

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: December 28, 2021

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

DATE: December 20, 2021

TO: Public Utility Commission

FROM: Madison Bolton

THROUGH: Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

SUBJECT: CASCADE NATURAL GAS:
(Docket No. ADV 1356/Advice No. O21-11-01)
Updates Schedule 31, Public Purpose Charge.

STAFF RECOMMENDATION:

Approve Cascade Natural Gas Company's (Cascade or Company) request to revise Schedule 31, decreasing the Public Purpose Charge (PPC) from the current 5.103 percent to 5.071 percent, effective with service on and after January 1, 2022.

DISCUSSION:

Issue

Whether the Commission should approve Cascade's advice filing to revise Schedule 31, Public Purposes Funding Surcharge, decreasing the PPC from 5.103 percent to 5.071 percent.

Applicable Rule or Law

ORS 469.633, which requires investor-owned utilities to have energy efficiency programs, and ORS 757 .262, which states that the Public Utility Commission (Commission) may adopt policies designed to encourage the acquisition of cost-effective conservation resources and may authorize period rate adjustments associated with the implementation of such policies.

ORS 757.205(1) states that a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time.

Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change. Filings that make 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 changes. ORS 757.220, OAR 860-022-0015. The Commission may approve tariff changes on less than statutory notice upon a finding of good cause shown. ORS 757.220, OAR 860-022-0020.

Cascade's Conservation Alliance Plan, which included a decoupling mechanism and established Schedule 31, the public purpose charge, was first approved by the Commission in Docket No. UM 167 with Commission Order No. 06-191.

Analysis

Background

The PPC applies a monthly charge to utility bills equal to a percentage of customers' total charges for gas service. Collections from this charge fund natural gas energy efficiency programs offered by Energy Trust of Oregon (Energy Trust or ETO) to sales customers in Cascade's Oregon service areas, as well as to the Company's low-income programs for its Oregon customers. Cascade's low-income programs include the Oregon Low Income Bill Pay Assistance (OLIBA) program, the Oregon Low Income Energy Conservation (OLIEC) Program, and the Conservation Achievement Tariff (CAT) Program.

Cascade filed Advice No. 020-11-01 on November 30, 2021, proposing a revision to Schedule 31 by decreasing the PPC from 5.103 percent to 5.071 percent of customers' bills for monthly gas service.

The proposed funding level was developed through discussions with Energy Trust as the level needed to achieve 2022 energy efficiency program funding requirements and meet Cascade's low-income customer assistance program goals.

The Company's proposed 5.071 percent PPC charge is set to collect a total of \$4,052,861 from Oregon ratepayers. Of this amount, \$3,871,168 (approximately 95.5 percent of the total to be collected) is allocated to Energy Trust for administration of the

Company's residential and commercial energy efficiency programs in Oregon. A carryover of \$2,161,611 related to unspent ETO funds and interest collected in the 2021 period was included in the Company's PPC funding total and rate calculations for the 2022 period.

The remaining amount of the proposed PPC revenue (approximately 4.5 percent of the total) is allocated to Cascade's low-income programs in Oregon (OLIBA, OLIEC, and CAT).

To fund the low-income bill pay assistance program (OLIBA), the Company proposes a \$176,694 adjustment. As stated in Cascade's filing, bill assistance and payments to agencies have been much higher than historical averages during the COVID-19 pandemic. The Company estimates this trend will continue into the 2022 calendar year and believes the proposed 2022 OLIBA budget will match the level of 2022 spending. The \$176,694 for OLIBA represents a \$56,694 increase from last year and a \$126,694 increase over historical funding amounts.

To fund the OLIEC and CAT programs, the Company proposes a total of \$433,567. Partially offsetting the funding need is a \$428,568 overcollection carryover from these programs in 2021. The net projected revenue of \$4,999 for OLIEC and CAT combined with the proposed \$176,694 for OLIBA results in a total budget of \$181,693 for Cascade's low-income programs.

Regarding the \$3,871,168 of the 2022 PPC allocated to Energy Trust, \$3,074,120 is for funding Energy Trust's programs while the additional \$797,048 serves as a budget reserve. The budget reserve is a large portion (15.22 percent) of the overall expenditures due to Cascade's relatively small level of funding for ETO programs. Funding one unexpected industrial project could consume a large portion of the reserve, which is also used to mitigate any increase in the uptake of ETO program offerings or lower-than-expected PPC collections. Table 1 illustrates the allocated budget for Cascade's 2022 PPC funded programs, 2021 carryover funds, and estimated 2022 collections.¹

¹ See Docket No. ADV 1356/Advice No. O21-11-01, Attachment 1.

Table 1. 2022 Public Purpose Budget Calculation Summary

		PPC %
2022 ETO Est. Expenditures	5,235,731	
- Negotiated Reserve @ 15.22%	\$797,048	
Carryover	(\$2,161,611)	
Total Energy Trust Budget	\$3,871,168	95.52%
Low Income Program Budgets		
- OLIEC /CAT Projected Revenue	433,567	
- OLIEC/CAT Carryover	(\$428,568)	
- Bill Pay Assistance Adjust	\$176,694	
Total LI Program Budget	\$181,693	4.48%
Total PPC Budget	\$4,052,861	100.00%

Customer Impact

Cascade estimates the monthly bill impact for an average residential customer using 60 therms per month will decrease \$0.02 per month; an average commercial customer using 252 therms per month will decrease by \$0.06 per month; and an average industrial customer using 1,580 therms will decrease \$0.37.²

Conclusion

Staff reviewed Cascade's filing and accompanying workpapers and supports the proposed tariff revisions that collectively decrease Schedule 31 collections for public purpose funding of energy efficiency programs delivered through Energy Trust of Oregon, the OLIEC/CAT low-income weatherization programs, and the OLIBA low-income bill assistance program. The proposed decrease appears reasonable and sufficient to fund Energy Trust's programs and Cascade's low-income assistance programs in 2022.

PROPOSED COMMISSION MOTION:

Approve Cascade's request to revise Schedule 31, decreasing the Company's Public Purpose Charge, effective with service on and after January 1, 2022.

² See Docket No. ADV 1356/Advice No. O21-11-01, Attachment 2.