



Oregon

Tina Kotek, Governor

Public Utility Commission

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March 19, 2024



BY EMAIL

Cascade Natural Gas Corporation

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RE: Advice No. O24-02-01

At the public meeting on March 19, 2024, the Commission adopted Staff's recommendation in this matter docketed as ADV 1597. 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

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 19, 2024**

REGULAR CONSENT EFFECTIVE DATE April 1, 2024

DATE: March 6, 2024

TO: Public Utility Commission

FROM: Mitchell Moore

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

SUBJECT: CASCADE NATURAL GAS:
(Docket No. ADV 1597/Advice No. O24-02-01)
Request to revise Schedule 198, Unprotected Excess Deferred Income
Tax Rate Adjustment.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Cascade Natural Gas's (Cascade, CNG, or Company) rate filing that revises Schedule 198 in its Tariff P.U.C. Or. No. 10 with an effective date for service on and after April 1, 2024.

DISCUSSION:

Issue

Whether the Commission should approve Cascade's proposed revisions to zero out the rates in Schedule 198, in Tariff P.U.C. Or. No. 10, with an effective date of April 1, 2024.

Applicable Law

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules.

OAR 860-022-0025 sets forth requirements for filing tariffs or schedules changing rates. The utility must file either an entirely new tariff or revised sheets referring to the sheets on file and submit a statement indicating the nature of the change to the rate, charge,

toll, or rules and regulations; the number of customers affected and resulting change in revenue; and a detailed statement addressing the reasons for the proposed change.

Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. See ORS 757.220; OAR 860-022-0020.

Overview

On February 27, 2024, Cascade filed a request to revise Schedule 198 – Unprotected Excess Deferred Income Tax (EDIT) Rate Adjustment in its Tariff P.U.C. Or No. 10. Schedule 198 went into effect on November 1, 2019.

The purpose of Schedule 198 was to return to customers the effect of the federal Tax Cut and Jobs Act, signed by President Trump on December 22, 2017. The Act reduced the federal corporate income tax rate from 35 percent to 21 percent for tax years beginning after December 31, 2017. The tax cut resulted in a \$2.5 million credit to Cascade's Oregon customers.

In UG 347, Order No.19-088, the Commission ordered this credit to be returned to customers over a 5-year amortization period.

When Schedule 198 went into effect, it was to be effective for a term of five years, ending March 31, 2024. It returned approximately \$502,331 per year to customers.

With this filing, the per-therm rate credit for each rate class in Schedule 198 is set to zero, effective April 1, 2024. Because of variations in therm usage, there is an over-deferred balance of \$125,486. The Company represents that it will true-up this balance in an adjustment schedule applicable to all core and non-core rate classes that is filed concurrently with the 2024 Purchased Gas Adjustment filing.

With the bill credit expiring, customers will experience an increase to their natural gas bills. The impact on a typical residential customer using 65 therms per month is \$0.47, or an increase of 0.57 percent.

Conclusion

Staff reviewed the Company's filing and the Company's workpapers demonstrating the monthly amortization of the deferred tax credit. Staff is satisfied that the changes are appropriate and reflect compliance with Commission Order No. 19-088.

The Company has reviewed this memo and agrees with its content.

Cascade Natural Gas ADV 1597/Advice No. O24-02-01
March 6, 2024
Page 3

PROPOSED COMMISSION MOTION:

Approve Cascade Natural Gas's revision to Schedule 198 in its Tariff P.U.C. Or. No. 10 with an effective date for service on and after April 1, 2024.

CNG ADV 1597 / Advice No. 024-02-01 Schedule 198 – EDIT Rate Adjustment

**SCHEDULE 198
UNPROTECTED EXCESS DEFERRED INCOME TAX (EDIT)
RATE ADJUSTMENT SCHEDULE**

APPLICABLE

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

PURPOSE

The Tax Cut and Jobs Act (the Act), signed into law by President Trump on December 22, 2017, reduced the federal corporate income tax rate from 35% to 21% effective for tax years beginning after December 31, 2017. This rate adjustment schedule annually returns to customers the unprotected excess deferred income tax (EDIT) amortizations in accordance with the terms and conditions established in the Settlement Agreement filed in UG-347.

RATE1

This following adjustment rate will apply on a per therm basis for each rate schedule as listed in the table below:

Rate Schedule	Per Therm Charge
101	\$0.00000
104	\$0.00000
105	\$0.00000
111	\$0.00000
163	\$0.00000
170	\$0.00000

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TERM

This rate schedule adjustment shall be effective for a term of five years, ending March 31, 2024.

TAX ADDITIONS

The rates named herein are subject to increases as set forth in Schedule No. 100 Municipal Exactions.

GENERAL TERMS

Service under this 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 schedule apply to service under this schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.