

ORDER NO. 25-352

ENTERED Sept. 4, 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2374

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Application for Authorization to Defer
Decarbonization Pilot Programs Costs.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 2, 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. CA6

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 2, 2025**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: August 8, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: CASCADE NATURAL GAS:
(Docket No. UM 2374)
Authorization of Deferred Accounting of Decarbonization Pilot Program.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (the Commission) approve Cascade Natural Gas Corporation's (Cascade's or Company's) application requesting authorization to defer costs associated with planned decarbonization pilot programs for the 12-month- period beginning on April 1, 2025.

DISCUSSION:

Issue

Whether the Commission should approve Cascade's application to defer costs associated with Decarbonization Pilot Program.

Applicable Law

ORS 757.259 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. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include the following:

Identifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the frequency of

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rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

In OAR 860-027-0300(3), the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must include that information along with a description and explanation of the entries in the deferred account to the date of the application for reauthorization and the reason for continuation of deferred accounting. OAR 860-027-0300(4).

Analysis

Background

Oregon's Climate Action Roadmap to 2030 recommends a 45 percent reduction of GHG emission below 1990 levels by 2030, a 70 percent reduction by 2040, a 95 percent reduction by 2050, and net zero as soon as practicable.

Consistency to the Roadmap to 2030 (published in 2023) consists of two documents, the commission's Roadmap Recommendations and the Transformational Integrated Greenhouse Gas Emissions Reduction Project Report¹.

Thus, the Climate Protection Plan 2024, which was adopted November 2024, establishes a declining cap, or limit on GHG emissions from fossil fuels used throughout Oregon, and is designed to reduce these emissions 50 percent by 2035 and 90 percent by 2050.

In addition, the Commission works within its legislated power to enact and achieve the state's GHG goals. In an effort to align with GHG emissions targets and comply with state and Commission guidance to reduce throughput, the Company plans to begin introducing decarbonization pilot programs with the goal of finding resources, products, systems, or configurations that might reduce GHG emissions, reduce the need to upgrade or add new pipeline infrastructure, and limit transitional costs on customers.²

¹ See, Roadmap to 2030 — Oregon Climate Action Commission

² See, Commission Order No. 24-158 issued in LC-83 require analysis on non-pipeline alternatives.

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Description of the Expenses.

The expenses are related to the first pilot, the Hybrid System Pilot, filed on February 21, 2025, as Advice No. O25-02-01. The pilot will be offered in compliance with proposed Schedule 810, Hybrid System Pilot.

The Company seeks to defer all costs associated with the Hybrid System Pilot to a regulatory asset account through the completion of the pilot.

The Company also proposes moving the regulatory asset-to-rate base in its next general rate case and amortize the balance through base rates over ten years.

Proposed Accounting

The Company proposes recording the deferral amount as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets), crediting various applicable FERC accounts.

Reasons for Deferral

The Company requests authorization to defer costs and revenues associated with the Decarbonization Pilots as they will be continuing in nature as the Company develops research goals and strategies for meeting decarbonization goals.

Estimate of Amounts

The Company expects to defer approximately \$1,500,000 in project costs for the Hybrid System Pilot over the time period starting April 1, 2025 through December 31, 2025.

Information Related to Future Amortization

- Earnings Review - This question will be resolved at the time of amortization.
- Prudence Review - A prudence review should be performed at the time of deferral amortization.
- Sharing Percentages - Whether there will be sharing was not determined in the stipulation approved by the Commission. This issue will be resolved at the time of amortization.
- Rate Spread / Rate Design - The deferred amounts will be spread based on an equal percentage of generation revenue applied on a cents per kWh basis.
- Three Percent Test – Whether the three percent limitation applies was not determined in the stipulation approved by the Commission. This issue will be resolved at the time of amortization.

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Conclusion

Approval of this deferral is consistent with Oregon climate action.

The Company has reviewed this memo and has stated no objection.

PROPOSED COMMISSION MOTION:

Approve Cascade's application to defer costs associated with planned decarbonization pilot programs for the 12-month period beginning on April 1, 2025.