

ORDER NO. 26-410

ENTERED Oct 28 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 530, UM 2338(2), UM 2230(4)

In the Matters of

CASCADE NATURAL GAS
CORPORATION,

2026 Annual Purchase Gas Adjustments
and Updates (UG 530);

Application for Reauthorization to Defer
Renewable Natural Gas Program Costs and
Revenues (UM 2338(2)); and

Application for Reauthorization to Defer
Costs and Revenues Associated with
House Bill 2475 Energy Affordability Act
(UM 2230(4)).

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Special Public Meeting on October 27, 2026, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter.¹ The Staff Report with the recommendation is attached as Appendix A.



BY THE COMMISSION:

A handwritten signature in blue ink, appearing to read "Alison Lackey".

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.

¹ This matter was originally included on the Consent Agenda as CA2, but was moved to the Regular Agenda and addressed as RA6 at the October 27, 2026 Special Public Meeting.

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

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** October 31, 2026

DATE: October 20, 2026

TO: Public Utility Commission

FROM: Julie Dyck

THROUGH: Scott Gibbens and Anna Kim **SIGNED**

SUBJECT: CASCADE NATURAL GAS:
Docket Nos. UG 530/ Advice No. O26-07-01, UM 2338(2), and
UM 2230(4)
Consolidated Staff Memo – Non-Gas Dockets Accompanying 2026
Purchased Gas Adjustment Filings.

STAFF RECOMMENDATION:

Staff recommends Cascade Natural Gas Corporation's (Cascade, CNG, or Company) UG 530/Advice No. O26-07-01, as supplemented with less than statutory notice, be approved for service rendered on and after October 31, 2026, subject to refund, and approve Docket Nos. UM 2338(2), and UM 2230(4).

DISCUSSION:

Purpose

The purpose of this memo is to provide the Commission with a consolidated summary of the non-commodity cost rate changes that are filed in conjunction with the 2026 Purchased Gas Adjustment (PGA) of Cascade Natural Gas Corporation into UG 530.¹ Each year, the natural gas utilities file annual updates to their PGA tariff to reflect updated projected costs of natural gas and a true-up of actual gas costs from the previous year. In addition, utilities submit non-commodity cost tariff updates addressing cost recovery for programs and initiatives that are ongoing. This memo compiles Staff's review and recommendations on a majority Cascade's non-commodity cost matters.

¹ Starting in 2025, Staff started consolidating its memos into gas and non-gas with the exception of those that required additional analysis. Starting in 2026, the Companies also began filing all of their PGA related items into one docket, with the exception of deferrals. This new process was created in order to reduce regulatory burden and condense postings where possible.

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Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Cascade's 2026 annual PGA non-gas tariff updates in UG 530/Advice No. O26-07-01, subject to refund, and approve Cascade's requests to defer costs and revenues associated with House Bill 2475 (Energy Affordability Act) filed in UM 2230(4) and the voluntary Renewable Natural Gas Program filed in Docket No. UM 2338(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. ORS 757.220 provides that 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. The Commission may, for good cause shown, allow changes without requiring 30 days' notice.

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

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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). Since the mechanism's creation in 1989, the Commission has issued a series of orders concerning PGA filings through open-docket UM 1286.² Order No. 25-308 is the most recent order which amended the timeline specified in Order No. 14-238. Order No. 18-144 is one of the most recent of these orders and revises the Commission's procedures and requirements of the Natural Gas Portfolio Development Guidelines in Docket No. UM 1286 by adding language concerning review and approval of long-term hedging instruments in a local distribution company's (LDC) natural gas portfolio. No changes were made in the past year to the PGA Filing Guidelines previously established in Order No. 14-238. The Company's PGA filing is included in a separate Staff memo.

Under the PGA Guidelines, if a PGA schedule is suspended pending additional process, Staff will recommend that rates go into effect, subject to refund, as may be determined by the Commission following the additional process.

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 a revised CPP on November 21, 2024. The first compliance period started January 1, 2025, and covers emissions through the end of 2027.

Prudence, Earnings Review, 3 Percent Test

To determine prudence, the Commission reviews the utility's actions, based on all that the company knew or should have known at the time with the information that was available (or could reasonably have been available) to the utility, to determine whether the utility's actions were reasonable in light of contemporaneous circumstances. This analysis includes a review of not only the company's decision to make an investment, but also the amount of money it decided to invest. Expenditures found excessive, unaccounted for, or caused by lack of proper foresight may be deemed imprudent and

² 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 four 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, and in Order No. 18-144.

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disallowed. In addition, “*the process* used by the utility to make a decision to invest in a plant is highly valuable in determining whether the utility's actions were reasonable and prudent in light of the circumstances which then existed.”³

An earnings test is a formulaic model that calculates a utility's jurisdictional earnings based on the most recent general rate case revenues by calendar year. The Company applies an earnings test or earnings review when required by the applicable Commission order or other governing authority. The methodology varies by mechanism. The Company's traditional PGA-related earnings review is conducted pursuant to Commission Order No. 99-272 and compares adjusted regulated utility earnings to the applicable earnings threshold, which is set each year depending on the PGA sharing election the Company makes (90/10 or 80/20). If the Company's earnings exceed the threshold, 33 percent of earnings above the threshold are shared with customers. Certain mechanisms are subject to separate earnings-review requirements.

The 3 percent test will be calculated according to ORS 757.259(6), and is specific to amortizations of deferred amounts. The total proposed amortization subject to the 3 percent test will be the net of credits and surcharges, less Intervenor Funding, as it is excluded from the 3 percent test pursuant to ORS 757.259(4). The LDC's gross revenues to be used in the calculation represent all Oregon revenues including Other Revenues that are booked above the line (First column of the ROO from the preceding year), as filed with the Commission. Please also refer to Order No. 14-238.

Analysis

The following is a list of the tariff updates analyzed in this memorandum. Staff will address each of the updates separately below. The tariffs include amortization of amounts deferred under ORS 757.259(2)(e) and (3). Amounts deferred under ORS 757.259(2)(e) may only be amortized into rates after a prudence review and review of the Company's earnings for a period that is representative of the deferral period, unless the updates are part of an automatic adjustment clause (AAC). If part of an AAC, the earnings review is discretionary. Staff reviewed the prudence of the costs at issue and Cascade's earnings for calendar year 2025. Staff did not find the amounts subject to review were imprudent or that amortization of the deferrals at issue is inappropriate in light of Cascade's earnings during the deferral period.

³ In the Matter of PacifiCorp Request for a General Rate Revision, Docket UE 246, Order No. 12-493 at 26 (December 20, 2012).

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Table 1: Cascade Summary Table

Docket #	Issue	Type	Earnings Review⁴	3% Test	Deferral Order #	Proposed Residential Rate % Change	Staff Recommendation
UG 530	Public Purpose Charge	Amortization	Yes	Yes	26-120	-2.08%	Approve
UG 530	Energy Discount Program	Amortization	No	No	25-465	1.11%	Approve
UG 530	Intervenor Funding	Amortization	No	No per 757.259(4)	25-424	-0.12%	Approve
UG 530	Conservation Alliance Plan (Decoupling)	Amortization	No ⁵	Yes	26-010	1.99%	Approve
UG 530	Climate Protection Plan (CPP)	Amortization	Yes	Yes	25-489	-2.65%	Approve
UM 2338(2)	Renewable Natural Gas	Deferral				N/A ⁶	Approve

⁴ See the Company's response to DR 7 which states, "Per OAR 860-022-0070, the Company is subject to an earnings review and sharing mechanism because it has a PGA mechanism. Please see the Company's most recent Spring Earnings Review in Docket UM 903 for the calculation of the earnings review and the determination of sharing; the Company's most recent Spring Earnings Review did not require sharing. It is the Company's understanding that the earnings review for each of the mechanisms listed in the table below has historically been done by reviewing the Spring Earnings Review in UM 903." In addition, The Company's calculation of the 3 percent test is shown on the "C - 3% Test" tab in the workpaper "UG 530 CNGC Gas & Non Gas Cost Model WP 07.31.26".

⁵ As this deferral is related to the conservation of natural gas resources, an earnings test is not applied, and the amortization of the correctly calculated costs has always been approved. [Order No. 25-141](#), Appendix A page 4.

⁶ The Company does not have a good estimate of the costs it will defer other than the costs of the RTCs deferred will correspond to the number of voluntary offsets purchased as well as the revenue from Schedule 805 (see UM 2338 filing on the next page). In addition, there is not yet a request for amortization.

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UM 2230(4)	HB 2475	Deferral				N/A	Approve with Conditions
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UG 530 Public Purpose Charge (Schedule 31)

Summary of Filing:

The purpose of this filing is to include costs related to the Public Purpose Charge (Schedule 31) based on adjustments to meet forecasted budgetary needs between October 31, 2026 and November 1, 2026, for key components including Energy Trust of Oregon (Energy Trust) cost recovery and transferal, Cascade's Oregon Low Income Bill Assistance (OLIBA), and Oregon Low Income Energy Conservation (OLIEC) programs.

Background:

This tariff originated in Docket No. UG 167 from Order No. 06-191 on April 19, 2006. This filing replaces the current rates effective May 30, 2026, which was approved in ADV 1866, and would be effective October 31, 2026.

Key Facts:

Cascade proposes reducing the PPC to prevent an over collection of the amount needed over the next several months. The primary drivers of the net rate decrease listed above are the result of seeking to collect the same budget/expenditures sought through Advice No. O26-04-01, ADV 1870, minus a \$591,000 downward budgetary adjustment from Energy Trust and observed carryover for the OLIBA budget as of February 2026, and across customer bills subject to the increased rates to be effective October 31, 2026, determined in the Company's 2026 General Rate Case. The current effective rate was developed to meet (with OLIBA and OLIEC remaining consistent) increased budgetary Energy Trust needs upon the implementation of its 5-year plan, while the proposed rate was developed to account for downward Energy Trust adjustment, a minor OLIBA carryover, and doing so across an increased projected total annual revenue as a result of various adjustments effective October 31, 2026 (notably including the implementation of stipulated UG 525 General Rate Case revisions as well as projected 2026 PGA impacts).

Customer Impact:

This will affect roughly 75,493 residential customers (in terms of total billings across the year divided by twelve), 10,711 commercial customers, and 179 industrial customers. This surcharge impacts Cascade's customers according to rate uniformly as a percentage of total monthly customer bills. The proposed monthly charge atop basic service and volumetric (less EDP charges) charges applies to each of the aforementioned Rate Schedules and yield an approximate 2.08 percent decrease in monthly bills relative to the existing PPC effective rate.

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UG 530 Energy Discount Program (Schedule 37)

Summary of Filing:

The purpose of this filing is recovery of the Company's Energy Discount Program Costs.

Background:

On June 28, 2022, Cascade came before the Commission with their original HB 2475 interim proposal, the Arrearage Management Program and Energy Discount (AMPED). At the meeting, Staff's review and recommendations highlighted concerns regarding AMPED participant risk related to post-enrollment verification, consistent application of self-attestation in enrollment and eligibility processes, and cost-recovery terms. Ultimately, the Commission motioned to suspend and investigate the advice filing and articulated that parties would come back in an open meeting no later than August 1, 2022, to review a revised proposal that sought to resolve outstanding concerns. While Cascade annually reviews the balance of Schedule 36 EDP costs and Schedule 37 collections, this is the first year since the Schedule 37 rate was implemented in 2022 (ADV 1409) where program spending has exceeded cost recovery sufficiently to warrant an increase to the rate.

Key Facts:

Cascade is seeking an increase of \$1,115,047, or 1.14 percent. The Company has a deferral, so this is a "true-up" of actual expenses from the previous year in Schedule 36 and future collections from customers to meet program needs in Schedule 37.

Customer Impact:

If approved, this change will affect all 86,416 of Cascade's Oregon customers. The proposed change to residential customers will increase their average monthly bills by 1.11 percent.

UG 530 Intervenor Funding

Summary of Filing:

The purpose of Schedule 192 is to amortize amounts deferred under Docket No. UM 1336(18) for intervenor funding.

Background:

An Intervenor Funding Agreement (IFA) governs intervenor funding grants for organizations representing customer interests in Commission proceedings. Energy utilities pay into the IFA funds. The IFA sets forth eligibility criteria, regulatory procedures, and payment issuance and review. Expenses included for amortization in this filing were deferred by the Company during the 12-month period ending October 31, 2026. Use of intervenor funding grants for this deferral period are in accordance with the Fifth Amended and Restated Intervenor Funding Agreement, approved by the

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Commission in Order No. 22-506, and a separate intervenor funding agreement specific to environmental justice and low-income advocate organizations, approved in Order No. 23-033. The Commission most recently approved deferral of Cascade's intervenor funding costs in Docket No. UM 1336(17)(18), Order No. 25-424, for the 12 months beginning November 1, 2025, and it filed an additional reauthorization on September 30, 2026.

Key Facts:

The net effect of the new temporary adjustment for intervenor funding, proposed to go into effect October 31, 2026, will result in a decrease in the Company's annual revenues of \$56,616.

Customer Impact:

The average residential customer served under Rate Schedule 101, using an average of 57 therms/month, will see a monthly decrease of approximately \$0.08. The average interruptible commercial or industrial customer served under Rate Schedule 170, using an average of 55,007 therms/month, will see a monthly increase of approximately \$13.20. The average commercial customer served under Rate Schedule 104, using an average of 265 therms/month, will see a monthly increase of approximately \$0.02

UG 530 Conservation Alliance Plan (CAP) (Decoupling)

Summary of Filing:

This is the tenth revision of Sheet No. 193.1 of Schedule 193, Conservation Alliance Plan Adjustment, for the amortization of deferred balances for variances in collections due to conservation and weatherization associated with the Company's approved conservation alliance plan (CAP) authorized in Docket No. UM 1557. Base rates are adjusted annually for this purpose.

Background:

Cascade's deferral application requests (submitted and approved in UM 1557) each cover a calendar year, but in this proceeding Cascade requests to amortize its forecasted CAP deferral balances as of October 31, 2026. The filing was first approved on October 28, 2011, in Order No. 11-427 in Docket No. UM 1557. The deferral of these costs has been reauthorized every year since then. The deferral of 2025 costs was approved on April 16, 2025, in Order No. 25-141, and the deferral of 2026 costs was approved on January 22, 2026, in Order No. 26-010. Similar to the CPP costs addressed below, Cascade's original ask was higher but due to the clarification of the 3 percent test, the Company reduced its' request. Cascade submitted a supplemental filing on October 15, 2026, that includes changes reflected the updated calculation.

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Key Facts:

The total requested amortization amount is \$3,131,846, a \$1.9 million or 157.5 percent increase from total current Schedule 193 revenues of \$1.2 million. This is a negative 120 percent change in relation to the total incremental revenue decrease of \$1.6 million.⁷ The CAP revenue change relative to 2025 total gross revenues of \$97,392,012 is an increase of two percent. Most (approximately 82 percent) of the \$3.1 million being amortized will be collected from residential customers on Schedule 101, with the rest collected from Schedule 104. Weather is a significant driver of decoupling deferral amounts. When it is warmer than usual, customers use less natural gas and the Company collects less revenue than expected. That results in positive deferral amounts (i.e. money that then needs to be collected from customers so the Company can collect expected margin revenue/cover its fixed costs). More extreme weather means larger deferral amounts. The weather-related deferral amounts in this filing are positive, meaning it was warmer than “normal” last year.

Customer Impact:

Deferral balances are tracked separately for and collected from Schedules 101 (General Residential) and 104 (General Commercial). For Schedule 101, 75,493 customers would be impacted by the tariff change. For Schedule 104, 10,711 customers would be impacted by the tariff change. An average customer's bill is expected to increase from \$69.17 to \$70.55, a 1.99 percent increase. For Schedule 104, this is expected to be 2.04 percent.

UG 530 Climate Protection Plan (CPP)

Summary:

The Company requests no amortization of Climate Protection Program (CPP) costs in this year's PGA in order to comply with the three percent test, despite an approximate \$15 million deferred balance authorized for deferral under UM 2257.

Background:

After the invalidation of the first iteration of the CPP, Cascade began taking steps to mitigate the impact to customers from purchased renewable thermal credits (RTC) that were no longer needed for CPP compliance. Termination agreements in the contracts for some of these RTCs requires that Cascade pay a termination fee. These fees combined with some RTC deliveries still needed for compliance resulted in about \$15 million of CPP costs from May 2025 through April 2026. Cascade originally proposed to recover about \$5.8 million of the total balance in order to stay within the bounds of the three percent test. After discussions with Staff about the correct calculation of the three percent test, the Company determined that the CPP

⁷ CNGC Advice No. O26-07-01, Attachment B (October 15 update).

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amortization would be set to zero in order to recover other categories of costs. Cascade submitted a supplemental filing on October 15, 2026, that includes these changes.

Key Facts:

Staff agrees with removing the proposed amortization for CPP costs in this instance, but is concerned with holding the \$15 million deferral balance for more time while it accrues interest to the detriment of customers. Staff is open to working with the Company on an alternative recovery mechanism such as an automatic adjustment clause (AAC) or balancing account with a forward-looking estimate for upcoming CPP costs to avoid a similar situation in the future. For the amounts currently deferred, Staff will continue to meet with the Company and stakeholders to determine the appropriate rate treatment and a timeline when the Company may propose amortization.

Customer Impact:

Cascade will bring the current amortization of CPP costs to zero, resulting in a \$0.03210 decrease in the Schedule 220 rate. The proposed decrease in revenues will impact 86,410 customers across all schedules, which excludes energy intensive, trade exposed (EITE) customers per CPP compliance requirements. The breakdown across schedules includes 75,493 residential customers, 10,711 Schedule 104 Commercial customers, and 206 commercial, industrial, and transport customers under schedules 105, 111, 170, and 163. The average residential customer using 57 therms per month will see a monthly decrease of \$1.83 dollars or 2.65 percent. Average Schedule 104 bills will decrease \$8.51 or 3.31 percent. The impact to all schedules is shown below.

Table 3: Bill impacts of Schedule 220

Rate Schedule	Customer Type	Therms per month	Monthly Change	Proposed Rates % Change
101	Residential	57	-\$1.83	-2.65%
104	Commercial	265	-\$8.51	-3.31%
105	Industrial Firm	1,678	-\$53.86	-3.53%
111	Com-Ind Dual	19,378	-\$622.03	-4.01%
170	Industrial Interruptible	55,007	-\$1,765.72	-4.25%
163	Dist Trans (Non-EITE)	18,803	-\$603.57	-16.88%

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UM 2338(2) RNG

Summary of Filing:

The Company seeks an order reauthorizing deferred accounting for the 12-month period, starting September 1, 2026, for all costs and revenues associated with Cascade's Voluntary Renewable Natural Gas (RNG) Program, established in Cascade's Schedule 805.

Background:

Cascade's Voluntary RNG Program is offered through Schedule 805 and allows customers to voluntarily choose to purchase blocks of RNG or renewable thermal credits (RTCs) derived from RNG. Cascade plans to periodically revise the Schedule 805 block charge for renewable natural gas to true-up the difference in revenues and expenses. By using deferred accounting for revenues and expenses, and turning up the block rate as needed, the Company states that it will ensure it recovers all costs from participating customers.

Key Facts:

Cascade does not have any customers enrolled in the Voluntary RNG Program, and does not yet acquire therms for its Voluntary RNG Program.

UM 2230(4) (HB 2475)

Summary:

The Company requests reauthorization to defer for the 12-month period beginning October 1, 2026, in UM 2230, accounting for the treatment of Energy Discount Program Costs and Revenues associated with the Energy Affordability Act Oregon House Bill (HB) 2475.

Background:

Cascade requests authorization to defer the costs and revenues to administer its Energy Discount Program, which is offered in compliance with ORS 757.230. Cascades also defer incremental costs incurred to implement the customer protections adopted in OAR Chapter 860, Division rules are made in compliance with Order No. 25-411 issued, deferred accounting treatment for all incremental costs and revenues associated with the Company's Schedule 36, Energy Discount Program, and Schedule 37, Energy Discount Program Cost Recovery. The Company's Energy Discount Program is offered in compliance with Oregon House Bill 2475, the Energy Affordability Act, partially codified as ORS 757.230.

Key Facts:

Staff's desire to highlight these programs and cost recovery proposals as interim comes from the difficulties faced in forecasting enrollment, rate collection, and administrative

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costs. Staff finds it appropriate to allow Cascade to recover the costs associated with rate mitigation programs, but to also provide the Commission a clear opportunity to reassess the programs and implement any improvements.

Customer Impact:

The Company estimates the deferred expense and revenue for the 12-month period beginning October 1, 2026, to be near net zero based on costs and revenues. Also, the Company provides more information about the costs and revenues deferred per UM 2230 since October 1, 2022.

Recommendation:

Staff recommend the Commission authorize Cascade to defer all costs and revenues incurred to implement and administer the EDP under HB 2475, subject to the following conditions:

- Incremental administrative costs will be separately deferred and tracked for later ratemaking.
- All costs would accrue interest at the modified blended treasury (MBT) rate.
- Require Cascade to maintain a separate account to track and defer incremental administrative costs associated with the EDP under HB 2475 and with the cost of Division 21 residential customer protections.

Conclusion

Staff has reviewed the non-gas filings accompanying the 2026 Purchased Gas Adjustments for Cascade. Staff finds the filings to be consistent with Commission policy and prior practice, with the specific recommendations outlined above. Staff requests Commission approval of the recommendations provided in this memo.

Cascade has reviewed this memo.

PROPOSED COMMISSION MOTION:

Approve Cascade's Docket No. UG 530/Advice No. O26-07-01, with less than statutory notice, subject to refund, which updates the Company's tariffs for service rendered on and after October 31, 2026, and approve UM 2338(2), and UM 2230(4).