



Oregon

Tina Kotek, Governor

Public Utility Commission

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June 27, 2023



BY EMAIL
CASCADE NATURAL GAS COMPANY
cngcregulatory@cngc.com

RE: Advice No. O23-04-01

At the public meeting on June 27, 2023, the Commission adopted Staff's recommendation in this matter docketed as ADV 1497. 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: June 27, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** June 28, 2023

DATE: June 12, 2023

TO: Public Utility Commission

FROM: Ted Drennan

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: CASCADE NATURAL GAS COMPANY:
(Docket No. ADV 1497/Advice No. O23-04-01)
Updates Schedule 800, Biomethane Receipt Services.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Cascade Natural Gas Company's (Cascade, CNG, or Company) Advice No. O23-04-01 filing that proposes changes to Schedule 800, Biomethane Receipt Service.

DISCUSSION:

Issue

Whether the Commission should approve Cascade's proposed changes to Schedule 800, Biomethane Receipt Service.

Applicable Rule or Law

ORS 757.205 requires public utilities to 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 are made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025.

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.

Analysis

Background

On April 12, the Company filed to revise Schedule 800, Biomethane Receipt Services, requesting an effective date of May 17, 2023. The schedule was originally established in 2017 to allow for biomethane (also known as renewable natural gas or RNG) injections on the Cascade distribution system. The tariff allows local producers of pipeline-quality RNG the opportunity to use Cascade's system to transport RNG to a buyer.

Upon review of the filing, Staff had questions on some of the proposed language changes. To accommodate Staff's questions, and provide additional time for discussion, the Company filed replacement sheets on May 2, 2023, to delay the effective date until June 28, 2023.

Following meetings and discussion with Staff, the Company made an updated filing on June 12, 2023. The filing addressed concerns that Staff raised with the original proposed changes to the tariff.

Reason for Update

Cascade's reason for filing the update was to "clarify that service under this schedule is for biomethane producers seeking distribution service on Cascade's system and is not for the sale of biomethane or its environmental attributes to Cascade."¹ Staff believes the edits remove any potential ambiguity there could be among RNG developers.

The Company also simplified the tariff, removing quality standards based on obsolete parameters. These standards will now be contained in the Interconnection Agreements, as opposed to the tariff. Staff believes given the nascent RNG market it is appropriate to have the evolving standards in Cascade's Interconnection Agreements as opposed to Schedule 800.

¹ ADV 1497, Cascade's Advice No. O23-04-01, p.1,
<https://edocs.puc.state.or.us/efdocs/UAA/uaa121637.pdf>.

Conclusion

After reviewing Cascade's revised filing, Staff believes the tariff offers a reasonable balance between encouraging the development of renewable natural gas and protecting the interests of Cascade's current natural gas customers. There should be no confusion or ambiguity in the revised tariff.

Based on discussion with the Company, and the subsequent tariff revisions, Staff believes the tariff update is fair, just, and reasonable and should be approved by the Commission.

PROPOSED COMMISSION MOTION:

Approve Cascade Natural Gas Company's Advice No. O23-04-01 filing proposing changes to Schedule 800, Biomethane Receipt Service, effective June 28, 2023.

**Schedule 800
Biomethane Receipt Services**

PURPOSE:

This Schedule establishes terms and conditions whereby qualifying producers of biomethane (Biomethane Producer) may request either a newly constructed interconnection to the Company’s distribution system or increased capacity at an existing interconnection point, and associated extension of distribution system and related facilities (Project Facilities) for the purpose of injecting and transporting qualifying Producer-supplied biomethane on the Company’s distribution system. Service under this Schedule does not pertain to the receipt of Company-supplied or produced biomethane or to situations where the Company will purchase or own the environmental attributes associated with the biomethane.

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APPLICABILITY:

Service under this Schedule may be available to Biomethane Producers who meet all of the following conditions:

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- 1) The Producer will transport biomethane on the Company’s distribution system;
- 2) The Biomethane Producer must meet the credit screening criteria as established for nonresidential customers in Rule 2;
- 3) The raw biogas from which the biomethane is produced must be from one or a mix of the following feedstocks: a) agricultural byproducts; b) wastewater; c) landfill waste; or d) food and beverage waste; or e) other cellulosic materials;
- 4) The Company has determined that injection of biomethane will not jeopardize or interfere with normal operation of the Company’s distribution system and its provision of gas service to its customers and its ability to comply with all legal and regulatory requirements;
- 5) The Company has determined that Company’s distribution system has the capacity to accept the biomethane and/or Project Facilities capable of enabling the acceptance of the biomethane can be designed, constructed, and operated in accordance with all applicable local, state, and federal requirements; and
- 6) Prior to the Company’s building an interconnection, the Biomethane Producer must demonstrate to the Company’s satisfaction that it has secured end user(s) either on the Company’s system or outside of the Company’s system who agree to purchase or move off the system all the estimated biomethane production. If the end user is outside of the Company’s system, the Biomethane Producer must demonstrate to the Company that it has secured the appropriate transmission rights to move the biomethane off the Company’s system. The Company reserves the right to terminate Biomethane Receipt Services until the Producer has met this requirement.

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(K) – Monthly Charges are moved to Sheet No. 800-2

**Schedule 800
Biomethane Receipt Services**

MONTHLY CHARGES

A Producer receiving service under this Schedule shall receive the following monthly charges: Basic Service Charge and Minimum Monthly Bill: \$2,500.00

Blocks By Therms	Base Rate	Odorant	Sch. 37	Sch. 192	Sch. 197	Sch. 198	Billing Rate
First 10,000	\$0.12833	\$0.0002125	\$0.00207	\$0.00022	\$0.00030	(\$0.00114)	\$0.12999
Next 10,000	\$0.11577	\$0.0002125	\$0.00207	\$0.00022	\$0.00030	(\$0.00114)	\$0.11743
Next 30,000	\$0.10877	\$0.0002125	\$0.00207	\$0.00022	\$0.00030	(\$0.00114)	\$0.11043
Next 50,000	\$0.06680	\$0.0002125	\$0.00207	\$0.00022	\$0.00030	(\$0.00114)	\$0.06846
Next 400,000	\$0.03389	\$0.0002125	\$0.00207	\$0.00022	\$0.00030	(\$0.00114)	\$0.03555
Over 500,000	\$0.01816	\$0.0002125	\$0.00207	\$0.00022	\$0.00030	(\$0.00114)	\$0.01982

A Gross Revenue Fee of 2.91% will be applied to the total of all charges for service under this schedule. The service charges herein are not subject to increases as set forth in Schedule No. 31, Public Purpose Charge, but are subject to Schedule No. 100, Municipal Exactions, as applicable.

PREREQUISITES TO BIOMETHANE RECEIPT SERVICES

Preceding the receipt of biomethane, service under this Schedule requires an interconnection capacity study and an Engineering Study, as needed; An Interconnect Agreement between the Company and the Producer must be executed prior to the construction of any Project Facilities or receipt of Biomethane.

RECEIPT SERVICES PROVIDED

The Company will provide a qualifying Producer with a Company-owned, operated, and maintained point of interconnection to enable receipt of qualifying biomethane into the Company’s distribution system

MINIMUM BIOMETHANE QUALITY STANDARDS

Service under this Schedule requires continual compliance with Biomethane quality standards and reporting requirement described in the Interconnect Agreement.

MONITORING AND REPORTING REQUIREMENTS

Service under this Schedule requires continual compliance with monitoring and reporting requirements as described in the Interconnect Agreement.

(M) Receipt Services Provided was previously on Sheet No. 800.5; Monthly Charges were previously on Sheet No. 800-1; Minimum Biomethane Quality Standards were previously on Sheet Nos. 800-6 through 800-10; Monitoring and Reporting Requirements were previously on Sheet Nos.800-11 through 800-16.

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**Schedule 800
Biomethane Receipt Services**

CURTAILMENT OF BIOMETHANE RECEIPT SERVICES

The Company may curtail receipt services without notice for reasons that may include but are not limited to Force Majeure, safety, failure for Biomethane to meet the minimum gas quality standards, insufficient capacity on Company’s distribution system, or inability of the Company’s distribution system to accept any or all of the biomethane produced and scheduled or unscheduled maintenance. The Company will not be liable for damages occasioned by partial or total curtailment of Biomethane Receipt Service under this Schedule.

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Also, any failure by the Producer to comply with the terms and condition of service in this Schedule and or the Interconnect Agreement, including, but not limited to, failure to provide information in a timely manner, failure to provide access in a timely manner, and failure to pay for services rendered may result in curtailment of services.

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TERM OF SERVICE

Service under this Schedule shall be rendered in accordance with the effective date established in the Interconnect Agreement and shall continue until terminated. To terminate service under this Schedule, either party must provide written notice stating the intent to terminate service effective no less than 60 days from the date the notice is received by the other party’s designated representative as identified in the Interconnect Agreement. Upon termination of service, the Company may, at its sole option, remove or retire in place any or all Company-owned facilities.

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PROJECT FACILITIES

The Company will furnish an interconnection facility and extension of its distribution main system and related infrastructure free of charge to provide firm natural gas service to any applicant for such service up to an estimated cost of construction to provide such service equal to four and one-half (4-1/2) times the estimated annual Basic Service Charge plus estimated Base Rate revenue. If the estimated cost of construction exceeds four and one-half (4-1/2) times the estimated annual Basic Service Charge plus estimated Base Rate revenue, the Producer will be required to pay the difference plus an amount to account for federal income tax.

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GENERAL TERMS

Service under this Schedule is governed by the terms of this Schedule, the rules contained in this Tariff, and other schedules that by their terms or by the terms of this Schedule apply to service under this Schedule, by all the rules and regulations prescribed by regulatory authorities, as amended from time to time, and by the applicable Interconnect Agreement.

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(M) Curtailment of Biomethane was previously on Sheet No. 800-16; Terms of Service and General Terms were previously on Sheet No. 800-18

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