



Oregon

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Public Utility Commission

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October 25, 2022



BY EMAIL

Cascade Natural Gas Corporation

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RE: Advice No. O22-07-03

At the public meeting on October 25, 2022, the Commission adopted Staff's recommendation in this matter docketed as UG 443. 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
SPECIAL PUBLIC MEETING DATE: October 25, 2022**

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

DATE: October 5, 2022

TO: Public Utility Commission

FROM: Rose Pileggi

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

SUBJECT: CASCADE NATURAL GAS:
(Docket No. UG 443/Advice No. 022-07-03)
Requests Amortization of Intervenor Funding, Schedule 192

STAFF RECOMMENDATION:

Approve Cascade Natural Gas's (Cascade, CNG, or Company) proposed Schedule 192 tariff revisions, as described in Docket No. UG 443, effective for service rendered on and after November 1, 2022.

DISCUSSION:

Issue

Whether the Commission should approve Cascade's request to update Schedule 192 to amortize deferred costs for grant funds paid to intervenors.

Applicable Rule or 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.

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.¹ Deferred costs qualifying under ORS 757.259(3) are not subject to an earnings review² or three percent test,³ 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.

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.

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

Analysis

Background

An Intervenor Funding Agreement (IFA) governs intervenor funding grants under which energy utilities may pay organizations representing broad customer interests in Commission proceedings.⁴ The IFA sets forth eligibility criteria, regulatory procedures, and payment issuance and review.

Expenses included for amortization in Docket No. UG 443 were deferred by the Company during the period of November 1, 2021, through October 31, 2022. Use of intervenor funding grants for this deferral period are regulated by the Fourth Amended and Restated Intervenor Funding Agreement, which was approved by the Commission under Docket No. UM 1929, Order No. 18-017. Order No. 18-017 remains in effect until December 31, 2022, unless terminated earlier under the conditions of said order, Article 9.

The Commission approved deferral of Cascade's intervenor funding costs in Docket No. UM 1336(14), Order No. 21-355, for 12 months beginning November 1, 2021.

¹ ORS 757.072.

² ORS 757.259(5).

³ ORS 757.259(6).

⁴ Intervenor funding grants include the CUB Fund, Preauthorized Matching Fund, and Issue Fund.

Cascade proposes to amortize amounts deferred under Docket No. UM 1336(15) with an effective date of November 1, 2022. The net effect of the removal of the current temporary adjustment for intervenor funding, effective November 1, 2021, and the addition of the new temporary adjustment for intervenor funding, proposed to go into effect November 1, 2022, will result in a decrease to the Company's annual revenues in the amount of \$37,967. As a result, Cascade customers may experience the following bill impacts:

- The average residential customer served under Rate Schedule 101, using an average of 62 therms/month, will see a monthly decrease of \$0.01.
- The average industrial firm customer served under Rate Schedule 105, using an average of 1,657 therms/month, will see a monthly decrease of \$1.09.
- The average large volume commercial and industrial customer under Rate Schedule 111, using an average of 11,942 therms/month, will see a monthly decrease of \$7.88.
- The average interruptible industrial customer under Rate Schedule 170, using an average of 54,801 therms/month, will see a monthly decrease of \$36.17.
- The average distribution system interruptible transportation customer under Rate Schedule 163, using an average of 86,436 therms/month, will see a monthly decrease of \$57.05.

Staff's prudence review focused on verification of the accounting methodology used to determine the final amortization balance. Staff reviewed Cascade's application and supporting work papers to determine if the amortized amounts reconciled with the previous year's balances, are consistent with intervenor funding grants that were paid by the Company, that interest was applied correctly, and that the proposed rate increments are applied correctly. Additionally, Staff checked the Company's records against the OPUC Filing Center's Intervenor Funding Summary.⁵

The proposed adjustments for the amortization of the Intervenor Funding Account are \$0.00088 per therm for the residential Rate Schedule 101, \$0.00000 per therm for the commercial Rate Schedule 104 customers, and \$0.00022 for industrial Rate Schedule 105; 111; 163; and 170 customers.

⁵ Available at: <https://www.oregon.gov/puc/filing-center/Pages/Intervenor-Funding.aspx>.

The number of customers affected by the proposed increase is 70,250 residential customers and 217 commercial and industrial customers.

Deferred expenses for residential customer are recorded in FERC Accounts 1860.20443 and 1860.20444. Deferred expenses for industrial customers are recorded in FERC Accounts 1860.20448 and 1860.20449. The table below summarizes the inputs for the balancing accounts.

Residential Accounts 1860.20443 and 1860.20444		
Add new intervenor funding expense to be amortized (2020/2021 PGA Year)		7,664
Remove actual & estimated monthly amortizations (2020/2021 PGA Year)		(7,187)
Add estimated interest for projected Jul-Oct activity (2020/2021 PGA Year)		1,002
Add new intervenor funding estimated balance to be amortized (2021/2022 PGA Year)		40,661
Add estimated interest during amortization (2021/2022 PGA Year)		297
Total deferred balance to be amortized before revenue sensitive adjustment		<u>42,437</u>
Total deferred balance to be amortized adjusted for revenue sensitive factors		<u>43,759</u>

Industrial Accounts 1860.20448 and 1860.20449		
Add new intervenor funding expense to be amortized (2020/2021 PGA Year)		15,513
Remove actual & estimated monthly amortizations (2020/2021 PGA Year)		(11,666)
Add estimated interest for projected Jul-Oct activity (2020/2021 PGA Year)		169
Add new intervenor funding estimated balance to be amortized (2021/2022 PGA Year)		5,014
Add estimated interest during amortization (2021/2022 PGA Year)		85
Total Deferred Balance to be amortized before revenue sensitive adjustment		<u>9,115</u>
Total Deferred Balance to be amortized adjusted for revenue sensitive factors		<u>9,399</u>

Staff engaged Cascade to discuss the work papers and data sources related to the filing at which the Company was able to demonstrate the flow and validity of its calculations. Staff found the work papers provided by the Company sufficient. Staff confirmed the accuracy of the data sources used in the calculations and found the Company's accounting to be consistent with Commission records of intervenor funding activity.

Conclusion

Staff finds that Cascade's accounting, including the application and rate of interest, is accurate. Staff also finds that the proposed rate increments are correctly calculated and applied. For these reasons, Staff recommends the Commission approve this filing.

The Company 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 443, effective for service rendered on and after November 1, 2022.

**SCHEDULE NO. 192
INTERVENOR FUNDING ADJUSTMENT**

APPLICABLE

Applicable to customers served on Schedules 101, 104, 105, 111, 163, 170, and 800.

PURPOSE

The purpose of this schedule is to recover the cost of Intervenor Funding Grants provided to various entities to cover their costs of advocating on behalf of customers. The awarding of such grants is governed by Section 7.3 of the First Amended and Restated Intervenor Funding agreement adopted by the Public Utility Commission of Oregon in Order No.07-564.

MONTHLY RATES, MINIMUM BILLS AND OTHER CHARGES

Each of the charges specified in the schedules for gas service hereinafter listed shall be adjusted by the following per therm increase or (decrease) or appropriate multiple thereof:

Rate Schedule	Amount	
101	\$0.00088	(R)
104	\$0.00000	
105	\$0.00022	(R)
111	\$0.00022	
163*	\$0.00022	
170	\$0.00022	
800*	\$0.00022	(R)
*all rate blocks		

TAX ADDITIONS

The rates named herein are subject to increases as set forth in Schedule 100 for 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.