

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT**

**PUBLIC MEETING DATE: December 14, 2021**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** January 1, 2022

**DATE:** December 3, 2021

**TO:** Public Utility Commission

**FROM:** Mitchell Moore

**THROUGH:** Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

**SUBJECT:** CASCADE NATURAL GAS:  
(Docket No. UM 1980(3))  
Requests reauthorization to defer costs and revenues associated with the Public Purpose Charge.

**STAFF RECOMMENDATION:**

Approve Cascade Natural Gas' (Cascade, CNG, or Company) request to authorize the deferral of costs and revenues associated with its Public Purpose Charge (PPC) for the 12-month period beginning January 1, 2022.

**DISCUSSION:**

Issue

Whether the Commission should approve Cascade's request for authorization to defer revenues and expenses associated with its PPC programs.

Applicable Law

Beginning with the date of the Application, the Commission may approve the deferral of 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 for the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers. ORS 757.269(2)(e) and (4). Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in rates to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to

amortize the deferral. ORS 757.259(4); OAR 860-027-0300(9). The Commission's final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility. ORS 757.259(5).

### Analysis

#### *Background:*

In Cascade's 2005 general rate case (Docket No. UG 167), the Commission approved the implementation of Cascade's Public Purpose Charge (PPC) tariff, Schedule 31, established to provide for the recovery of costs associated with energy efficiency and low-income bill pay assistance programs. Programs funded through the PPC include: conservation acquisition managed by the Energy Trust of Oregon (ETO); Cascade's Oregon Low Income Energy Conservation Program, and the Conservation Achievement Tariff program.

This deferral authorization is associated with energy efficiency costs that are amortized through Cascade's Schedule 31 tariff. The deferral covers the variance between revenues collected through the tariff and costs incurred in the programs from year to year.

#### *Proposed Accounting:*

Cascade proposes to account for balancing the debits and credits associated with the PPC by recording them in FERC Account 242.6.

#### *Estimated Deferrals in Authorization Period:*

The Company is not able to estimate the amount that may be deferred and considered a carryover balance at the end of 12-months since these funds are passed through to other third parties who manage the spending of these dollars.

#### *Information Related to Future Amortization:*

- Earnings review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5).
- Prudence Review – A prudence review is required prior to amortization and should include the verification of the accounting methodology used to determine the final amortization balance.
- Sharing – One hundred percent of the deferred balance is subject to utility recovery, pending a prudence review.

- Rate Spread/Design – The costs are allocated among all Cascade’s Oregon customers on an equal cents per therm basis.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility’s gross revenues for the preceding year.

### Conclusion

As the Company’s application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is valid, Staff recommends the Commission approve Cascade’s application.

### **PROPOSED COMMISSION MOTION:**

Approve Cascade’s request to authorize the deferral of costs and revenues associated with its energy efficiency programs for the 12-month period beginning January 1, 2022.