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P.U.C. Or. No. 9

CASCADE NATURAL GAS CORPORATION

PUC
Utility Program

OREGON LOW-INCOME ENERGY CONSERVATION (OLIEC) PROGRAM
SCHEDULE NO. 33

PURPOSE:

The purpose of this provision is to define the terms and conditions under which that portion of the funds designated for use for low-income energy conservation programs under Schedule 31 "Public Purpose Funding" will be administered and delivered to eligible customers.

AVAILABLE:

This program is available to income-eligible residential dwellings served by Cascade where the primary heating equipment in the residential dwelling is fueled by natural gas. Any residential dwelling that received assistance for the installation of the same or similar measures under any other energy efficiency program will not be eligible for assistance under this program.

PROGRAM DESCRIPTION:

The Oregon Low-Income Energy Conservation (OLIEC) Program is a program designed to increase energy efficiency in low-income households within Cascade's service territory by providing rebates for the installation of certain weatherization and conservation measures in qualifying residential dwellings following the completion of a home energy evaluation performed by qualifying Low Income, 501c3, or Community Action Agencies (Agencies).

ENERGY EFFICIENCY MEASURES:

The following energy efficiency measures qualify for rebate under this program:

Existing Low Income Residential Dwellings

- Ceiling, floor, wall and duct insulation
- Duct sealing (per Oregon Office of Energy standards)
- Infiltration system (weather stripping and caulking)
- High-efficiency furnace installations (90+ % efficient) where cost effective
- Furnace tune-up and filter replacement
- High-efficiency water heater (.62+ where the primary water heating source is natural gas)

New Low Income Residential Construction

The following energy efficiency measures applied towards the construction of affordable housing shall qualify for rebate if the project is designated primarily for the habitation of low income individuals and shall remain under a thirty year period of affordability. Qualified measures include:

- Energy Star Qualified Homes
- High-efficiency furnace installations (90+ % efficient) where cost effective
- High-efficiency water heater (.62+ where the primary water heating source is natural gas)

The Company, at its discretion, will consider rebates for custom energy efficiency measures applied to new and existing low income dwellings on an individual basis with preference given for measures that would qualify for rebate in similar projects offered through the Energy Trust of Oregon (ETO). An appropriate incentive payment for custom projects will be calculated as 80% of avoided therm cost based upon the therm savings of the gas efficiency measures that are installed at each project.

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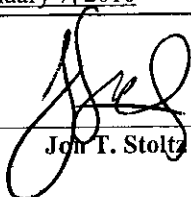
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BY


John T. Stoltz

ISSUED BY CASCADE NATURAL GAS CORPORATION

TITLE Senior Vice President
Regulatory & Gas Supply

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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 COLLECTED UNDER THIS PROGRAM ARE AVAILABLE AS FOLLOWS:

- Beginning with the 2009-2010 program year and for each year thereafter, the Company will designate \$25,000 of the program funds for use by Community Action Agencies (Agencies) and 501c3 non-profit agencies for custom low income energy efficiency (CEE) projects. This amount shall be also the designated fund to eligible 501c3 agencies not identified as Agencies for all energy conservation and retrofit measures. The Company will 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.

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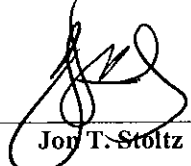
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3. Each participating Agency shall be responsible to complete and return to the Company, all required paperwork and other documentation as may be necessary for the Company to process the rebate request. The Company will provide the documentation forms 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
	Therm savings factor per linear foot		(Therm savings factor x square footage)/(square footage x average linear ft of ductwork per sq ft) x avoided cost per therm
Install duct insulation	0.136	\$10.71	
Install duct sealing	--	--	\$825
Install infiltration measures	--	--	\$139
Install high-efficiency (90%+) furnace	--	--	\$860
Install direct vent space heater	--	--	\$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.

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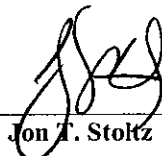
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PROGRAM ADMINISTRATION AND DELIVERY COSTS:

- 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)

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)

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