

ORDER NO. 24-375

ENTERED Oct 31 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UG 493

In the Matter of

CASCADE NATURAL GAS  
CORPORATION,

Advice No. O24-07-04, Updates  
Schedule 193, Conservation Alliance Plan  
Temporary Adjustments.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its Special Public Meeting on October 29, 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:

**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. CA9

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
SPECIAL PUBLIC MEETING DATE: October 29, 2024**

**REGULAR** \_\_\_\_\_ **CONSENT**   X   **EFFECTIVE DATE**   November 1, 2024  

**DATE:** October 15, 2024

**TO:** Public Utility Commission

**FROM:** Eric Shierman

**THROUGH:** Caroline Moore, Scott Gibbens, Anna Kim, and Ted Drennan **SIGNED**

**SUBJECT:** CASCADE NATURAL GAS:  
(Docket No. UG 493/Advice No. O24-07-04)  
Decoupling Schedule 193 - Base Rate Adjustments for Conservation  
Alliance Plan.

**STAFF RECOMMENDATION:**

Approve Cascade Natural Gas Company's Advice No. O23-07-03, effective with service rendered on and after November 1, 2024.

**DISCUSSION:**

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Cascade Natural Gas Company's (Cascade, CNG, or Company) proposed revision to Schedule 193 associated with conservation and weather variance deferred decoupling balances, wherein the Company seeks an increase in annual revenues from Schedule 101 and Schedule 104 customers of \$2,757,790, or 2.72 percent, of overall rates.

Applicable Rule or Law

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. 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.

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ORS 757.259(5) states that unless subject to an automatic adjustment clause, amounts deferred under ORS 757.259 shall be allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral. The Commission may require that amortization of deferred amounts be subject to refund. The Commission's final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility.

ORS 757.259(6) states that the overall average rate impact of the amortizations authorized under this section in any one year may not exceed three percent of the utility's gross revenues for the preceding calendar year.

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.

### Analysis

#### *Background*

The Conservation Alliance Plan (CAP) mechanism was established by the Commission in Docket No. UG 167, Commission Order No. 06-191. This docket implemented 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). No earnings test is applied to a decoupling mechanism.

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This mechanism is described in Cascade's Rule 19, Conservation Alliance Plan Mechanism.<sup>1</sup> According to the Rule's provisions, the CAP margin differences accumulate as regulatory assets or liabilities for distribution to, or collection from, customers annually at the time of the Company's PGA filing. On December 17, 2019, the Commission approved certain changes to Rule 19 as proposed by the Company in Docket No. ADV 1071/Advice No. O19-11-02. The revised Rule 19 requires the Company to initiate another review of the CAP mechanism on September 30, 2024, with any proposed changes to be effective January 1, 2025.

#### *Discussion of CAP Rate Changes*

In Docket No. UM 1557, Order No. 24-224, the Commission approved Cascade's request for reauthorization to defer variances in its collection of distribution margin due to conservation and weather for the 12-month period which began January 1, 2024. As the deferral is related to the conservation of natural gas resources, the amortization of the correctly calculated costs has been approved with the mechanism. The total deferred refund is \$73,739.95 for the twelve months ended June 30, 2024, and includes interest accrued at the Modified Blended Treasury rate.

The Company is requesting an increase in annual revenues of \$2,757,790 (net of the prior year amortization and the current year amortization) or 2.72 percent, effective on November 1, 2024, amortized over the following 12 months. For compliance with OAR 860-022-0025, the Company indicated that the proposed rate adjustment will affect 82,221 total customers:

Customer Type	Count
Schedule 101	72,986
Schedule 104	10,525

The following table illustrates the average monthly bill impact of only this amortization to Cascade's Residential (Rate Schedule 101) and Commercial (Rate Schedule 104) customers:

Customer Type	Avg therms/month	Current Avg Monthly Bill	Proposed Avg Monthly Bill	Difference \$	Difference %
101	57	\$72.07	\$74.56	\$2.49	3.46%
104	256	\$274.89	\$281.42	\$6.53	2.38%

<sup>1</sup> Link to Cascade's Rule 19: [https://www.cngc.com/docs/default-source/rates-tariffs/oregon/19\\_-\\_rule\\_19\\_-\\_conservation\\_alliance\\_plan\\_mechanism\\_34484.pdf?sfvrsn=4](https://www.cngc.com/docs/default-source/rates-tariffs/oregon/19_-_rule_19_-_conservation_alliance_plan_mechanism_34484.pdf?sfvrsn=4).

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*Three Percent Test*

Cascade's total Oregon gross revenues for calendar year 2022 was \$115,075,536. The total amortization requested in this filing is \$199,548 with the resulting annual impact of 0.17 percent, which is below the 3 percent revenue test with just this filing.

*Prudence Review*

Staff reviewed the workpapers provided by Cascade and requested additional information. Staff met with the Company to confirm the accuracy of the data sources in the Company's workpapers. Staff confirmed that the monthly Weather Variance, traced back to the historical usage data, and the Conservation Variance found in the Company's workpapers matched the aggregate CAP amortization found in the filing.

Conclusion

After reviewing Cascade's filing, Staff finds that the deferral balances and amortization rate are properly calculated. Staff recommends approval for amortization of CAP adjustments through deferred accounts relating to Docket No. UM 1557, CAP Plan.

**PROPOSED COMMISSION MOTION:**

Approve Cascade Natural Gas Company's Advice No. O23-07-03, for service rendered on and after November 1, 2024.

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