

ORDER NO. 26-399

ENTERED Oct 28 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2374(1)

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Application for Reauthorization to Defer
Decarbonization Pilot Programs Costs.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on October 27, 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 appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA12

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 27, 2026**

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

DATE: October 7, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: CASCADE NATURAL GAS:
(Docket No. UM 2374(1))
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 21, 2026.

DISCUSSION:

Issue

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

Applicable Law

ORS 757.259 allows the Commission to authorize deferred accounting for later incorporation into rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include, "[i]dentifiable 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 or the fluctuations of rate levels or to match appropriately the costs borne by and benefits received by ratepayers." ORS 757.259(2)(e).

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In OAR 860-027-0300(3), the Commission has set the requirements for the contents of deferred accounting applications. Applications for reauthorization must include a description and explanation of the entries in the deferred account, up to the date of the application for reauthorization, as well as 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).

Analysis

Background

Oregon's Climate Action Roadmap for 2030 calls for a 45 percent decrease in greenhouse gas (GHG) emissions compared to 1990 levels by the year 2030, a 70 percent cut by 2040, a 95 percent reduction by 2050, and achieving net-zero emissions as soon as feasible.

The Roadmap to 2030, which was published in 2023, comprises two key documents: the commission's Roadmap Recommendations and the Transformational Integrated Greenhouse Gas Emissions Reduction Project Report.

Consequently, the Climate Protection Plan 2024, approved in November 2024, sets a declining cap on GHG emissions from fossil fuels used across Oregon, aiming for a 50 percent reduction by 2035 and a 90 percent cut by 2050.

Furthermore, the Commission operates within its authorized framework to implement and meet the state's GHG objectives. To align with these emissions targets and adhere to state and Commission directives aimed at decreasing throughput, the Company intends to launch pilot programs for decarbonization.

These initiatives aim to identify resources, products, systems, or configurations that could lower GHG emissions, minimize the need for pipeline infrastructure upgrades or additions, and reduce transitional costs for customers.

Note: In Staff's report in AR 677 on May 19, 2026, and supported by the Commission's Phase 1 Comments in AR 676 at the July 7, 2026 Special Public Meeting, Staff will look for opportunities to streamline or consolidate existing adjustment schedules into base rates when feasible.

The incorporation of existing deferrals into base rates would reduce year-to-year filings, improve transparency, and support the multi-year rate plan (MRP) goal of incorporating a broader set of costs within the multi-year framework.

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Staff encourages the Company and stakeholders to continue to evaluate the reasonableness of moving this and other deferrals into base rates in preparation for the move to multi-year ratemaking. However, Staff believes that approval of this deferral is reasonable until such time that the Commission determines to consolidate the costs at issue into base rates in a general or multi-year rate proceeding.

Description of the Expenses

Cascade seeks re-authorization to recognize revenues and expenses associated with the development, execution, and analysis associated with its decarbonization pilot programs; each of which will be filed separately for Commission approval prior to commencement.

Proposed Accounting

Cascade proposes to record the deferral amount as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets), crediting various applicable FERC accounts.

Reasons for Deferral

Cascade requests to defer costs and revenues associated with the Decarbonization Pilots because they will continue in nature as the Company develops research goals and strategies for meeting decarbonization goals.

Estimate of Amounts

The Company is not able to indicate any expense for next year's deferral, however, as shown in the table below, Cascade shows the balance of the Hybrid system pilot expenses of the ongoing deferral.

Description:	Oregon Hybrid System Pilot Program
Account number:	47OR.1823.2084 - WO #311251
Class of customers:	All
Deferral period:	45,748.00
Amortization period:	Unknown
Narrative:	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

Month/ Year	Rate	Thermals	Debit (Credit)			Adjustments	Deferred Balance
			Deferral	Amortization	Interest		
Mar-25					0.00		0.00
Apr-25					0.00		0.00
May-25					0.00		0.00
Jun-25					0.00		0.00
Jul-25					0.00		0.00
Aug-25					0.00		0.00
Sep-25			90,260.70		0.00		90,260.70
Oct-25					542.06		90,802.76
Nov-25			18,628.98		527.73		109,959.47
Dec-25			79,375.68		660.36		189,995.51
Jan-26					1,141.02		191,136.53
Feb-26			48,471.54		1,036.79		240,644.86
Mar-26					1,445.19		242,090.05
Apr-26					1,406.97		243,497.02

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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 - 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 - This issue will be resolved at the time of amortization.

Conclusion

Based on Staff's review of Cascade's application, Staff recommend Cascade's application be approved.

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve Cascade's application to defer costs associated with planned decarbonization pilot programs for the 12-month period beginning on April 21, 2026.