

ORDER NO. 24-376

ENTERED Oct 31 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 501

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Advice No. O24-07-01, Implementation of
Schedule 805, Voluntary Renewable
Natural Gas Program.

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. CA10

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

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

DATE: October 8, 2024

TO: Public Utility Commission

FROM: Charles Lockwood

THROUGH: Caroline Moore, Scott Gibbens, and Michelle Scala **SIGNED**

SUBJECT: CASCADE NATURAL GAS
(Docket No. UG 501/Advice No. O24-07-01)
Implementation of Schedule 805, Voluntary RNG Program.

STAFF RECOMMENDATION:

Approve Cascade Natural Gas Company's (Cascade or the Company) Supplemental Advice No. O24-07-01 to implement Schedule 805, the Company's Voluntary Renewable Natural Gas Program (Program), introducing a voluntary program to allow customers to offset carbon emissions with renewable natural gas (RNG) environmental attributes, on less than statutory notice, effective for service rendered on and after November 1, 2024.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Cascade's implementation of Schedule 805 and the Company's Program, on less than statutory notice, with an effective date for service of November 1, 2024.

Applicable Rule

ORS 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

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Filings that propose 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 change. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

Natural gas utilities may file a rate schedule under which a retail natural gas customer may elect to pay a special rate for a quantity of renewable natural gas equivalent to all or a portion of that customer's natural gas usage, consistent with the filing requirements under Oregon statute and any other applicable requirements specified by the Commission in rule or order. OAR 860-150-0005(3).

Analysis

Background

Cascade's Voluntary RNG Program is a voluntary program that enables customers to mitigate greenhouse gas emissions associated with their natural gas use through the purchase of RNG environmental attributes, also known as Renewable Thermal Certificates (RTCs). Cascade currently also runs the Program in Washington state, in compliance with RCW 80.28.390, which requires investor-owned utilities to offer such programs.

On July 31, 2024, Cascade first filed Docket No. UG 501/ Advice No. O24-07-01, proposing to implement the RNG Program in Oregon, mirroring the Company's current ongoing Program in Washington state. The Company proposes to add the Program as a means to offer participating customers the opportunity to purchase "blocks" of RTCs to mitigate their carbon emissions.

Participating customers will be billed \$7.22 for each block purchased, and each block is equivalent to four therms, approximately \$1.8 per therm. Cascade stated the price of each block was designed to recover all costs associated with service under Schedule 805. Each block therefore covers the price of the RTCs, program management, program communications, RTC verification, and revenue sensitive costs.

The Company initially proposed that customers who choose to purchase RNG service under Schedule 805 would not be subject to the Climate Protection Plan (CPP) charge for the therms offset under the Program. After discussions with Staff, Cascade filed a supplemental filing on October 3, 2024, removing the provision of Cascade's proposal excluding voluntary participants from being subjected to the CPP Cost Recovery charge. On October 10, 2024, Cascade refiled the supplemental filing with a less than statutory notice application.

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The Company has one additional component of Schedule 805. To protect against unrecovered program costs, service under Schedule 805 requires that the customer have a good credit standing with Cascade. Good credit standing is defined as not having received two or more notices of pending service disconnection for nonpayment within the past twelve months and/or not currently having a time payment arrangement for the payment of a past due balance.

Staff Review

Staff reviewed Cascade's proposed implementation of Schedule 805 and the RNG Program and found that the implementation of the Program is reasonable, with the exception of excluding participants from the CPP Cost Recovery charge, which was addressed in Cascade's supplemental filing. Staff additionally reviewed the less than statutory notice application.

First, after reviewing the provided workpapers regarding pricing and overhead spending, Staff finds that the pricing including the cost of RTCs, other program marketing and administration costs, and sourcing of the RTCs are reasonable for the program. Cascade will be acquiring the RTCs from a singular on-system source, the Horn Rapids/Lamb West project, which Cascade began receiving RTCs from in April of 2024.

Regarding pricing, Cascade stated that the largest component of the rate is the cost of the RTC, which is backed by a fixed price product which will minimize the need for significant annual rate adjustments. The Company does anticipate doing an annual adjustment to the rate block to true up the non-RTC component of the rate, including costs for communications and promotional materials. Given the annual adjustment, the Company plans to send participants a direct letter mail notifying of any proposed change in the program rate.

Second, after reviewing other utility voluntary programs, Staff finds the good credit standing requirement to be reasonable. The Program is designed to recover all costs associated with service and Cascade anticipates that the program will likely be small, and nonpayment by one customer could significantly and negatively impact the cost to other participating customers. Staff finds that having guardrails to prevent core-service ratepayers from cross-subsidizing voluntary program costs is a well-established principle. Additionally, a customer's credit standing can change over time, therefore, a customer wishing to enroll in the Program who does not meet the good credit standing threshold can improve their credit standing and is not prohibited from participating in the program indefinitely.

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Conclusion

After reviewing Cascade's proposed Voluntary RNG Program and associated workpapers, Staff concludes that the proposed tariff, with less than statutory notice, including the Program's pricing and good credit standing requirement, is fair, just and reasonable.

PROPOSED COMMISSION MOTION:

Approve Cascade's proposed implementation of Schedule 805, the Voluntary Renewable Natural Gas Program, as described in Supplemental Advice No. O24-07-01, on less than statutory notice, effective for service rendered on and after November 1, 2024.

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