

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

LC 69

In the Matter of the Application of:

CASCADE NATURAL GAS
CORPORATION,

2018 Integrated Resource Plan

ALLIANCE OF WESTERN ENERGY CONSUMERS

OPENING COMMENTS

April 6, 2018

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Alliance of Western Energy Consumers
Opening Comments

Alliance of Western Energy Consumers (“AWEC”) files these initial comments on Cascade Natural Gas Corporation’s (“Cascade” or “Company”) 2018 Integrated Resource Plan (“IRP”). The IRP forecasts 20 years of expected system-wide customer and demand growth, and analyzes various options to provide reliable and least cost supply side and demand side resources to fulfill future customers’ gas service needs.

The IRP indicates that load growth across Cascade’s system is expected to increase through 2037 by a range of approximately 1.40% to 1.65% annually, which includes growth in residential, commercial, and industrial customers and volumes. The IRP projects that residential and commercial customer classes are expected to grow at a rate near 1.4 - 1.6% annually, while Cascade expects the industrial class to have a growth rate of around 1.9%. While the industrial class is forecasted to grow faster than residential and commercial customers on a percentage basis, residential customers will remain the largest part of Cascade’s core load.

Today, the majority of Cascade’s core load is made up of residential customers. Cascade believes that its system load under normal weather conditions is expected to exceed over 417 million therms in 2037, the majority of which will continue to be made up of residential

customers. Cascade also anticipates that the ratio between residential, commercial, and industrial customers will increase in favor of residential customers. Residential customers are expected to grow from 53.1% of the total core load to 54.1% of the total core load by 2037. Stated another way, Cascade expects residential customers to increase their load by about 60 million therms and commercial core customers to increase load by approximately 37 million therms, each over the 20-year planning horizon. Industrial customers, in contrast, are expected to increase their load by approximately 9 million therms over the same period. In other words, more than 90% of the Company's expected increase is being driven by the growth in residential and commercial customer loads.

Cascade is responsible for meeting and continuing to meet the energy needs of its core market customers. This is accomplished in a variety of ways, including securing adequate gas supplies, implementing cost-effective winter peaking services, securing long-term interstate pipeline transportation contracts, and overall ensuring there is sufficient distribution system capacity at the lowest possible cost. The Company has identified in the IRP several options to achieve these goals while addressing the increased load expected over the 20-year period.

With the prospect of increased customer growth over the next 20 years, the Company will presumably be moving forward on a variety of infrastructure related projects to meet design day peak demand. As it begins to seek approval of these projects in rate proceedings, it is important to send proper price signals to customers. Because distribution main and related costs are incurred to meet the design day peak demand, these capacity related costs should be allocated to customers based on their coincident contribution to that demand. This is consistent with the principle of cost causation and properly allocates costs to those customers for which the service is being designed and constructed. Although cost allocation will not be determined in the IRP

process, AWEC is sharing this observation because it is important for customers and stakeholders to keep in mind the future impact of Cascade's IRP analyses and the infrastructure that will result from this process.

AWEC appreciates the opportunity to provide these initial comments

Dated this 6th day of April 2018.

Respectfully submitted,



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