

ORDER NO. 24-241

ENTERED Jul 24, 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1980(4)

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 July 23, 2024, 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:



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**Alison Lackey**  
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.

ITEM NO. CA4

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 23, 2024**

REGULAR  CONSENT  EFFECTIVE DATE \_\_\_\_\_ N/A

DATE: July 15, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Matt Muldoon **SIGNED**

SUBJECT: CASCADE NATURAL GAS:  
(Docket No. UM 1980(4))  
Request for Re-authorization for Deferral Accounting for Public Purpose Charge Expenditures.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Cascade Natural Gas' (Cascade, CNG, 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, 2024.

**DISCUSSION:**

Issue

Whether the Commission should approve Cascade's request for authorization to defer revenues and expenses associated with its Public Purpose Charge (PPC) as established in the Company's tariff Schedule 31.

Applicable Law

Beginning with the date of the Application, the Commission may approve the deferral of identifiable utility expenses or revenues, the recovery or refund of which the Commission finds should be deferred in order to minimize the frequency of rate changes for the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers. ORS 757.269(2)(e) and (4).

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## Analysis

### *Background*

In May 2006, in accordance with the terms established in Commission Order No. 06-191 issued in Docket No. UG 167, the Company established Schedule 31. Schedule 31 establishes the parameters for the PPC, including the amount charged and the percentage of monthly collections that fund the energy efficiency, low-income weatherization, and low-income bill assistance programs. Schedule 31 adds a charge equal to a set percentage of a customer's total monthly natural gas bill. This PPC funds the Company's energy efficiency programs that are administered by the Energy Trust of Oregon ("Energy Trust") as well as the Company's low-income weatherization and low-income bill pay assistance programs that are administered by the Company and the Community Action Agencies ("CAAs").

In this application, Cascade asks to defer the over- or under-collections of the Schedule 31 PPC. This includes payments by the Company to Energy Trust for its administration of energy efficiency programs as well as the Company's low-income weatherization and low-income bill pay assistance programs that are administered by the Company and the CAAs.

### *Reason for Deferral*

The deferral may be reauthorized under ORS 759.259(2)(e) to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

### *Proposed Accounting*

Cascade proposes to account for balancing PPC debit and credits in the deferral sub-account 242.9.

### *Description of Expense*

The PPC debits and credits derive from the Company's conservation and low-income programs including payments by the Company to Energy Trust for its administration of energy efficiency programs. The Company' also operates low-income weatherization and low-income bill pay assistance programs that are administered by the Company and the CAAs. The Company is unable to estimate the amounts to be deferred.

### *The Applicable Interest Rates*

The deferred balance will accrue interest at the Company's authorized rate of return per UG 309.<sup>1</sup>

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<sup>1</sup> See, Cascade Natural Gas Corporation's Application For Reauthorization For Deferred Accounting for its Public Purpose Charge, Page 4.

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*Information Related to Future Amortization*

- Earnings review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5). Staff does not support applying an earnings test given the type of programs this is operating.
- 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 of Cascade’s Oregon customers on an equal cents per therm basis.
- 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.

The Company has reviewed this memo and agrees with its contents.

**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, 2024.

CNG UM 1980(5) PPC Deferral