

ORDER NO. 20-020

ENTERED Jan 21 2020

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1980(1)

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Application for Reauthorization to Defer
Public Purpose Charge Expenditures.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on January 14, 2020, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Nolan Moser
Chief Administrative Law Judge



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 Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 14, 2020**

REGULAR CONSENT EFFECTIVE DATE January 1, 2020

DATE: January 6, 2020

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Michael Dougherty, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: CASCADE NATURAL GAS:
(Docket No. UM 1980(1))
Requests Authorization to Defer Costs and Revenues associated with the Public Purpose Charge.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Cascade Natural Gas' (Cascade or Company) request to authorize the deferral of costs and revenues associated with its Public Purpose Charge (PPC) for the 12-month period beginning January 1, 2020.

DISCUSSION:

Issue

Whether the Commission should approve Cascade's request for authorization to defer revenues and expenses associated with its PPC programs.

Applicable Law

Cascade makes this filing in accordance with 757.259 and OAR 860-027-0300. ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer, for later recovery in rates, expenses or revenues in order to minimize frequency of rate changes or to match appropriately the costs borne by and benefits received by customers. OAR 860-027-0300 sets forth several requirements for applications to defer.

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Analysis

Background

In Cascade's 2005 general rate case (Docket No. UG 167), the Commission approved the implementation of Cascade's Public Purpose Charge (PPC) tariff, Schedule 31, established to provide for the recovery of costs associated with energy efficiency and low-income bill pay assistance programs. Programs funded through the PPC include: conservation acquisition managed by the Energy Trust of Oregon (ETO); Cascade's Oregon Low Income Energy Conservation Program, and the Conservation Achievement Tariff program.

This deferral authorization is associated with energy efficiency costs that are amortized through Cascade's Schedule 31 tariff. The deferral covers the variance between revenues collected through the tariff and costs incurred in the programs from year to year. Advice No. 19-11-01, adjusting the rates in Schedule 31, was approved by the Commission at its December 17, 2019, public meeting.

Proposed Accounting

Cascade proposes to account for balancing the debits and credits associated with the PPC by recording them in FERC Account 242.9.

Estimated Deferrals in Authorization Period

Cascade's proposed budget for the 2020 program year as stated in Advice No. 19-11-01 is approximately \$3.04 million. Rates in Schedule 31 are proposed to collect this amount in 2020, minus any overcollected funds from the prior year's balance. Any unspent or uncollected costs in 2020 will be held over to the following year.

Information Related to Future Amortization

- Earnings review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5).
- Prudence Review – A prudence review is required prior to amortization and should include the verification of the accounting methodology used to determine the final amortization balance.
- Sharing – One hundred percent of the deferred balance is subject to utility recovery, pending a prudence review.
- Rate Spread/Design – The costs are allocated among all Cascade's Oregon customers on an equal cents per therm basis.

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- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

Conclusion

As the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is valid, Staff recommends the Commission approve Cascade's application.

PROPOSED COMMISSION MOTION:

Approve Cascade's request to authorize the deferral of costs and revenues associated with its energy efficiency programs for the 12-month period beginning January 1, 2020.

UM 1980(1) – Cascade Deferral PPC