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October 31, 2016

CNG/O16-10-01

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

Re: Schedule 31, Public Purposes Funding

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

### **Eleventh Revision Sheet No. 31**

#### **Overview**

The purpose of this filing is to revise Rule 31, "Public Purposes Funding," which applies a charge to bills equal to a percentage of customers' total charges for gas service. Collections from this charge fund the Energy Trust of Oregon (Energy Trust) delivered natural gas energy efficiency programs offered to sales customers in Cascade's Oregon service territory as well as the Company's low income programs, which include the Oregon bill pay assistance program, Oregon Low Income Energy Conservation (OLIEC) Program, and OLIEC's complementary pilot program called the Conservation Achievement Tariff (CAT). The rate is revised herein to ensure collections are sufficient to meet 2017 program goals.

#### **Bill Impacts**

The public purposes funding charge is revised from 3.4% to 4.87%. The estimated monthly bill impact for the average residential customer using 51 therms per month will be an additional \$0.59 and the average commercial customer using 217 therms per month will pay \$2.04 more. Industrial customers, using an average of 1,510 therms per month will pay an additional \$40.18 per month.

The proposed 4.87% charge is set to collect \$3,353,887. From the Schedule 31 collections, 88% will provide Energy Trust with \$2,927,795 for the acquisition of 569,405 therm savings. The remaining 12% of funds collected will be used for Cascade's low income programs: \$50,000 will fund low income bill pay assistance and \$361,627 for OLIEC and CAT.

#### **Low Income Weatherization Programs: OLIEC and CAT**

With the approval of the Company's decoupling mechanism in Order 06-191 issued in Docket No. UG-167, the Company began assessing a public purpose charge which included the annual collection of \$150,000 for OLIEC and \$50,000 for bill pay assistance. While the funding for bill payment assistance remains the same, this filing requests additional public purpose dollars for the low income weatherization programs, OLIEC and CAT programs established in Schedule 33. OLIEC offers prescriptive rebates for the installation of qualifying energy

cost. CAT was developed as a potential means for addressing the barriers that prevent OLIEC from achieving a reasonable market penetration.

### History of CAT

The Company began piloting CAT on January 1, 2014, with a termination date of December 31, 2015. The initial CAT pilot was funded using \$400,000 of unspent OLIEC dollars. In order to continue studying CAT's ability to increase OLIEC's reach to low income customers, the Company filed Advice No. O15-11-02, wherein it asked to extend the CAT pilot term to December 31, 2017, which the Commission approved at its December 15, 2015, public meeting. In 2016, Cascade filed to revise its public purpose charge so collections for the CAT program would be \$400,000 over twelve months. On Staff's recommendation, the Commission approved a \$200,000 increase in collections for CAT. Since this amount did not prove sufficient, the Company filed an application for deferred funding on March 15, 2016, which was docketed as UM 1765. Cascade has answered data requests and attended a meeting as part of this unresolved docket. As part of the UM 1765 conversations, Staff recommended collecting no more than 0.625% of gross revenues for its low income weatherization programs. This amount is a close equivalent to electric utilities' collections for low income weatherization plus a .025% premium for the higher costs of serving rural areas. This methodology --0.0625% of gross revenues- gives Cascade a combined 2017 OLIEC and CAT budget of \$361,627. Cascade simultaneously filed Advice No O16-10-02 which establishes CAT as a permanent program, adds performance parameters, and addresses Staff's questions.

### Work Papers

The following work papers are attached:

- Work Paper No. 1 – This work paper shows the 2017 budgets for the programs funded through the Public Purposes Funding charge. It also shows how the charge is derived using forecasted volumes from the Company's most recent Purchased Gas Adjustment (PGA) filing and the total annual budget.
- Work Paper No. 2 – The Energy Trust of Oregon prepared this work paper to demonstrate their budgetary need for 2017 as well as their 2017 therm savings target. The Energy Trust needs \$2,759,020 to acquire 569,405 therms in 2017; this amount plus a 2016 shortfall of (\$177,775) totals a need of \$2,927,795
- Work Paper No.3 – This work paper provides the bill impact this change would have on each rate schedule.

If you have any questions regarding this filing, please contact Jennifer Gross at (509) 734-4635.

Sincerely,



Michael Parvinen  
Director, Regulatory Affairs

Attachment

CASCADE NATURAL GAS CORPORATION

**PUBLIC PURPOSES FUNDING  
SCHEDULE NO. 31**

**PURPOSE:**

The purpose of this provision is to define the funding method for public purposes activities to be administered through one or more independent entities. Public purposes activities include, but may not necessarily be limited to, energy efficiency programs, market transformation and low-income conservation and bill assistance programs designed to benefit sales customers within Cascade Natural Gas's service territory in Oregon.

**ADJUSTMENT TO RATES:**

Effective December 1, 2016, a public purpose charge equal to 4.87% of current revenues, including customer service charges, in each month will be assessed as a line item on the bills of rate schedules 101, 104, 105, 111 and 170. The level of the public purpose charge will be reviewed and revised as necessary based on periodic evaluation of public purposes funding needs. (C)(D)

The Public Purposes Funds shall be allocated to specific separate accounts to fund the respective public purposes programs as follows:

- 4.27% will support public purpose funding of energy efficiency programs that replace programs previously administered by Cascade with energy efficiency programs administered by an independent entity. (D)
- 0.60% will support public purpose funding for low-income conservation and bill assistance activities. (D)

**SPECIAL TERMS AND CONDITIONS:**

1. 88% of the monies designated as public purpose funding will be transferred to the Energy Trust of Oregon. The Energy Trust of Oregon will use the funds to design, promote and administer Natural Gas energy efficiency programs in accordance with agreements executed between Cascade and the Energy Trust. (C)
2. 12% of the monies designated as public purpose funding will be transferred to two internal program accounts and dispersed to Community Action Agencies (Agencies) for the purpose of adding or expanding low-income weatherization programs and bill assistance programs. 88% of the funding will be designated for low-income conservation programs, and the remaining 12% will be designated for bill payment assistance. The internal accounts shall accrue interest at the Company's currently effective authorized rate of return. (C)  
(C)  
(C)

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**CNG/O16-10-01**

Issued October 31, 2016

Effective with Service on and After December 1, 2016

Issued by **CASCADE NATURAL GAS CORPORATION**

By: Mark Chiles

Title: **Vice President**  
**Regulatory Affairs and Customer Service**