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December 23, 2024

Oregon Public Utility Commission
Attn: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

RE: UG-287, Cascade's Rule 19, Conservation Alliance Plan Mechanism

Cascade Natural Gas Corporation's ("Cascade's" or "Company's") supplements the record of UG-287 to provide an update on Cascade's compliance to language in the Company's Rule 19, Conservation Alliance Plan Mechanism that the Commission approved in ADV 1071, which states:

The Company shall initiate a review of this mechanism on September 20, 2024, with any proposed changes to be effective January 1, 2025.

Cascade is not currently seeking to revise Rule 19 effective January 1, 2025, and thus, provides this update of the 2024 review as well as proposed future actions.

Background

In its 2015 general rate case docketed as UG-287, Cascade filed to implement a decoupling mechanism detailed in Rule 19, Conservation Alliance Plan Mechanism (hereafter referred to as "Decoupling Mechanism"). The Decoupling Mechanism is applicable to General Residential Service (Schedule 101) and General Commercial Service (Schedule 104) customers. It was designed to track the difference in baseline margin and billed margin due to weather variances, and then either credit or charge customers the difference.

In Order No. 15-412, the Oregon Public Utility Commission ("Commission") approved the Company's Decoupling Mechanism, along with parameters laid out in a multi-party settlement agreement. Those parameters included the requirement that Cascade perform a full review of its Decoupling Mechanism on September 30, 2019, with any proposed changes to be effective January 1, 2020.

In 2019, Commission Staff, the Citizens' Utility Board ("CUB"), and Cascade (collectively "Parties") performed a review which resulted in the following three changes:

- 1) The implementation of an annual three percent surcharge limit, with amounts in excess of three percent to be deferred to the next period;

- 2) A change to the interest rate applied to Decoupling Mechanism deferral balances from the Company's authorized rate of return to the modified blended treasury rate, with any deferral amounts in excess of the three percent limit accruing interest at a rate equal to the Company's authorized rate of return; and
- 3) The inclusion of language in Rule 19 stating that the Company would initiate a review of the Decoupling Mechanism on September 30, 2024, with any proposed changes to be effective January 1, 2025

Cascade revised its tariff accordingly in Advice No. O19-11-02, which was docketed as ADV 1071. The Commission approved Cascade's filing at its December 17, 2019, public meeting.

2024 Review

In compliance with the language in Rule 19, Cascade initiated a review. On August 28, 2024, Cascade emailed Commission Staff, CUB, and the Alliance of Western Energy Consumers ("AWEC"), providing them with background information and requesting to meet. Parties met on October 22, 2024.

Parties stated their interest in considering separate baseline decoupling margins for new residential customers and existing residential customers, based on the assumption that newer residential customers may use less gas due to higher efficiency standards. In response to this inquiry, on November 20, 2024, Cascade emailed parties a file containing residential customers' actual usage for the timeframe 2012 through 2023, and noted that the usage patterns between newer and legacy customers do not differ substantially. Cascade sent an additional email to the Parties on December 3, 2024, to verify that no changes were needed to the Decoupling Mechanism. While Cascade offered to meet again to discuss the data, no party responded with questions or affirmed the need for further discussion. In summary, the review with parties resulted in no proposed changes to Cascade's Decoupling Mechanism starting in 2025.

Proposed Actions

Although the 2024 review did not result in any changes to the Company's Decoupling Mechanism, Cascade believes it is appropriate and in the spirit of the multi-party settlement agreement approved in UG-287 to review the Decoupling Mechanism again in five years. To this end, Cascade plans to submit an advice filing in January of 2025 to revise the Term section of its Rule 19 to state:

The Company shall initiate a review of this mechanism on September 20, 2029, with any proposed changes to be effective January 1, 2030.

Absent any additional comments from parties, no other changes will be made to Rule 19.

Please direct any questions regarding this filing to me at (208) 377-6015 or Zach Harris at (208) 870-2476.

Sincerely,

/s/ Lori Blattner

Lori Blattner
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