

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 521, UG 522

In the Matters of

CASCADE NATURAL GAS
CORPORATION,

Advice No. O25-07-01, Reflects changes
to the Purchased Gas Adjustment (PGA)
Tariff, Schedule 177 and Schedule 191
Temporary Gas Cost Rate Adjustment
(UG 521); and

Advice No. O25-07-05, Revises Multiple
Schedules Reflecting Changes Resulting
from Purchased Gas Adjustments and Non-
Gas Cost Adjustments (UG 522).

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Special Public Meeting on October 28, 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. RA4

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: October 28, 2025**

REGULAR X **CONSENT** **EFFECTIVE DATE** October 31, 2025

DATE: October 20, 2025

TO: Public Utility Commission

FROM: Anna Kim and Zhuoyi Zhao

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: CASCADE NATURAL GAS:
(Docket No. UG 521/Advice No. O25-07-01)
Reflects changes in the cost of purchased gas and the amortization rate
for the Purchased Gas Adjustment (PGA) balancing account.

CASCADE NATURAL GAS:
(Docket No. UG 522/Advice No. O25-07-05)
Revises multiple schedules to reflect the changes resulting from the
annual PGA filing.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Cascade Natural Gas Corporation's (Cascade, CNG, or Company) Advice No. O25-07-01, which is the Company's 2025 Purchased Gas Adjustment (PGA), and Advice No. O25-07-05, which updates Company tariff sheets to reflect changes resulting from the annual PGA filing, for service rendered on and after October 31, 2025, and Cascade's request to amortize costs beyond the three percent cap.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Cascade's 2025 annual PGA as reflected in its Advice No. O25-07-01, and revisions to multiple rate schedules to reflect changes resulting from the annual PGA filing, as reflected in its Advice No. O25-07-05.

Docket No. UG 523/Advice No. 25-02-G
October 20, 2025
Page 2

Applicable Rule or Law

ORS 757.205 requires public utilities to file all rates, tolls, 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.

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. ORS 757.259(7) allows the Commission to consider an overall average rate impact greater than that specified in subsection (6) for natural gas commodity and pipeline transportation costs incurred by a natural gas utility, if the Commission finds that allowing a higher amortization rate is reasonable under the circumstances.

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.

The PGA mechanism was originally established by Order No. 89-1046 to minimize the frequency of gas cost-related rate changes and the fluctuation of rate levels pursuant to ORS 757.259(2)(e). The PGA includes an annual update to forecasted purchased gas costs for the upcoming year and a true up of the variance between forecasted gas costs and actual gas costs for the preceding year, subject to sharing. Since the mechanism's creation in 1989, the Commission has issued a series of orders concerning PGA filings

Docket No. UG 523/Advice No. 25-02-G
October 20, 2025
Page 3

through open-docket UM 1286.¹ In Order No. 09-248, the Commission adopted Natural Gas Portfolio Development Guidelines and PGA Filing Guidelines. In Order No. 18-144, the Commission revised the Portfolio Development Guidelines by adding language concerning review and approval of long-term hedging instruments in a local distribution company's (LDC) natural gas portfolio. In Order No. 25-308, the Commission amended the PGA Filing Guidelines by changing the rate effective date from November 1 to October 31 to comply with Oregon HB 3179, which prohibits rate increases between November 1 and March 31.

On December 16, 2021, the Department of Environmental Quality (DEQ) adopted the Oregon Climate Protection Program (CPP) rules, which set a cap on greenhouse gas emissions from transportation fuels and natural gas. These rules were invalidated in December 2023 by the Oregon Court of Appeals following challenges by multiple parties. The DEQ adopted new rules implementing the CPP on November 21, 2024.

Analysis

On July 31, 2025, Cascade submitted Advice No. O25-07-01, which constitutes its annual PGA filing (Initial 2025 PGA Filing). On September 15, 2025, Cascade filed a supplement to its initial filing with updated gas costs and updated tariff sheets. Cascade also submitted revised tariff sheets with Advice No. O25-07-05 (Supplemental 2025 PGA Filing). In aggregate, these filings are commonly referred to as the 2025 PGA filing. The 2025 PGA Filing is comprised of two parts: a forward-looking part for the 2025–2026 Gas Year (Projected Purchased Gas Cost) and a backward-looking part for the 2024–2025 Gas Year (True-Up).

The Projected Purchased Gas Cost for the 2025–2026 Gas Year includes the costs of natural gas for the upcoming gas year and results in the new rates set forth in Schedule 177.² The True-Up of the 2024–2025 Gas Year trues up the costs of natural gas in the previous gas year by comparing the amount collected from customers in that year with the actual costs incurred by the Company in the same year.³ Any over- or

¹ Order No. 08-504 established the form of the PGA Mechanism. PGA Guidelines were acknowledged by the Commission in Docket No. UM 1286, Order No. 09-248, on June 23, 2009. The Guidelines in Docket No. UM 1286 have been modified five different times since they were first acknowledged by the Commission, in Order No. 10-197, in Order No. 11-196, in Order No. 14-238, Order No. 18-144, and in Order No. 25-308.

² Schedule 177 is titled "Purchased Gas Adjustment."

³ The 2024–2025 Gas Year began November 1, 2024, and concludes October 31, 2025. However, per page 10 of Appendix A to Order No. 14-238 in Docket No. UM 1286 (See: <https://apps.puc.state.or.us/orders/2014ords/14-238.pdf>), all deferrals to be amortized into rates will be based on June deferral balances plus interest for July–October, and the deferrals that occur after

Docket No. UG 523/Advice No. 25-02-G
October 20, 2025
Page 4

under-collection from customers in the 2024–2025 Gas Year, together with any over- or under-collection from previous years,⁴ is either given back (in the case of over-collection) or surcharged (in the case of under-collection) to customers in the upcoming gas year, subject to sharing and an earnings test. The True-Up of the 2024–2025 Gas Year results in the new rates set forth in Schedule 191.⁵

Filing and Portfolio Guidelines

The Natural Gas Portfolio Guidelines (Portfolio Guidelines) require each gas utility to include certain information related to its gas supply portfolio with its annual PGA filing. This information assists the Commission in determining the prudence of the LDC's costs.

Cascade's 2025 PGA filing is compliant with the PGA Filing Guidelines and Portfolio Guidelines. Cascade supplied sufficient information regarding its natural gas supplies and financial hedges.⁶ Cascade also filed comprehensive work papers and reviewed data and led discussions on its portfolio as part of the quarterly PGA meetings.

Cascade's portfolio preparation and planning process meets the standards in Section III of the Portfolio Guidelines related to portfolio planning, as do Cascade's physical gas contracts and financial transactions related to natural gas pricing. Cascade has also demonstrated its adherence to the Portfolio Guidelines with regard to natural gas supplies and financial hedges. In addition, Cascade has provided all the information called for in Section IV (Information and Work Papers), and Section V (Supporting Data and Analysis) of the Portfolio Guidelines.

June will be carried forward to the next PGA period. For example, in this filing, deferrals to be amortized into rates will be based on June 2025 deferral balances plus interest for July–October 2025.

⁴ Any over-collection or under-collection from previous years is because actual volumetric sales of natural gas will always be different from forecasted volumetric sales. Since amortizations are intended to be recovered in volumetric forecasted sales, a remaining balance will always be present.

⁵ Schedule 191 is titled "Temporary Gas Cost Rate Adjustment".

⁶ The Portfolio Guidelines require gas utilities to include certain information related to their gas supply portfolio with their annual PGA filing. Staff's analysis of and conclusions regarding the Company's natural gas supply portfolio and related purchasing strategies and actions are based on the Portfolio Guidelines provided in Docket No. UM 1286.

Docket No. UG 523/Advice No. 25-02-G
 October 20, 2025
 Page 5

Ratepayer Impacts

The Projected Purchased Gas Cost for the 2025–2026 Gas Year is comprised of two rate components: 1) the commodity component rate and 2) the capacity or demand component rate. The rates for these components are represented in Table 1 on a dollar per therm basis.

Table 1: Projected Purchased Gas Cost for 2025-2026⁷
 (\$/Therm or as noted otherwise)

Item	Current Rate	Proposed Rate	Change
Commodity	0.33117	0.36587	0.03470
Demand	0.18476	0.14728	(\$0.03748)
Total Gas Cost	0.51593	0.51315	(\$0.00278)

The commodity component of the weighted average cost of gas (WACOG) proposed for the 2025–2026 Gas Year is increasing by \$0.0347 per therm, an increase of 10.5 percent from the previous PGA gas year, as shown in Table 1. This time last year (October 2024), the EIA forecasted a Henry Hub price of \$2.30/MMBtu for 2024 and \$3.10/MMBtu for 2025. Henry Hub is trading near \$3.50/MMBtu this year (about \$1.30 higher than last year and higher than forecasted last year). The EIA forecasts an additional increase of 80 cents in 2026. Monthly average natural gas spot prices at northwestern U.S. and western Canada border pricing hubs (Sumas and Westcoast Station 2) reached historic lows in 2024 through October, according to data from Natural Gas Intelligence. Robust natural gas production in western Canada, where output has generally increased over the last two years, and high natural gas inventories in the region contributed to the low prices.

The proposed demand component reflects a decrease of approximately 0.03748 per therm, a decrease of 20.3 percent from the previous PGA gas year. This decrease is mainly driven by reduced pipeline reservation costs.

Table 2 shows the rate change due to the true-up of costs from the previous year.

⁷ These values are addressed in “UG 521 UG 522 ADV 1749 ADV 1750 CNGC Gas & Non Gas Cost Model WP 9.15.25”, sheet: Summary Rate-Rev Impact.

Docket No. UG 523/Advice No. 25-02-G
 October 20, 2025
 Page 6

Table 2: True-Up of the 2024–2025 Gas Year⁸
 (\$/Therm or as noted otherwise)

Item	Current Rate	Proposed Rate	Change
Commodity Amortization ⁹	\$0.05386	\$0.03844	(\$0.01542)
Demand Amortization ¹⁰	(\$0.02802)	(\$0.04306)	(\$0.01504)
Total Amortization	\$0.02584	(\$0.00462)	(\$0.03046)

As mentioned above, the true-up of forecasted and actual costs is subject to sharing and an earnings test conducted the Spring before the PGA. Prior to filing the PGA each year, each gas utility must elect a sharing percentage for the upcoming Gas Year. The percentage elected by the utility will dictate the benchmark for the earnings test. Cascade elected 90/10 sharing for the previous gas year, which applies to this year's true-up costs. The Spring earnings review showed that the 2024 type 1 adjusted return on equity was 4.31 percent, well below the gas earnings threshold for Cascade of 10.98 percent.

Deferral and amortization of residual gas costs from the current and previous PGA periods results in a ratepayer credit of approximately \$0.4 million due to a slight over-collection in the last year. The slight over-forecast in commodity and demand prices produces an overall credit, replacing a surcharge last year. The gas commodity amortization price decreases by \$0.01542 per therm after accounting for the commodity cost variance sharing between the Company and customers. There is also a forecasted decrease of demand amortization of \$0.01504 per therm.

Several factors led to the moderate natural gas prices we have seen in 2025 so far:

- The previous winter was mild, reducing demand. However, extreme weather events like the January 2024 cold snap show the use of natural gas, which provided almost three-quarters of energy consumed in our region during these events.

⁸ The Company's revenue sensitive calculation used an aggregate total of the commodity and demand deferral balances. Staff calculated the commodity and demand amortization dollar amounts separately using the revenue sensitive factor of 3.01 percent provided by Cascade in work paper "UG 521 UG 522 ADV 1749 ADV 1750 CNGC Gas & Non Gas Cost Model WP 9.15.25", sheet: Gas Cost Rate Increments (Tempo).

⁹ These figures are for Weighted Average Cost of Gas (WACOG) Deferral only.

¹⁰ These figures are for Firm Demand Deferral only.

Docket No. UG 523/Advice No. 25-02-G
 October 20, 2025
 Page 7

- Production is high and flat, which outpaced consumption at the start of the 2025 injection season.
- U.S. natural gas storage levels remain above average through the injection season (April through October). Natural gas inventories grew quickly in late April through early June, with seven consecutive weeks of net injections to inventories exceeding 100 Bcf each. Generally, this only occurs about three weeks per year.

For more information, please see the presentation for RA1 - 2025 PGA Overview.

Table 3 below reflects only the change in revenues related to the gas commodity portion of the Company's gross revenues, (Schedule 177) and amortization of previous deferrals (Schedule 191) for the 2025–26 gas year based on projected customer usage.

Table 3: PGA ONLY Revenue and Bill Impact¹¹
 (\$ or as noted otherwise)

Schedule	Description	Total Revenues at Current Rates	Revenue Increase / (Decrease)	Change (%)
101	Residential	\$27,124,702	(\$1,664,222)	-6%
104	Commercial	\$17,926,264	(\$1,099,856)	-6%
105	Industrial	\$1,769,762	(\$108,583)	-6%
111	Large Volume – General Service	\$1,852,004	(\$113,629)	-6%
170	Interruptible Service	\$1,398,643	(\$85,813)	-6%
Total PGA Only		\$50,071,375	(\$3,072,103)	-6%

The percentage changes in Table 4 below reflect the residential rate impact resulting from the PGA filing, and three other advice filings with an effective date of October 31, 2025. Please see Attachment D for rate impacts on other schedules.

¹¹ Addressed in work paper "UG 521 UG 522 ADV 1749 ADV 1750 CNGC Gas & Non Gas Cost Model WP 9.15.25", sheet: Attach B-2 Detail by Adjustment Schd. Revenue at "Current" does not reflect current revenues, but rather what the revenues would be if existing rates continued to be in effect during the upcoming year (i.e. current rates times forecasted therms). There will be small differences with the Advice filings due to rounding.

Docket No. UG 523/Advice No. 25-02-G
 October 20, 2025
 Page 8

Table 4: 2025-2026 PGA and Related Dockets
 Proposed Residential Rate & Bill Impacts ¹²

Average Therms	Customer Charge	Current Monthly Bill	Proposed Monthly Bill	Change in Monthly Bill	% Change in Bill
January					
112	\$6.81	\$116.39	\$114.67	(\$1.72)	-1.48%
Annual / Monthly					
56	\$6.81	\$61.60	\$60.74	(\$0.86)	-1.39%

Three Percent Test

Pursuant to ORS 757.259(6), ORS 757.259(7), and OAR 860-027-0300, the annual average rate impact of the amortizations authorized under the statutes may not exceed three percent of the natural gas utility's gross revenues for the preceding calendar year unless the Commission finds that allowing a higher amortization rate is reasonable under the circumstances.

As shown in Attachment C of this public meeting memo, the resulting annual average rate impact from the PGA amortization and three other filings¹³ represents 3.56 percent of the Company's 2024 total gross revenues, which exceeds the three percent amortization limitation specified in ORS 757.259(6).¹⁴

Pursuant to ORS 757.259(7):

The Commission may allow an overall average rate impact greater than that specified in subsection (6) of this section for natural gas commodity and pipeline transportation costs incurred by a natural gas utility if the Commission finds that allowing a higher amortization rate is reasonable under the circumstances.

Staff recommends the Commission approve Cascade's request for waiver of the three percent amortization limit. Approving amortization of the full amount will appropriately match benefits and costs and the negative impact to customers of amortization over three percent is diminished because the decrease in forward looking rates will result in an overall rate decrease, even when amortization of the true-up of commodity costs and other deferrals is considered.

¹² Includes the impacts of UG 521, UG 522, ADV 1749, ADV 1750, and ADV 1751.

¹³ The three other filings are: ADV 1749, ADV 1750, and ADV 1751.

¹⁴ Addressed in work paper "UG 521 UG 522 ADV 1749 ADV 1750 CNGC Gas & Non Gas Cost Model WP 9.15.25", sheet: C-3% Test.

Docket No. UG 523/Advice No. 25-02-G
October 20, 2025
Page 9

Conclusion

Cascade 2025 PGA filing, and three other advice filings with a rate effective date of October 31, reflect a revenue decrease of \$1.9 million.

With all changes addressed herein, effective October 31, 2025, the monthly bill of a residential customer using an average of 56 therms per month will decrease by \$0.86, or -1.39 percent, from \$61.60 to \$60.74.

Cascade has reviewed this memo and agrees with its contents.

PROPOSED COMMISSION MOTION:

Approve Cascade's 2025 annual PGA as reflected in its Advice No. O25-07-01, and revisions to multiple rate schedules to reflect changes resulting from the annual PGA filing, as reflected in its Advice No. O25-07-05 and approve Cascade's request for a waiver of the three percent amortization cap under ORS 757.259.

RA4 - Cascade UG 521/UG 522

Docket No. UG 523/Advice No. 25-02-G
 October 20, 2025
 Page 10

Attachment A: Cascade Natural Gas 2025 PGA and Related Dockets

Incremental Revenue Change by Customer Rate Schedule¹⁵

(Red) indicates negative numbers.

Customer Rate Schedule	Description	Gas Costs and Adjustment Revenues at Current Rates	Gas Costs and Adjustment Revenues at Proposed Rates	Incremental Change in \$ Revenue	% Change by Rate Schedule	% Contribution to Total Incremental Change
101	Residential	\$48,982,874	\$48,215,350	(\$767,524)	-1.57%	39.99%
104	Commercial	\$27,659,858	\$26,799,561	(\$860,297)	-3.11%	44.83%
105	Industrial	\$2,663,217	\$2,558,587	(\$104,630)	-3.93%	5.45%
111	Large Volume - General Service	\$2,509,642	\$2,400,149	(\$109,492)	-4.36%	5.71%
170	Interruptible Service	\$1,798,819	\$1,716,130	(\$82,689)	-4.60%	4.31%
163	Interruptible Transport	\$3,079,911	\$3,085,323	\$5,412	0.18%	-0.28%
	Overall	\$86,694,321	\$84,775,100	(\$1,919,221)	-2.21%	100.00%

¹⁵ Includes the impacts of UG 521, UG 522, ADV 1749, ADV 1750, and ADV 1751. Values are drawn from "Cascade Updated Attachments A-D", sheet: Attach A Adjust Sched Summary. Revenue at "Current" does not reflect current revenues, but rather what the revenues would be if existing rates continued to be in effect during the upcoming year (i.e., current rates times forecasted therms). There will be small differences with the Advice filings due to rounding.

Docket No. UG 523/Advice No. 25-02-G
 October 20, 2025
 Page 11

Attachment B: Cascade Natural Gas 2025 PGA and Related Dockets

Incremental Revenue Change by Adjustment Schedule¹⁶

(Red) indicates negative numbers.

Adjustment Schedule	Description	Gas Cost & Adjustment Schedule Total Revenue at Current Rates	Gas Cost & Adjustment Schedule Total Revenue at Proposed Rates	Total Incremental Change in Revenue	% Change by Rate Schedule	% Contribution to Total Incremental Change
177-A	PGA	\$47,683,195	\$47,426,261	(\$256,934)	-0.5%	13.4%
191	Temporary Gas Cost Adjustment	\$2,388,180	(\$426,989)	(\$2,815,169)	-117.9%	146.7%
192	Intervenor Funding	\$93,208	\$105,410	\$12,202	13.1%	-0.6%
193	Conservation Alliance Plan (CAP)	\$192,625	\$1,187,600	\$994,975	516.5%	-51.8%
220	Climate Protection Program	\$3,171,392	\$3,317,096	\$145,704	4.6%	-7.6%
	Overall	\$53,528,600	\$51,609,378	(\$1,919,222)	-3.6%	100%

¹⁶ Includes the impacts of UG 521, UG 522, ADV 1749, ADV 1750, and ADV 1751. Values are drawn from "Cascade Updated Attachments A-D", sheet: Attach B Rate Schedule Summary. Revenue at "Current" does not reflect current revenues, but rather what the revenues would be if existing rates continued to be in effect during the upcoming year (i.e., current rates times forecasted therms). There will be small differences with the Advice filings due to rounding.

Docket No. UG 523/Advice No. 25-02-G
 October 20, 2025
 Page 12

Attachment C: Cascade Natural Gas 2025–2026 PGA Three Percent Test¹⁷
 (Red) indicates negative numbers.

	Surcharge	Rebate
Prior Period Gas Cost Deferral True-Up		(\$426,290)
Non-Gas Cost Amortization		
Intervenor Funding	\$105,322	
Conservation Alliance Plan	\$1,187,537	
Climate Protection Program	\$3,317,001	
Subtotal	\$4,609,860	(\$426,290)
Total		\$4,183,570

Total Proposed Amortization (Surcharge Less Credits)	\$4,183,570
Less intervenor Funding	(\$105,322)
Net Proposed Amortization (subject to the 3% test)	\$4,078,248
Utility Gross Revenue 2024	\$114,616,801
3% of Utility Gross Revenue 2024	\$3,438,504
Requested Amortization subject to the 3% test	\$4,078,248

¹⁷ Values are drawn from “UG 521 UG 522 ADV 1749 ADV 1750 CNGC Gas & Non Gas Cost Model WP 9.15.25”, sheet: C - 3% Test.

Docket No. UG 523/Advice No. 25-02-G
 October 20, 2025
 Page 13

Attachment D: 2025—2026 PGA and Related Dockets

Proposed Rate & Bill Increases by Class of Service¹⁸

(Red) indicates negative numbers.

Class of Service	Rate Schedule	Rate Impacts ¹⁹			
		Current Rate per Therm	Proposed Rate per Therm	Change Rate per Therm	% Change Rate per Therm
Residential	101	\$0.98	\$0.96	(\$0.02)	-1.6%
Commercial	104	\$0.84	\$0.82	(\$0.03)	-3.1%
Industrial	105	\$0.82	\$0.79	(\$0.03)	-3.9%
Interruptible	170	\$0.70	\$0.67	(\$0.03)	-4.6%

¹⁸ Includes the impacts of UG 521, UG 522, ADV 1749, ADV 1750, and ADV 1751. Values are drawn from “Cascade Updated Attachments A-D”, sheet: Attachment D. Per therm rates are rounded and thus slightly different than those currently used and proposed by the Company.

¹⁹ The residential rates illustrated above do not include pass-through charges included on customer bills that utilities are required to collect and distribute to the appropriate third parties, such as for franchise fees or the Public Purposes Charge.