

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2230(3)

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Application for Reauthorization to Defer
Costs and Revenues Associated with
House Bill 2475 Energy Affordability Act.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 25, 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: November 25, 2025**

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

DATE: November 3, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: CASCADE NATURAL GAS:
(Docket No. UM 2230(3))
Reauthorization for Deferred Accounting Treatment of Energy Discount
Program Costs and Revenues associated with the Energy Affordability Act
Oregon House Bill 2475.

STAFF RECOMMENDATION:

Staff recommends that the Oregon Public Utility Commission (the Commission) approve Cascade Natural Gas Corporation's (Cascade or Company) amended application to defer incremental and administrative costs and revenues associated with implementation of the Company's Energy Discount Program (EDP) under House Bill (HB) 2475 for the 12-month period beginning on October 1, 2025. Staff recommends that Commission require Cascade to establish a separate account to track and defer incremental administrative costs associated with the EDP under HB 2475.

Staff also recommends that the Commission approve the Company's application to defer the incremental cost of Division 21 residential customer protections under Docket No. AR 671 for the 12-month period beginning November 3, 2025. Staff recommends that Commission require Cascade to maintain a separate account to track and defer incremental administrative costs associated with the cost of Division 21 residential customer protections.

DISCUSSION:

Issues

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1. Whether the Commission should approve Cascade's application to defer costs and revenues associated with implementation and administration of the Company's EDP under HB 2475, otherwise known as the Energy Affordability Act.
2. Whether the Commission should approve the Company's application to defer the incremental cost of Division 21 residential customer protections under Docket No. AR 671.

Applicable Law

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include:

1. Identifiable utility expenses or revenues,
2. The recovery or refund of which the commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels, or
3. 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). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

ORS 757.230, as amended by 2021's HB 2475, provides the Commission the authority to take certain considerations into account when determining a comprehensive classification of service for each public utility; including, the quantity used, the time when used, the purpose for which used, the existence of price competition or a service alternative, the services being provided, the conditions of service, differential energy burdens on low-income customers and other economic, social equity or environmental justice factors that affect affordability for certain classes of utility customers.

Section 7 of HB 2475, codified at ORS 757.695(1), provides that in addition to comprehensive classifications, tariff schedules, rates and bill credits, the Commission may address the mitigation of energy burdens through bill reduction measures or programs such as demand response or weatherization.

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In Docket No. AR 671, the rulemaking to establish customer protections in Oregon Administrative Rule (OAR) Chapter 860, Division 21 rules, the Commission issued Order No. 25-411, requiring utilities to “file updates to existing HB 2475 deferrals for the incremental cost of Division 21 residential customer protections.”

Analysis

Background

On January 31, 2022, Cascade filed a request for authorization to defer costs and revenues associated with implementation and administration of 2021 's House Bill 2475 for the 12-month period beginning on March 1, 2022. The Company stated its intent to file a proposal for a bill discount program for eligible residential customers, which it did on June 1, 2022, in ADV 1409. Cascade requests authorization to defer the costs for administering such a bill discount program in the deferral account along with the revenue received to fund the program.

This deferral was first authorized for 12 months beginning October 1, 2022, according to Order No. 22-287. In Order No. 23-414, the deferral was re-authorized for the 12 months beginning October 1, 2023. And In Order No. 24-377, the deferral was re-authorized for the 12 months beginning October 1, 2024. Staff notes that the Company's intent is to track the costs associated with EDP benefits and administration under Schedule 36, EDP, to be contemporaneously recovered in its annual, Schedule 37, EDP Cost Recovery filing. Cascade filed a request for reauthorization of this deferral on August 4, 2025, requesting approval to defer for the 12 months beginning October 1, 2025.

On November 3, 2025, the Company amended its most recent application to add a request to defer the incremental cost of Division 21 residential customer protections under Docket No. AR 671 for the 12-month period beginning November 3, 2025, in accordance with the guidance provided in Commission Order No. 25-411 issued in Docket No. AR 671, the rulemaking to establish customer protections in Oregon Administrative Rule (OAR) Chapter 860, Division 21 rules. As noted above, the Commission order approved the Commission Staff's recommendation to require utilities to “file updates to existing HB 2475 deferrals for the incremental cost of Division 21 residential customer protections.”

Reasons for Deferral

Any costs or benefits associated with the deferrals will be considered later for appropriate rate-making treatment. Both deferrals may be authorized under ORS 759.259(2)(e) because they will minimize the frequency of rate changes or fluctuations and match appropriately the costs borne by and benefits received by customers.

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Description of Expenses

The Company is seeking renewed authorization to defer the incremental costs and revenues linked to providing energy service to eligible, lower-income homes under the Energy Discount Program outlined in Schedule 36. It also wants to keep gathering anticipated program expenses as per the Energy Discount Program Cost Recovery detailed in Schedule 37.

In addition Cascade requests a new authorization to defer incremental costs incurred to implement the customer protections adopted in OAR Chapter 860, Division 21 in Docket No. AR 671. This request is consistent with the Commission's direction in Order No. 25-411.

Estimate of Amounts

The Company estimates the deferred expense and revenue for the 12-month period beginning October 1, 2025, to be near net zero based on costs and revenues.

The Company estimates that the implementation of the AR 671 rulemaking changes will result in an expenditure of approximately \$30,000.

Proposed Accounting

For both deferrals, the Company will record the deferral amount in FERC Account 182.3 (Other Regulatory Assets). Incremental administrative costs will be tracked separately, and all costs will accrue interest at the modified blended treasury (MBT) rate.

Information Related to Future Amortization

- Earnings Review – No earnings review will be applied to these deferral amounts due to the type of expenses being deferred. Note the MBT is used as the interest rate on the amortized amount.
- Prudence Review – A prudence review will be performed when updating the amounts for amortization as part of the- annual EDP Cost Recovery filing.
- Sharing – All prudently incurred costs are recoverable by Cascade with no sharing mechanism.
- Rate Spread/Design – Costs under the EDP deferral will be allocated when reviewing the annual EDP Cost Recovery filing. Costs under the AR 671 deferral will be allocated at the time a cost-recovery decision is made.
- Three Percent Test (ORS 757.259(6)) – The three percent would not apply because of the annual EDP Cost Recovery filing

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Conclusion

Staff recommends the Commission reauthorize Cascade to defer all costs and revenues incurred to implement and administer the EDP under HB 2475, and authorize Cascade to defer incremental costs of Division 21 residential customer protections, subject to the following conditions:

1. Incremental administrative costs will be separately deferred and tracked for later ratemaking.
2. Deferred balances will accrue interest at the Company's effective authorized rate of return and amortized balances will accrue interest at the modified blended treasury (MBT) rate.

PROPOSED COMMISSION MOTION:

1. Approve Cascade's amended application to defer incremental costs and revenues associated with implementation and administration of the EDP under HB 2475 for the 12-month period beginning October 1, 2025. Require Cascade to maintain a separate account to track and defer incremental administrative costs associated with the EDP under HB 2475.
2. Approve Cascade's application to defer the incremental cost of Division 21 residential customer protections under Docket No. AR 671 for the 12-month period beginning November 3, 2025. Require Cascade to maintain a separate account to track and defer incremental administrative costs associated with the cost of Division 21 residential customer protections.

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