

ORDER NO. 26-120

ENTERED Apr 15 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1980(6)

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 14, 2026, 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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 14, 2026**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: April 1, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: CASCADE NATURAL GAS:
(Docket No. UM 1980(6))
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, 2026.

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 May 2006, in accordance with the terms established in Commission Order No. 06-191 issued in Docket No. UG-167, the Company began charging 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 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.

Description of Expenses

Cascade is requesting to defer the over- or under-collections of Schedule 31.

Reasons for Deferral

The Company historically treated its PPC collection account as a balancing account, passing on any over- or under-collection to customers through a revised PPC rate prior to 2019. Since this is no longer allowed, the Company is filing this application to reauthorize deferred accounting treatment for PPC debits and credits.

The deferral 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.

Proposed Accounting

Cascade 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 amount that may be deferred and considered a carryover balance at the end of 12 months since most of these funds are passed through to other third parties who manage the spending of these dollars. However, the deferred balance will accrue interest at the Company's authorized rate of return per UG 390. Once the deferred amounts are subject to amortization per a Commission

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order, they 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.
- 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, 2026.

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