CASCADE NATURAL GAS CORPORATION
A Subsidiary of MDU Resources Group, Inc.

8113 W. GRANDRIDGE BLVD., KENNEWICK, OREGON 99336-7166
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803
www.cngc.com

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Remaining Concerns with SB 88 and -3 Amendments

Chair Jama, Vice Chair Bonham, Members of the Committee;

As discussion continues around SB 88, Cascade Natural Gas is submitting feedback regarding our continued concerns associated with the bill and the newly submitted -3 amendment.

We begin by acknowledging the progress that has been made in narrowing the bill's scope to costs pertaining to lobbying. This change helps mitigate the unintended consequences Cascade shared in previous testimony regarding the ability to recover costs associated with outreach for sustainability and other good faith efforts. However, we believe the definition of lobbying covered in Section 1.4.d of the -3 amendment remains overly broad. Specifically, we are concerned with the inclusion of franchise agreement discussions as an item that would be presumed unjust and unreasonable. Franchise agreements are a contract entered into by a city or municipality and a local distribution company to ensure the safety and reliability of gas infrastructure and to negotiate the terms of operation in the public right of way. Such discussions are not typically entered into by utility lobbyists, but rather with operations staff. Utilities should not be inhibited from such critical negotiations or be forced to accept a proposal as presented to us that may be outside the interest of the Company and our customers. The language should instead be aligned with the Federal Energy Regulatory Commission's lobbying definition via account 426.4 which covers civics, political and related activities. We also believe 1.4.a pertaining to the exclusion of actions taken for the purposes of influencing public opinion are overbroad since "public opinion" is not defined in the bill.

Regarding Section 2, the Commission has existing guidelines regarding recoverable expenses, and the burden of proof already falls on the utility to demonstrate we meet the criteria. We believe it is therefore important that if this section is included, language be fully aligned with current Commission definition and ensure that the presumption of unjust and unreasonable is *rebuttable* by the utility.

Additionally, Section 2.1.a should be modified to only presume unjust and unreasonable costs for the *portion* of "membership fees, dues, sponsorships or contributions to a trade association" that is used "to advertise or support a political influence activity" as some trade associations serve multiple functions, many of which would not fall under the category of advertising or political influence activity. The same should apply to 2.1.d in that only the *portion* of compensation associated with "lobbying to influence a decision by a federal, state or local government official" should be presumed unjust and unreasonable. And in all cases, again, there should be the opportunity for rebuttal by the utility to demonstrate prudency as appropriate.

There are several remaining sections of SB 88 that are of strong concern to the utility. Specifically, we believe utilities should be allowed recovery for compliance associated with laws and regulations including any associated with SB 88. It's for this reason that we believe Section 2.1.m should be removed. Likewise Section 2.1.n is overbroad and assumes expenses are unjust and imprudent for "any category of items or activities that the Public Utility Commission determines is not necessary for an electric or gas company to furnish adequate and safe service." This section risks the unintended consequence of encouraging the Commission to disallow expenses for anything not strictly related to safe and adequate service, which could potentially include environmental pilots, compliance with the Climate Protection Program, payments to the Energy Trust of Oregon for delivering Energy Efficiency services, and even low income bill assistance. It's for this reason that we urge removal of this section, or alternatively request the inclusion of a clearer definition of "adequate and safe service" in the context of this bill.

We also encourage the removal of Section 2.2 that states "An electric or gas company may not request to recover from ratepayers a cost or expense that is a cost or expense described under subsection (1) of this section, if the Public Utility Commission has denied within the previous five years a request by the electric or gas company to recover from ratepayers a substantially similar cost or expense." However, if the language remains, it should be modified to likewise mandate that if the Commission has ruled on a topic, other intervening parties cannot relitigate it for five years.

Finally, Cascade maintains strong concerns with Sections 3 and 4 and we remain opposed to their inclusion. Section 4 in particular appears redundant since the Company already provides reports on lobbying activities, and the purpose of reporting on other activities not associated with costs it intends to recover from ratepayers is unclear.

Again, we appreciate the opportunity to provide feedback regarding SB88 and the associated dash-3 amendments, and look forward to continuing to participate in discussions around this bill.

Respectfully Submitted,

Alyn Spector
External Affairs Manager
Cascade Natural Gas Corporation