

ORDER NO. 25-144

ENTERED Apr 16 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1980(5)

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 April 15, 2025, 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
PUBLIC MEETING DATE: April 15, 2025

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A

DATE: March 17, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Scott Gibbens and Michelle Scala **SIGNED**

SUBJECT: CASCADE NATURAL GAS:
(Docket No. UM 1980(5))
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, 2025.

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 accordance with ORS 757.259, ORS 757.262, and OAR 860-027-0300, Cascade files this application for an order reauthorizing the Company to record and defer the under-and over-collections associated with the Company's Schedule 31, Public Purpose Charge, for the twelve-month period beginning January 1, 2025.

In accordance with the terms established in Commission Order No. 06-191 issued in Docket No. UG 167, the Company began charging the Schedule 31, PPC. The PPC adds a charge equal to a set percentage of a customer's total monthly natural gas bill. This charge funds the Company's energy efficiency programs that the Energy Trust of Oregon (Energy Trust) administers 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).

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. The PPC charge percentages are determined by taking the annual budget for each program supported by the charge then dividing the amount by expected annual revenues.

The Company has historically adjusted the annual budgets needed in a preceding calendar year by any carryover of funding, whether that carryover is positive or negative.

The Company's initial filing in Docket No. UM 1980 was in response to the Commission's ruling made on April 10, 2018, on PacifiCorp's (d.b.a. Pacific Power's) Advice No. 18-001, wherein the Commission determined that residual credits or debits associated with Pacific Power's pass through balancing account for their Multnomah County Business Income Tax (MCBIT) collections must be tracked in a deferral account in order for the debit or credit to be passed on to customers in a later period without violating the prohibition against retroactive ratemaking.

This is the fifth reauthorization request and was filed on November 8, 2024. The fourth reauthorization request was approved by the Commission and issued Order No. 24-241, on July 24, 2024.

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Description of the Expenses

The PPC debits and credits derive from the Company's conservation and low-income programs. 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.

Proposed Accounting

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

Estimate of Amounts

The Company is not able to estimate the amounts to be deferred.

Reason for Deferral

The continuation of deferred debits and credits associated with the Company's Public Purpose Charge is justified as these allocations are continuing in nature and are associated with conservation acquisition through programs operated by the Energy Trust.

The deferral also 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

The Applicable Interest Rates

The deferred balance will accrue interest at the Company's authorized rate of return per UG 309. The amortized balance will accrue interest at the modified blended treasury rate per Commission Staff's calculation in UM 1147 and UG 221.

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.

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- 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 Natural Gas’ request to authorize the deferral of costs and revenues associated with its Public Purpose Charge for the 12-month period beginning January 1, 2025.