

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: October 26, 2023**

REGULAR CONSENT EFFECTIVE DATE November 1, 2023

DATE: October 1, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway, Marc Hellman, and Rawleigh White **SIGNED**

SUBJECT: CASCADE NATURAL GAS:
(Docket Nos. UG 464/Advice No. O23-07-02 and UM 1336)
Deferred Accounting for Intervenor Funding Schedule No. 192, Intervenor
Funding Adjustment.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Cascade Natural Gas Company's (Cascade, CNG, or the Company) application to revise rates associated with Schedule No.192, Intervenor Funding Grants for service rendered on and after November 1, 2023.

DISCUSSION:

Issue

Whether the Commission should approve Cascade's request for amortization of various intervenor funding grants charged to customers through Schedule No. 192.

Applicable Law

ORS 757.072 allows energy utilities to enter into agreements for financial assistance to organizations representing customer interests in Commission proceedings, contingent upon Commission approval.

ORS 757.205 requires public utilities to file all rates, rules, and charges with the Commission. ORS 757.210 provides that the Commission may approve tariff changes if they are fair, just, and reasonable.¹

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation into rates. Specifically, ORS 757.259(3) allows for deferral of costs that fall under the cost category of financial assistance to organizations representing customer interests.² Deferred costs qualifying under ORS 757.259(3) are not subject to an earnings review³ or three percent test⁴, prior to amortization in rates.

OAR 860-022-0025 requires that revised tariff filings include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.⁵

OAR 860-022-0030 requires that tariff filings which result in increased rates include statements showing the number of customers affected, the annual revenue under existing schedules, the annual revenue under proposed schedules, the average monthly bills under existing and proposed schedules, and the reasons supporting the proposed tariff.⁶

OAR 860-027-0300 sets forth the deferred accounting procedures for public utilities.

Analysis

Background

In Order No. 22-397 in Docket No. UM 1336, the Commission approved Cascade's request for reauthorization to defer costs related to Intervenor Funding grants for the period November 1, 2022 through October 31, 2023.⁷ The Company made that filing pursuant to ORS 757.259 and OAR 860-027-0300(4).

The Company is currently requesting a decrease in annual revenues of \$4,729 or 0.01 percent, effective on November 1, 2023. The current amortization rates and the proposed changes, both inclusive of the gross revenue factor, are as follows:

¹ ORS 757.210(1)(a).

² ORS 757.072.

³ ORS 757.259(5).

⁴ ORS 757.259(6).

⁵ OAR 860-022-0025(2).

⁶ OAR 860-022-0030(1).

⁷ Docket No. M 1336, *Cascade Natural Gas Corporation Defer Intervenor Funding*, Order No. 22-397, October 27, 2022, accessed at <https://apps.puc.state.or.us/orders/2022ords/22-397.pdf>.

<u>Schedule</u>	<u>Current Amortization Rates</u>	<u>Proposed Amortization Rates</u>	<u>Difference in Amortization Rate</u>
101	0.00088	0.00099	0.00011
105	0.00022	0.00000	(0.00022)
111	0.00022	0.00000	(0.00022)
170	0.00022	0.00000	(0.00022)
163	0.00022	0.00000	(0.00022)
800	0.00022	0.00000	(0.00022)

Cascade's application is filed in compliance with ORS 757.210 which authorizes deferred utility expenses or revenues to be amortized and included in rates to the extent authorized by the Commission in a proceeding to change rates.

The Company's Intervenor Funding rates are currently in effect pursuant to Section 7.9 of the Third Amended and Restated Intervenor Funding Agreement previously adopted by the Public Utility Commission of Oregon ("Commission") in Order No. 15-335.

Additionally, the Company states that it agrees to rate adjustments and refunds should the Commission determine that these rates have been inappropriately calculated. Any rate adjustments and refunds will be retroactive to November 1, 2023, provided that the Commission advises the Company of the necessity for such rate adjustments or refunds within 30 days after the effective date of these rates.⁸

Amortization and Interest Rate Applied to Accounts

According with the company "for the net of all filings made on July 28 but since then has been updated. If only wanting the impact of the intervenor funding, then monthly change of \$.01 or .01% and will see \$79.46 revised bill". The overall effect of the proposed rate adjustments on the monthly bill of a residential customer with consumption of 65 therms will be a net increase of \$1.44 or 1.81 percent for a revised monthly bill of \$80.89 effective November 1, 2023.⁹

Proposed Accounting

The Company proposes to record payment of Intervenor Funding Grants in a sub-account of Account 186.

Information Related to Amortizations

- Earnings Review – There is no earnings review for this amortization.

⁸ See Docket No. UG 464, *Cascade Advice No. 023-07-02 UM 1336 Intervenor Funding, In the Matter of Cascade Natural Gas Corporation, Updates Schedule 192, Intervenor Funding Adjustment Rates* at 3, July 28, 2023, accessed at <https://edocs.puc.state.or.us/efdocs/UAA/ug464uaa134335.pdf>.

⁹ *Id.*

- Prudence Review – The prudence review was limited to verification of the accounting methodology used to determine the final amortization balance which has been verified.
- Sharing – There is no sharing.
- Rate Spread/Design – Account balances have been spread to the appropriate customer classes per Order No. 18-017, Appendix A, page 27, paragraph 7.7(b).
- Three Percent Test (ORS 757.259(6)) –Per ORS 757.259(4), the amortization of Intervenor Funding is not subject to an earnings review, and the Intervenor Funding amortization balance is not included in the three percent test.

Conclusion

The Company's application meets the requirements of ORS 757.205 and 757.210 and the rates are correctly calculated. Therefore, Staff recommends the Commission approve this filing.

Cascade has reviewed this memo and agrees with its contents.

PROPOSED COMMISSION MOTION:

Approve Cascade's proposed revisions to Schedule 192, as filed in Docket No. UG 464, effective for service rendered on and after November 1, 2023.