and address, if applicable, the address of the qualifying households, the square footage of the home, a list of the measures installed, the rebate amount per measure and total rebate per household.

REBATE PAYMENTS:

- The Company will reimburse participating Agencies for the installation of qualifying measures installed in each eligible household based on the table shown below.
- In no event will any rebate amount be greater than the actual installed cost of the measure.
- Qualified measures are eligible for rebate in the amount of 100% of avoided therm cost or 100% of the installed cost of the measure, whichever is less. Custom projects for new low income construction shall be eligible for a rebate of 80% of avoided therm cost. Avoided therm cost shall reflect the Company's most recently acknowledged IRP document.

Measure	Therm Savings Factor Per Square Foot	Avoided Cost Per Therm	Rebate per Home
Install ceiling insulation where no ceiling insulation exists	0.088	\$13.20	Therm savings factor x square footage x avoided cost per therm
Install ceiling insulation where ceiling insulation <R-12 exists	0.034	\$13.20	Therm savings factor x square footage x avoided cost per therm
Install floor insulation	0.052	\$13.20	Therm savings factor x square footage x avoided cost per therm
Install wall insulation	0.074	\$13.20	Therm savings factor x square footage x avoided cost per therm
Install duct insulation	Therm savings factor per linear foot 0.136	\$10.71	(Therm savings factor x square footage)/(square footage x average linear ft of ductwork per sq ft) x avoided cost per therm
Install duct sealing	--	--	\$825
Install infiltration measures	--	--	\$139
Install high-efficiency (90%+) furnace	--	--	\$860
Install direct vent spaceheater	--	--	\$461
Perform furnace tune-up	--	--	\$86
High efficiency water heater (.62)*	--	--	\$112
Energy Star qualified homes	--	--	\$1,333

* Hot water measures shall only be installed in homes where the primary heating source for water is natural gas.

(continued on next page)

(M) denotes material moved from Sheet No. 33-A
 (K) denotes material moved to Sheet No. 33-C

CNG/O09-12-01

ISSUED December 18, 2009

EFFECTIVE January 20, 2010

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President
Regulatory & Gas Supply

(C)
 (M)
 (T)
 (T)
 (T)
 (D)
 (N)
 (N)
 (C)
 (N)
 (N)
 (N)
 (K)

CASCADE NATURAL GAS CORPORATION

OREGON LOW-INCOME ENERGY CONSERVATION PROGRAM
SCHEDULE NO. 33
(continued from previous page)

(C)

PROGRAM ADMINISTRATION AND DELIVERY COSTS:

(M)

1. Each Agency will be reimbursed from the Low-Income Weatherization account for administrative costs and direct program costs incurred by them in their administration and delivery of the OLIEC Program in the amount of \$225 per household. The Agency fee will be paid to each Agency along with each rebate payment. The Company will process rebates and Agency payments within thirty days from the date the Company receives all completed documentation in support of such rebate requests. (T)
2. The Company will be reimbursed for actual first year program set up costs from the OLIEC account in an amount not to exceed \$5,000. (T)
3. The Company will be reimbursed from the OLIEC account each month for actual program administration costs incurred, except that such reimbursement will not exceed 5% of the total available funds collected during each program year. (T)

(M)

PROGRAM EVALUATION:

1. The Company will have a program baseline assessment performed as soon as practical following the effective date of this Schedule.
2. An Advisory Group will be formed to assist the Company in low-income weatherization and bill assistance program development, implementation, and evaluation. The Advisory Group will consist of at least one member each from the Company, the Commission staff, The Community Action Directors of Oregon (CADO) and from two or more participating Agencies.
3. Following the end of program year, the Company will arrange for an independent program performance evaluation to be paid from Low-Income Weatherization funds identified in Schedule 31 in an amount not to exceed \$25,000 per year.
4. The Company will use Advisory Group process and the independent program evaluation results to modify the program structure and process, where appropriate. These processes may also be used to assess whether or not any change to low-income weatherization and bill payment assistance funding levels is appropriate.

(M) denotes material moved from Sheet No. 33-B

CNG/O09-12-01

ISSUED December 18, 2009

EFFECTIVE January 20, 2010

ISSUED BY CASCADE NATURAL GAS CORPORATION

BY Jon T. Stoltz

TITLE Senior Vice President
Regulatory & Gas Supply

Exhibit A

Oregon Low-Income Conservation Tariff Change Summary

- **Cascade is not seeking to increase, or modify, the current Public Purpose Funding levels. Additionally the Company is not seeking to adjust the allocation formula between bill assistance and weatherization as was done on a temporary basis between September 1, 2008 and March 31, 2009.**
- **New Measure Added to Existing Low-Income Residential Dwellings.**
 - High-efficiency water heaters (.62EF and above) where primary water heating source is natural gas. This measure will be added to the measure matrix that appears on Sheet 33-B
- **New Low-Income Construction, Custom Measures (and major retrofits) added as a new avenue to deliver additional, cost-effective, low-income energy efficiency services to qualified Cascade residential customers.**

New Construction

- Applies to new constructed developed under auspices of qualified 501c3 entities. Rebates would be paid to the 501c3 entity in a manner similar to rebate payments to CAP agencies.
- The new construction must remain as low-income housing for a period of 30 years
- Qualified measures include:
 - Energy Star qualified homes
 - High-efficiency furnace installations (90%EF+)
 - High efficiency water heaters (.62EF+)
- Rebates based upon therm savings estimates consistent with the Company's Stellar Study, and are close to those used by the Energy Trust of Oregon (ETO).

Custom Measures

- Cascade will consider rebates for customer energy efficiency measures applied to new low-income construction on an individual basis with preference given for measures that would qualify for rebates in similar projects offered through the ETO
- Incentives for new custom construction calculated at 80% of avoided therm savings based upon appropriate (based on measure life) therm savings.

Funding for New Low-Income Construction, Custom Measures (and major retrofits)

- Company will set aside a portion of the funds already collected under this program for new construction.
 - Company considering setting aside an initial pool of \$25,000 from the Program’s Ending Balance to fund these new construction and custom measure rebates. This amount represents 8.2 percent of the Ending Program Balance as of September 30, 2009 (\$25,000 / \$303,838). This amount also represents 13.8 percent of Program Year Revenues as calculated on basis of the 2008-09 program year – prior to the temporary allocation shift (\$25,000 / \$181,741). Cascade believes that this initial pool will provide a robust basis of funding to test these new program delivery avenues.
-
- **Existing Dwellings Incentives. The following changes are reflected in the Qualified Measures / Rebate table located on Sheet 33-B**
 - Updated avoided costs to be consistent with the recently approved (August 2009) CNG Integrated Resource Plan
 - Therm savings for each measure (variable shell measures – factor per square foot installed) and deemed measures (therm saving per occurrence taken from Company Stellar study) are multiplied by the appropriate avoided cost based upon the measure life. The following table displays the measure lifespan and the associated avoided cost:

Measure	Lifespan	Avoided Cost Per Therm
○ Ceiling insulation	30 years	\$13.20
○ Floor Insulation	30 years	\$13.20
○ Wall Insulation	30 years	\$13.20
○ Duct Insulation	20 years	\$10.71
○ Infiltration Measures	20 years	\$10.71
○ Duct Sealing	20 years	\$10.71
○ High-Eff. Furnaces	25 years	\$12.11
○ Direct Vent Spaceheater	20 years	\$10.71
○ Furnace Tune-up	5 years	\$ 4.08
○ High-Eff. Water Heater	10 years	\$ 7.03
○ Energy Star Home	30 years	\$13.20

- Qualified measures are eligible for a rebate of 100% or the calculation based upon the avoided therm cost OR the installed cost of the measure WHICHEVER IS LESS.