



# Oregon

Tina Kotek, Governor

**Public Utility Commission**

201 High St SE Suite 100

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June 13, 2023



BY EMAIL  
CASCADE NATURAL GAS COMPANY  
cngcregulatory@cngc.com

RE: Advice No. O23-04-03

At the public meeting on June 13, 2023, the Commission adopted Staff's recommendation in this matter docketed as ADV 1499. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser  
Chief Administrative Law Judge  
Public Utility Commission of Oregon  
(503) 378-3098

ITEM NO. CA1

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: June 13, 2023**

REGULAR  CONSENT  EFFECTIVE DATE July 1, 2023

DATE: May 24, 2023

TO: Public Utility Commission

FROM: Ishraq Ahmed

THROUGH: Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

SUBJECT: CASCADE NATURAL GAS COMPANY:  
(Docket No. ADV 1499/Advice No. O23-04-01)  
Cascade's Pandemic Cost Recovery.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Cascade Natural Gas Company's (Cascade, CNG, or Company) Advice No. O23-04-01 filing, withdrawing Schedule 35 that was implemented to prevent bad debt accumulation on customer accounts as per Commission Order No. 20-401, and proposing the addition of Schedule 38 to recover costs deferred per Commission orders issued in UM 2072, effective July 1, 2023.

**DISCUSSION:**

Issue

Whether the Commission should approve 1) Cascade's proposed withdrawal of Schedule 35, the temporary COVID-19 Residential Bill Assistance Program, and 2) the addition of Schedule 38, Pandemic Cost Recovery to recover deferred costs effective July 1, 2023.

Applicable Rule or Law

Under ORS 757.259 (identifiable utility expenses or revenues), the recovery or refund, of which the Commission finds, should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels or to appropriately match the costs borne by and benefits received by ratepayers.

Under OAR 860-027-0300 (electric companies, gas utilities, and steam heat utilities): a current expense or revenue associated with current service, as allowed by ORS 757.259 (amounts includable in rate schedule); or large telecommunications utilities: an amount allowed by ORS 759.200 (Inclusion of amortizations in rates).

### Analysis

#### *Background*

Governor Kate Brown declared a statewide state of emergency on March 8, 2020, due to the public health threat posed by the coronavirus, COVID-19. Since that time, Cascade has incurred costs in its response, including the waiving of late payment fees and implementation of bill assistance programs to assist customers facing economic pressures. Other costs included the purchase of additional cleaning supplies, contract tracing, medical testing, forgone fees, and the provision of personal protective equipment for both remote and on-site employees.

However, in addition to these costs, Cascade experienced a reduction in employee travel and training expenses along with a reduction in bad debt expenses—these have been applied as an offset to the deferred COVID-19-related expenses. These items and more, are described in the Stipulated Agreement in Order 20-401 and Term Sheet in Order 20-324, both adopted by the Commission in Docket No. UM 2114.

#### *Deferral Determination*

As of March 26, 2023, the Company has deferred the costs and benefits associated with the COVID-19 pandemic resulting in an Oregon net asset balance of \$1,191,530 before revenue-sensitive cost adjustment. After adding the interest accruals (with the application of the modified blended treasury rate) and using the revenue-sensitive cost adjustment, the total amount to be amortized is \$1,268,405. The allowed amortization is 1.3149 percent of 2021 Gross Revenues and will be amortized from July 1, 2023 through June 30, 2024.

#### *Bill Assistance Program (“Big Heart Customer Assistance Awards/Grants”)*

The Company filed Schedule 35 In February 2022, to implement its Temporary COVID-19 Residential Bill Assistance Program, as per Commission Order 20-401, which established the program costs of "at least one percent of the Company's retail revenues" or approximately \$707,517 for Cascade. Moreover, on March 8, 2022, ADV 1367 revised the program to increase funding to 1.5 percent of Cascade's UG 390 retail revenues of \$1,061,276. By March 26, 2023, the program funding had been fully distributed to customers, amounting to a total of \$1,061,276, plus 37,123 in carrying

costs to bring the total bill assistance recovery portion to \$1,098,399. These bill payment assistance costs were then deferred to Regulatory Asset Account 182.3. The balance to be amortized with interest would be \$1,134,118.

*COVID-19 Extra Costs*

The COVID-19 Extra Costs include past due interest, bad debt expense, reconnect fees/late payment fees along with other direct costs totalling \$660,673. The balance to be amortized with interest would be \$681,469.

The bad debt baseline was determined using the Company's UG 347 and UG 390 rate proceedings. The Bill Assistance Program resulted in a reduction in bad debt expense to pre-COVID-19 levels built into customer rates.

Beginning in March 2020, the Company waived the collection of late payment fees, past due interest, disconnect and reconnect fees for all residential customers through October 1, 2022. The lost revenues were deferred to account 182.3 Regulatory Assets.

Other direct costs as of March 26, 2023 included those charged directly to specific projects set up to capture costs incurred to protect health and safety of employees, provide personal protective equipment and to allow employees to work from home. Oregon's share of these direct costs were deferred to 182.3 Regulatory Assets.

*COVID-19 Operational Savings*

As of March 26, 2023, benefits that reduced costs associated with the pandemic included reduced employee expenses related to travel and training, as well as reduction in fuel fleet consumption. The CARES Act Tax benefit resulted in payroll taxes in 2020 being deferred, while Cascade also utilized a provision of the Family First Act which provided credits against payroll expenses resulting in a tax benefit. All of these benefits were applied as an offset to the deferred expenses of \$585,487.

The breakdown of the COVID-19 amortized amounts is in Table 1 below.

**Table 1 – COVID-19 Cost Recovery**

Big Heart Customer Assistance Awards/Grants	\$1,134,118
COVID-19 Extra Costs	\$681,469
COVID-19 Operational Savings	\$(585,487)
Plus: Revenue-sensitive cost percentages	3.02%
<b>Total</b>	<b>\$1,268,405</b>

*Earnings Test*

Consistent with Staff practice in other COVID-19 related dockets, and adopted by the Commission, COVID-19 related costs associated with payments to customers, unrealized revenues from disconnect and reconnect charges, and changes in uncollectibles are all exempt from the earnings test. Other Company COVID-19-related costs such as extra cleaning and masks are recoverable net of any savings. In reviewing Cascade’s Results of Operations Reports for 2020, 2021 and 2022, Cascade had Type 1 earnings of 7.95 percent, 9.55 percent and 5.03 percent, respectively. Therefore only in calendar 2021 did Cascade exceed its authorized ROE level of 9.4 percent.

In 2021, Cascade had other direct costs of \$17,557 while Cascade recorded benefits of \$260,715. Therefore, there are no net direct costs to be amortized associated with 2021. Similarly for 2023, while there is no results of operations report yet for calendar 2023, the direct costs equal \$650 while benefits equalled \$2618 for the January through March 2023 time period. Therefore, the earnings test does not result in any change in recoverable amounts.

*Rate Spread*

Cascade proposes to allocate each incremental cost and benefit itemized based on the percentage of billed revenue of the individual rate schedules. Company believes that as all costs and benefits were applicable to all customers before the pandemic, it is appropriate to assign an allocation to all customer classes.

The cost recovery would increase retail revenues by 1.31 percent. For revenue spread, Cascade used Staff’s proposal for revenue distribution in Avista’s COVID-19 recovery filing under Docket ADV 1392. Non-residential customer classes will be getting half of the overall system’s revenue increase (0.66 percent) with the remaining amount going to the residential customer class (1.74 percent).

**Table 2 - Annual Revenue Before and After Implementation of Schedule 38**

<b>Rate Schedule</b>	<b>Description</b>	<b>Current Revenues</b>	<b>Proposed Revenues</b>	<b>Revenue Change</b>	<b>% Change</b>
101	Residential	\$56,658,414	\$57,646,871	\$988,458	1.74%
104	Commercial	\$32,771,746	\$32,988,067	\$216,321	0.66%
105	Industrial	\$2,925,095	\$2,944,393	\$19,298	0.66%
111	Large Volume	\$2,559,801	\$2,576,664	\$16,863	0.66%
163	Transport	\$2,040,980	\$2,054,690	\$13,711	0.67%
170	Interruptible	\$2,090,094	\$2,103,850	\$13,756	0.66%

Effective July 1, 2023, if approved, a residential customer using an average of 61 therms a month could expect their bill to increase by \$1.18 or 1.60 percent for a revised monthly bill of \$74.98.

Staff inquired in a workshop on May 5, 2023 whether Company had discussed the cost recovery with other stakeholders. Cascade had met to create the COVID-19 term sheet a few months ago and conveyed to the intervenors that cost recovery was to be expected.

In addition, since all authorized funds under the bill assistance program had been distributed to customers, Cascade had asked for the COVID-19-related monthly and quarterly reporting requirements to end. Staff will continue to work with the Company to determine what information Staff needs to assist in its Environmental Justice efforts.

AWEC, CUB, and SBUA had the opportunity to review the memo. Staff did not receive any comments from AWEC and SBUA.

The Commission did receive a comment from Janet Cole, a Cascade residential customer in eastern Oregon who questioned why Cascade should be approved a rate increase when it is difficult for customers to make ends meet given that there are price increases for “every aspect of my budget.” From the comments, it is unclear whether Cascade has clearly communicated that its rate increase is associated with it supporting various residential bill discounts and other programs approved by the Commission to ease the burden of energy costs and COVID-19-related hardship for its customers. The commenter did not seem aware of these programs/efforts. Staff did try and contact the commenter but to date has not been successful.

The Company has reviewed the memo and agrees with its contents.

**PROPOSED COMMISSION MOTION:**

Approve Cascade Natural Gas Company’s Advice No. O23-04-01 filing proposing the addition of Schedule 38 to recover costs deferred per Commission orders issued in UM 2072, effective July 1, 2023.



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April 25, 2023

**CNG/O23-04-03**

Oregon Public Utility Commission  
Attn: Filing Center  
201 High Street S.E., Suite 100  
Salem, OR 97301-3398

**Re: Advice No. O23-04-01 Cascade's Pandemic Cost Recovery**

In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation ("Cascade" or "Company") submits to the Oregon Public Utility Commission ("Commission") the following revisions to its Tariff P.U.C. OR. No. 10, stated to become effective with service on and after July 1, 2023:

Third Revision of Sheet No. ii  
Original Sheet No. 38.1  
Tenth Revision of Sheet No. 101.1  
Tenth Revision of Sheet No. 104.1

Tenth Revision of Sheet No. 105.1  
Eleventh Revision of Sheet No. 111.1  
Eleventh Revision of Sheet No. 163.1  
Tenth Revision of Sheet No. 170.1

Also, the Company withdraws the following sheets in their entirety:

- First Revision of Sheet 35.1
- First Revision of Sheet 35.2

Cascade implemented Schedule 35, the Temporary COVID-19 Residential Bill Assistance Program, per Commission Order No. 20-401. This program was designed to prevent bad debt accumulation on customer accounts by identifying, waiving, and managing residential customer arrearages. As the funds available under this program have been depleted, the Company requests authorization to withdraw Sheets 35.1 and 35.2.

Additionally, the Company proposes the addition of Schedule 38, Pandemic Cost Recovery, to recover costs deferred per Commission orders issued in UM 2072. This new schedule increases overall retail revenues by approximately \$1,268,405, or 1.31%. The index sheet has been revised to include the addition of Schedule 38.

**Background**

On March 8, 2020, Governor Kate Brown declared a statewide state of emergency due to the public health threat posed by the novel coronavirus, COVID-19 pandemic. Since that time, Cascade has incurred extraordinary costs in its response, including the purchase of additional cleaning supplies, contract tracing, medical testing, forgone fees, and the provision of personal protective equipment for both remote and on-site employees. The company also implemented assistance programs to aid

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APR 25 2023

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(continued)



# CASCADE NATURAL GAS CORPORATION

P.U.C. OR. No. 10

Original Sheet No. 38.1

## SCHEDULE 38 PANDEMIC COST RECOVERY

(N)

### APPLICABLE

This schedule is applicable to customers served on Schedules 101, 104, 105, 111, 163, 170, and 800.

### PURPOSE

This schedule recovers the net costs incurred in response to the COVID-19 pandemic and deferred in accordance with the terms established in UM 2072.

### RATE

The following rates shall be applied to all applicable customers on a per therm basis effective July 1, 2023:

Schedule	Rate per therm
101	\$0.01928
104	\$0.00643
105	\$0.00634
111	\$0.00579
163	\$0.00037
170	\$0.00554
800	\$0.00037

### LIMITATION

This schedule will be effective through June 30, 2024. Any residual balance at the end of the one-year term will be transferred to the Company's purchase gas adjustment amortization account or will be included in a future proceeding.

### TERMS AND CONDITIONS

Service provided under this schedule is subject to the rules and regulations outlined in the Company's tariff, any other schedules that are applicable to service provided under this schedule, and to any rules and regulations prescribed by regulatory authorities, as amended from time to time.

The rates named herein are subject to adjustments as set forth in Schedule No. 100 Municipal Exactions and other supplemental schedules, when applicable.

(N)

**SCHEDULE 101  
GENERAL RESIDENTIAL SERVICE RATE**

**APPLICABILITY**

This schedule is available to residential customers.

**RATE**

Basic Service Charge		\$6.00	per month
Energy Discount Program	Schedule 37	\$0.81	per month
Schedule 38	Pandemic Cost Recovery	\$0.01928	per therm
Delivery Charge		\$0.39467	per therm
Schedule 177	Cost of Gas (WACOG)	\$0.57995	per therm
Schedule 191	Temporary Gas Cost Rate	\$0.13789	per therm
Schedule 192	Intervenor Funding	\$0.00088	per therm
Schedule 193	Conservation Alliance Plan	(\$0.00824)	per therm
Schedule 196	Oregon Earnings Sharing	\$0.00000	per therm
Schedule 197	Environmental Remediation Cost	\$0.00030	per therm
Schedule 198	Unprotected EDIT	(\$0.00720)	per therm
	<b>Total</b>	<b>\$1.11753</b>	<b>per therm</b>

(N)

(I)

**MINIMUM CHARGE**

Basic Service Charge                      \$6.00

**TERMS OF PAYMENT**

Each monthly bill shall be due and payable within twenty-two days from the date of rendition.

**TAX ADDITIONS**

The rates named herein are subject to increases as set forth in Schedule 100 for Municipal Exactions.

**GENERAL TERMS**

Service under this rate schedule is governed by the terms of this schedule, the Rules contained in this Tariff, any other schedules that by their terms or by the terms of this rate schedule apply to service under this rate schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

**SCHEDULE 104  
GENERAL COMMERCIAL SERVICE RATE**

**APPLICABILITY**

This schedule is available to commercial customers.

**RATE**

Basic Service Charge		\$12.00	per month	
Delivery Charge		\$0.27282	per therm	
Schedule 37	Energy Discount Program	\$0.00889	per therm	
Schedule 38	Pandemic Cost Recovery	\$0.00643	per therm	(N)
Schedule 177	Cost of Gas (WACOG)	\$0.57995	per therm	
Schedule 191	Temporary Gas Cost Rate	\$0.13789	per therm	
Schedule 192	Intervenor Funding	\$0.00000	per therm	
Schedule 193	Conservation Alliance Plan	(\$0.01699)	per therm	
Schedule 196	Oregon Earnings Sharing	\$0.00000	per therm	
Schedule 197	Environmental Remediation Cost	\$0.00030	per therm	
Schedule 198	Unprotected EDIT	(\$0.00462)	per therm	
	<b>Total</b>	\$0.98467	per therm	(I)

**MINIMUM CHARGE**

Basic Service Charge                      \$12.00

**TERMS OF PAYMENT**

Each monthly bill shall be due and payable within twenty-two days from the date of rendition.

**TAX ADDITIONS**

The rates named herein are subject to increases as set forth in Schedule 100 for Municipal Exactions.

**GENERAL TERMS**

Service under this rate schedule is governed by the terms of this schedule, the Rules contained in this Tariff, any other schedules that by their terms or by the terms of this rate schedule apply to service under this rate schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

**SCHEDULE 105  
GENERAL INDUSTRIAL SERVICE RATE**

**APPLICABILITY**

This schedule is available to industrial customers.

**RATE**

Basic Service Charge		\$35.00	per month
Delivery Charge		\$0.24226	per therm
Schedule 37	Energy Discount Program	\$0.00727	per therm
Schedule 38	Pandemic Cost Recovery	\$0.00634	per therm
Schedule 177	Cost of Gas (WACOG)	\$0.57995	per therm
Schedule 191	Temporary Gas Cost Rate	\$0.13789	per therm
Schedule 192	Intervenor Funding	\$0.00022	per therm
Schedule 193	Conservation Alliance Plan	\$0.00000	per therm
Schedule 196	Oregon Earnings Sharing	\$0.00000	per therm
Schedule 197	Environmental Remediation Cost	\$0.00030	per therm
Schedule 198	Unprotected EDIT	(\$0.00358)	per therm
	<b>Total</b>	\$0.97065	per therm

(N)

(I)

**MINIMUM CHARGE**

Basic Service Charge                      \$35.00

**TERMS OF PAYMENT**

Each monthly bill shall be due and payable within twenty-two days from the date of rendition.

**TAX ADDITIONS**

The rates named herein are subject to increases as set forth in Schedule 100 for Municipal Exactions.

**GENERAL TERMS**

Service under this rate schedule is governed by the terms of this schedule, the Rules contained in this Tariff, any other schedules that by their terms or by the terms of this rate schedule apply to service under this rate schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

**SCHEDULE 111  
LARGE VOLUME GENERAL SERVICE RATE**

**APPLICABILITY**

Service under this schedule shall be for natural gas supplied for all purposes to customers having an annual fuel requirement of not less than 50,000 therms and where the customer's major fuel requirement is for process use.

**RATE**

Basic Service Charge		\$144.00	per month	
Delivery Charge		\$0.16113	per therm	
<b>OTHER CHARGES:</b>				
Schedule 37	Energy Discount Program	\$0.00479	per therm	
Schedule 38	Pandemic Cost Recovery	\$0.00579	per therm	(N)
Schedule 177	Cost of Gas (WACOG)	\$0.57995	per therm	
Schedule 191	Temporary Gas Cost Rate	\$0.13789	per therm	
Schedule 192	Intervenor Funding	\$0.00022	per therm	
Schedule 193	Conservation Alliance Plan	\$0.00000	per therm	
Schedule 196	Oregon Earnings Sharing	\$0.00000	per therm	
Schedule 197	Environmental Remediation Cost	\$0.00030	per therm	
Schedule 198	Unprotected EDIT	(\$0.00275)	per therm	
	<b>Total</b>	<b>\$0.88732</b>	<b>per therm</b>	(I)

**MINIMUM CHARGE**

Basic Service Charge            \$144.00

**SERVICE AGREEMENT**

Customers receiving service under this rate schedule shall execute a service agreement for a minimum period of twelve consecutive months' use. The service agreement term shall be for a period not less than one year and the termination date of the service agreement in any year shall be September 30<sup>th</sup>.

**ANNUAL DEFICIENCY BILL**

In the event the customer purchases less than the Annual Minimum Quantity of 50,000 therms as stated in the service agreement, the customer shall be charged an Annual Deficiency Bill. The Annual Deficiency Bill shall be calculated as the difference between the Annual Minimum Quantity and the actual purchase of transport therms times the difference between the per therm rates effective in this schedule and any modifying schedules less WACOG.

(continued)

**SCHEDULE 163  
GENERAL DISTRIBUTION SYSTEM INTERRUPTIBLE  
TRANSPORTATION SERVICE**

**PURPOSE**

This schedule provides interruptible transportation service on the Company’s distribution system of customer- supplied natural gas. Service under this schedule is subject to entitlement and curtailment.

**APPLICABILITY**

To be served on this schedule, the customer must have a service agreement with the Company. The customer must also have secured the purchase and delivery of gas supplies, which may include purchases from a third-party agent authorized by the customer served on this schedule. Such agent, otherwise known as a marketer or supplier and hereafter referred to as supplier, nominates and transports natural gas to the Company’s system on a Customer’s behalf in the manner established herein.

**RATE**

A. **Basic Service Charge** \$625.00 per month

B. **Distribution Charge** for All Therms Delivered Per Month

		Base Rate	Sch. 37	Sch. 192	Sch. 196	Sch 197	Sch 198	Billing Rate	
First	10,000	\$0.12833	\$0.00207	\$0.00022	\$0.000	\$0.00030	(\$0.00114)	\$0.12978	per therm
Next	10,000	\$0.11577	\$0.00207	\$0.00022	\$0.000	\$0.00030	(\$0.00114)	\$0.11722	per therm
Next	30,000	\$0.10877	\$0.00207	\$0.00022	\$0.000	\$0.00030	(\$0.00114)	\$0.11022	per therm
Next	50,000	\$0.06680	\$0.00207	\$0.00022	\$0.000	\$0.00030	(\$0.00114)	\$0.06825	per therm
Next	400,000	\$0.03389	\$0.00207	\$0.00022	\$0.000	\$0.00030	(\$0.00114)	\$0.03534	per therm
Next	500,000	\$0.01816	\$0.00207	\$0.00022	\$0.000	\$0.00030	(\$0.00114)	\$0.01961	per therm
Over	1,000,000	\$0.00189	\$0.00207	\$0.00022	\$0.000	\$0.00030	(\$0.00114)	\$0.00334	per therm

C. **Commodity Gas Supply Charge**

The Company will pass through to the customer served on this schedule all costs, if any, incurred for securing the necessary supply at the city gate excluding pipeline transportation charges.

D. **Schedule 38, Pandemic Recovery Charge** \$0.00037 per therm (N)

E. **Gross Revenue Fee** (T)

The total of all charges invoiced by Company shall be subject to a Gross Revenue Fee reimbursement charge to cover state utility tax and other governmental levies imposed upon the Company, as those fees and levies may be in effect from time to time.

(continued)

**SCHEDULE 170  
INTERRUPTIBLE SERVICE**

**AVAILABILITY**

This schedule is available for natural gas delivered for all purposes to customers having an annual fuel requirement of not less than 180,000 therms per year and where customer agrees to maintain standby fuel burning facilities and an adequate supply of standby fuel to replace the entire supply of natural gas delivered hereunder.

**SERVICE**

Service under this schedule shall be subject to curtailment by the Company when in the judgment of the Company such curtailment or interruption of service is necessary. Company shall not be liable for damages for or because of any curtailment of natural gas deliveries hereunder.

**RATE**

Basic Service Charge		\$300.00	per month
Delivery Charge		\$0.12376	per therm
<b>OTHER CHARGES:</b>			
Schedule 37	Energy Discount Program	\$0.00364	per therm
Schedule 38	Pandemic Cost Recovery	\$0.00554	per therm
Schedule 177	Cost of Gas (WACOG)	\$0.57995	per therm
Schedule 191	Gas Cost Rate Adjustment	\$0.13789	per therm
Schedule 192	Intervenor Funding Adjustment	\$0.00022	per therm
Schedule 193	Conservation Alliance Plan	\$0.00000	per therm
Schedule 196	Oregon Earnings Sharing	\$0.00000	per therm
Schedule 197	Environmental Remediation Costs	\$0.00030	per therm
Schedule 198	Unprotected EDIT	(\$0.00204)	per therm
All Therms per Month:	Total Per Therm Rate	\$0.84926	per therm

(N)

(I)

**MINIMUM CHARGE**

Basic Service Charge           \$300.00

**TERMS OF PAYMENT**

Each monthly bill shall be due and payable twenty-two days from the date of rendition.

**TAX ADDITIONS**

The rates named herein are subject to increases as set forth in Schedule 100 for Municipal Exactions.

**SERVICE AGREEMENT**

Service under this schedule requires an executed service agreement between the Company and the customer. The service agreement term shall be for a period not less than the period covered under the customer's gas purchase contract with the customer's supplier. However, in no event shall the service agreement be for less than one year and the termination date of the service agreement in any year shall be September 30<sup>th</sup>. (continued)