

BEFORE THE PUBLIC UTILITY COMMISSION

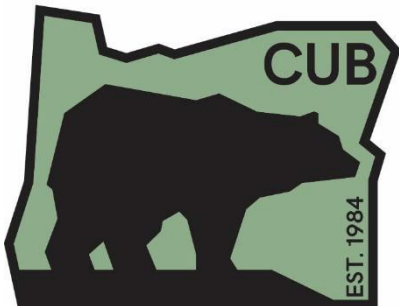
OF OREGON

LC 76

In the Matter of)
)
CASCADE NATURAL GAS)
CORPORATION,)
)
2020 Integrated Resource Plan Update.)
_____)

REPLY COMMENTS OF THE
OREGON CITIZENS' UTILITY BOARD

November 8, 2022



**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 76

In the Matter of)	
)	
CASCADE NATURAL GAS)	
CORPORATION,)	REPLY COMMENTS OF THE
)	OREGON CITIZENS' UTILITY
2020 Integrated Resource Plan Update.)	BOARD
<hr/>)	

I. INTRODUCTION

The Oregon Citizens' Utility Board (CUB) hereby submits its Reply Comments on Cascade Natural Gas Corporation's (Cascade or the Company) 2020 Integrated Resource Plan (IRP or Plan) Update, filed on April 27, 2022. CUB appreciates the opportunity to provide feedback on Staff of the Public Utility Commission of Oregon's (Staff) Final Report, filed on October 7, 2022. CUB thanks Staff for their leadership and rigorous analysis in this proceeding and appreciates Cascade's work to implement refinements and suggestions provided by Staff and CUB.

CUB broadly supports the recommendations contained in Staff's Final Report, including Appendix A which details information that will aid Staff and stakeholders in determining Climate Protection Plan (CPP) compliance pathways in future IRPs. Both Staff and Cascade have integrated CUB's concerns into their analysis in this proceeding. CUB supports Staff's

recommendation to acknowledge only those distribution upgrade projects necessary for the provision of safe and reliable service, consistent with CUB's prior advocacy in this docket.¹

II. STAFF'S ACTION ITEM RECOMMENDATIONS

CUB's Opening Comments stressed the urgent need for gas utilities to evaluate and develop non-pipes alternatives to meet capacity needs that may arise from growth or other factors.² While this is true under any long-term gas planning scenario, it is paramount when gas utility customers are subject to increasing CPP compliance costs with any new growth brought to the system.³ Even if the CPP were to be rescinded, Oregon's natural gas customers would still face significant risk associated with continued investment in natural gas infrastructure. Climate regulation in some form is here to stay, and Oregon's gas utilities must plan under an inherent assumption that continued investment brings both substantial cost and risk to utility ratepayers. In addition, new technology and customers' opportunity to electrify challenges traditional assumptions related to gas system growth and may result in customers leaving the system.⁴ Under such a scenario, the utility customers remaining on the system would be forced to bear the costs stranded by departed customers.

These facts point to a need for gas utility IRPs to focus keenly on non-pipe alternatives to meet demand while ensuring distribution system upgrades are saved for instances in which they are truly necessary to maintain a safe and reliable system. CUB therefore applauds Staff for only recommending acknowledgement of the two of the six original action items brought forward by

¹ LC 76 – Staff's Final Report (Oct. 7, 2022) and CUB's Opening Comments (July 15, 2022).

² LC 76 – CUB's Opening Comments at 2 (July 15, 2022).

³ *In re NW Natural Gas Company, dba, NW Natural, Request for a General Rate Revision*, OPUC Docket No. UG 435, Order No. 22-388 at 49 (Oct. 24, 2022) (“[T]he addition of each new customer increases the costs of CPP compliance for all customers, including the average cost per customer.”).

⁴ *Id.* at 49-50 (“[A]t least some existing and future customers are likely to respond to the changes by modifying their equipment or taking other purposeful measures to change their fuel consumption.”).

the Company that are necessary for safety and reliability.⁵ CUB supports Staff's recommendation for Commission acknowledgement of the Bend 6" Phase 3 and all planned, subsequent phases as well as the Bend Gate Project.⁶ Given the level of analysis included in Cascade's filing, CUB supports Staff's recommendations for the Commission to decline to acknowledge the remainder of the projects, which appear to be growth-related and not necessary to mitigate an immediate safety or reliability concern.

III. DEMAND SIDE MANAGEMENT (DSM) PILOT

In response to concerns raised by Staff and CUB about the level of analytical rigor applied to the project as well as the dearth of DSM in its IRP, Cascade is no longer seeking acknowledgement of the Baker City Reinforcement and New Gate projects.⁷ Instead, the Company has pledged to work with Energy Trust and stakeholders to design a targeted DSM pilot for Baker City.⁸ CUB looks forward to engaging with the Company and stakeholders to help scope this pilot project and appreciates Cascade including CUB's suggestions into its future planning processes. CUB urges Cascade to continue to explore pathways to utilize non-pipes alternatives to meet demand-related needs on its system going forward in lieu of immediately suggesting capital-intensive projects that add significant cost and risk.

However, CUB does share Staff's concern about the Company's supporting analysis and the discrepancies between Cascade's initial filing and subsequent information gleaned via information request.⁹ In order to be able to accurately judge the necessity of proposed action items, it is essential for gas utilities to accompany their acknowledgement requests with accurate

⁵ LC 76 – Staff's Final Report at 7 (Oct. 7, 2022) ("Safety and reliability of the distribution system remain top priorities within Staff's acknowledgement framework.").

⁶ *Id.* at 8.

⁷ *Id.* at 9.

⁸ *Id.* at 12.

⁹ *Id.* at 9-10.

and up to date information. This is especially true when the utility's plans to comply with the CPP and other climate regulation is not yet known. CUB therefore greatly appreciates and supports Staff's development of the questions to be addressed going forward when a gas utility is considering a growth-driven distribution system project in future IRPs. CUB is hopeful that moving to a standard framework, such as that articulated in Staff's Attachment A, will provide clarity for both utilities and stakeholders for the parameters and expectations of IRP analysis moving forward.

IV. STAFF'S ATTACHMENT A AND FUTURE IRP ANALYSIS

CUB supports Staff recommendation for Cascade and other gas utilities to address the issues listed in Attachment A in IRPs going forward. As Staff notes, addressing these issues should help guide the information submitted about distribution system projects and clarify expectations for IRP filings. This should give Staff and stakeholders a consistent set of analyses upon which to determine whether a gas utility's proposed distribution system investment reflects actual need on its system. Again, given the climate regulatory requirements brought by the CPP and other, yet unknown, sources of climate regulation, gas infrastructure investments should be reserved to align with objective need and/or to mitigate a safety or reliability concern. The information and issues addressed in Staff's Attachment A will aid the Commission and all stakeholders in making acknowledgement recommendations in future proceedings.

In addition, this information should aid utilities in determining whether non-pipe solutions are available and appropriate to address system need. CUB expects that Cascade and other gas utilities will use Attachment A to analyze a full suite of available options to address system need. When undertaking an analysis of the issues in Attachment A, CUB recommends that Cascade identify parts of the distribution system that may require upgrades in its next IRP

cycle and explicitly identify alternative it will examine in its next IRP. In addition, the Company should seek to highlight why some alternatives were not explored.

V. CONCLUSION

For the foregoing reasons, CUB respectfully requests that the Commission adopt Staff's recommendations in this matter.

Dated this 8th day of November, 2022.

Respectfully submitted,

/s/ Michael P. Goetz

Michael P. Goetz
General Counsel
Oregon Citizens' Utility Board
610 SW Broadway, Ste. 400
Portland, OR 97205
T | (503) 227-1984
E | mike@oregoncub.org