

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 281

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Updates to Schedule 193, Conservation
Alliance Plan Adjustments.

ORDER

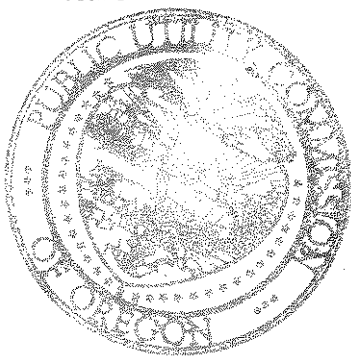
DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at the special public meeting on October 28, 2014, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 29th day of Oct., 2014, at Salem, Oregon.

COMMISSIONER ACKERMAN WAS
UNAVAILABLE FOR SIGNATURE

Susan K. Ackerman
Chair



Handwritten signature of John Savage in black ink, written over a horizontal line.

John Savage
Commissioner

Handwritten signature of Stephen M. Bloom in black ink, written over a horizontal line.

Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ORDER NO. 14 386

ITEM NO. CA12

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 28, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE November 1, 2014

DATE: October 7, 2014

TO: Public Utility Commission

FROM: Suparna Bhattacharya ^{SB}

THROUGH: Jason Eisdorfer ^J and Marc Hellman ^M

SUBJECT: CASCADE NATURAL GAS: (Docket No. UG 281/Advice No. O14-08-03)
Updates Schedule 193, Conservation Alliance Plan Temporary
Adjustments.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Cascade Natural Gas's (Cascade or Company) proposed Schedule 193 tariff, as described in the supplemental filing of Advice O14-08-03, effective on and after November 1, 2014.

DISCUSSION:

Background

Cascade submitted an initial filing on August 1, 2014, pursuant to Docket UM 1557, ORS 757.210, and ORS 757.259(5), with an effective date of November 1, 2014. The filing updated Schedule 193 rates associated with the amortization of conservation and weather variance deferred balances for the residential Rate Schedule 101 and commercial Rate Schedule 104. The total amortization balance proposed was a credit to customers of \$1,941,944. To amortize this balance the Company requested a Schedule 101 and 104 temporary rate decrease of \$0.02938 for the upcoming Purchased Gas Adjustment (PGA) year.

The Company made a supplemental filing on September 15, 2014, with a revised amortization balance and Schedule 193 rates. The final balance to amortize due to conservation and variance from normal weather is a credit of \$1,909,898 and the new proposed Schedule 193 rate is a decrease of \$0.02889 per therm, applicable to both Schedules 101 and 104.

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The Conservation Alliance Plan (CAP) mechanism established by the Commission in Order No. 06-191, is a decoupling mechanism that allows Cascade to separately track changes in usage due to conservation and weather. Specifically, the mechanism consists of two deferral accounts, one to record changes in the margin due to weather-normalized usage (Conservation Variance) and another to track changes in the margin due to weather that varies from normal (Weather Variance).

Each month the Company calculates the difference between the actual weather normalized commodity margin and expected commodity margin for the Rate Schedules 101 and 104. Expected margin is the baseline margin per customer multiplied by the current customer counts. The resulting dollar amount difference is recorded in the Conservation Variance deferral account. Additionally, each month the Company also calculates the difference between the non-weather normalized actual margin and the expected margin for its rate schedules to determine the total change in margin. The amount recorded in the Conservation Variance deferral account is then subtracted from the total change in margin and the remainder is recorded in the Weather Variance deferral account.

In the supplemental filing, the requested balance to amortize due to weather variance from July 2013 through June 2014 is a decrease of \$610,373.10. Interest accruals estimated through October 2014, at 8.7 percent deferral interest rate, is a decrease of \$18,111, while interest accruals during the amortization period from November 1, 2014, through October 31, 2015, is a decrease of \$8,927.64, at 1.47 percent interest rate. The total amortization balance estimated due to weather variance is thus a credit of \$633,006.

The same procedure is used to calculate the total conservation variance deferral amount. The estimated balance due to conservation variance from July 2013 through June 2014 is a decrease of \$1,205,058.76. Interest accruals through October 2014, at an 8.7 percent interest rate, is a decrease of \$35,757.34 and interest estimated during the amortization period from November 1, 2014, through October 31, 2015, is a decrease of \$8,927.64. The total amortization balance is a credit of \$1,249,744. The remaining unamortized balance of the previous weather, conservation, and residual balances is recorded in the Residual Balance and the estimated amount is \$27,915.

Currently, the total balance to amortize over the next calendar PGA period from the weather, conservation, and residual balances is a credit to customers of \$1,909,898. The forecasted usage from November 2014 through October 2015, is 66,099,010 therms. A temporary rate decrease of \$0.02889 per therm should apply to both Schedules 101 and 104 in order to amortize the deferred balance of \$1,909,898 over the upcoming PGA year.

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The current advice filing complies with the Order 13-171 in Docket No. UM 1557, where the Commission approved the Company's request for reauthorization to defer margin differences associated with changes in the margin due to conservation and weather variance for the period November 2013 through October 2014. This filing also complies with ORS 757.210 which allows the Company to amortize the deferred utility expenses or revenues in rates to the extent authorized by the Commission. Pursuant to ORS 757.259 and OAR 860-027-0300(9), given that this is a rate decrease, the annual average rate impact of the amortization does not exceed three percent of the gross revenues for the preceding calendar year.

Staff's Analysis

Staff examined the Company's filings, the worksheet associated with the filings, and also the Company's responses to Staff's data request. Staff reviewed the Schedule 193 tariff sheet and found no unusual terms and conditions. As noted above, the current supplemental filing fulfills the requirements of the statutes.

Staff also reviewed the associated worksheet with this filing showing the deferred balances from the three accounts – weather, conservation, and residual and the Schedule 193 rates derived from these accounts. The proposed rate decrease of \$0.02889 for Schedules 101 and 104 appropriately reflects the Schedule 193 rates required to amortize the deferrals for the period November 1, 2014, through October 31, 2015.

The Company has reviewed this memo and has no areas of disagreement.

PROPOSED COMMISSION MOTION:

Cascade Natural Gas's proposed Schedule 193 rates, as described in the supplemental filing of Advice O14-08-03, effective with service on and after November 1, 2014, be approved.