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June 17, 2015

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attention: Filing Center
3930 SE Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

RE: UM 1101 - Application for Reauthorization for Deferred Accounting of Intervenor Funding Grants

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), hereby electronically files the above-referenced Application for Reauthorization for Deferred Accounting of Intervenor Funding Grants.

A notice concerning this application will be sent to all parties who participated in the Company's most recently completed general rate case, UG 221. A copy of the notice is part of the enclosed application.

If you have any questions, please call Onita King at (503) 721-2452.

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson
Manager, Regulatory Affairs

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

DOCKET NO. UM 1101

In the Matter of the Application of
NORTHWEST NATURAL GAS COMPANY,
dba NW NATURAL, for reauthorization to defer
expenses for Intervenor Funding Grants.

**APPLICATION OF
NW NATURAL**

In accordance with ORS 757.259 and OAR 860-027-0300, NW Natural (or the “Company”) files this application with the Public Utility Commission of Oregon (the “Commission”) requesting an order re-authorizing the Company to record and defer the cost of intervenor funding grants provided to qualifying organizations pursuant to the provisions of ORS 757.259(3), as amended by Oregon Laws 2003, chapter 234 (“Intervenor Funding Grants”) for future amortization in rates. This request is for the period July 1, 2015, through June 30, 2016.

In support of this Application, NW Natural states:

1. NW Natural

NW Natural is a public utility in the state of Oregon and is subject to the jurisdiction of the Commission with regard to rates, service, and accounting practices. NW Natural also provides retail natural gas service in the states of Oregon and Washington.

2. Statutory Authority

This Application is filed pursuant to ORS 757.259, which empowers the Commission to authorize the deferral of expenses or revenues of a public utility for later incorporation in rates.

3. Communications

NW Natural hereby waives paper service in this docket. Please direct communications regarding this Application to:

Onita King
Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, OR 97209-3991
Telephone: (503) 721-2452
Facsimile: (503) 721-2516
E-mail: ork@nwnatural.com

and

eFiling
Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, OR 97209-3991
E-mail: eFiling@nwnatural.com

4. Basis for Application

Statutory Authority

On June 6, 2003, the Governor signed Oregon Laws 2003, chapter 234 (formerly known as Senate Bill 205, the "Intervenor Funding Act") into law (ORS 757.259). Section 2 of the Intervenor Funding Act authorizes the Commission to approve written agreements for intervenor funding grants between electric and natural gas utilities and qualifying organizations representing broad customer interests. Such grants would be used by these qualifying organizations when participating in certain types of regulatory proceedings before the Commission. Section 2 of the Intervenor Funding Act also authorizes the Commission to establish rules with respect to funding agreements for determining which organizations are eligible for financial assistance, the amount of assistance that may be provided, the manner in which assistance will be distributed, and other necessary administrative matters.

Moreover, Section 2 of the Intervenor Funding Act provides:

“The commission shall allow a public utility that provides financial assistance under this section to recover the amounts so provided in rates. The commission shall allow a public utility to defer inclusion of those amounts in rates as provided in ORS 757.259 if the public utility so elects.”

ORS 757.259(3), as amended by section 3 of the Intervenor Funding Act, provides:

“Upon request of the public utility, the commission by order shall allow deferral of amounts provided as financial assistance under an agreement entered into under section 2 of this 2003 Act for later incorporation in rates.”

Additionally, the Company notes that deferred amounts under ORS 757.259(3) are not subject to the percentage of gross revenues limitation on amortization or other provisions of subsections (5), (6), (7), and (8) of the amended section.

Commission Approval of the Intervenor Funding Agreement, the First Amended and Restated Funding Agreement, and the Second Amended and Restated Intervenor Funding Agreement.

On July, 2, 2003, pursuant to Section 2 of the Intervenor Funding Act, the Commission issued Order No. 03-388, which, among other things, approved the Intervenor Funding Agreement among NW Natural, Portland General Electric, PacifiCorp, Cascade Natural Gas Corporation, Avista Corporation, Industrial Customers of Northwest Utilities (“ICNU”), Citizens’ Utility Board (“CUB”), Northwest Industrial Gas Users (“NWIGU”) (collectively referred to hereafter as “Joint Parties”), dated February 5, 2003. The Intervenor Funding Agreement set forth the amount of funding to be contributed by each utility and the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities.

In its subsequent Order No. 03-405, the Commission directed the utilities to pay CUB the amount made available for the CUB Fund Grants as defined and provided for in the Intervenor Funding Agreement. Express Commission approval for payment was necessitated by Section

7.1 of the Intervenor Funding Agreement, which provides that “upon request by CUB, the Commission will direct the Participating Public Utilities to pay the amounts made available for the CUB Fund.”

On December 29, 2007, the Commission issued Order No. 07-564, which approved amendments to the Intervenor Funding Agreement previously approved in Order No. 03-388. In 2012, Joint Parties executed a Second Amended and Restated Intervenor Funding Agreement which the Commission approved in Order No. 12-452. This Second Amended and Restated Intervenor Funding Agreement, effective January 1, 2013, through December 31, 2017, increased the CUB Fund, the Preauthorized Matching Fund, and the Issues Fund by 15% above the levels allowed in prior years.

5. OAR 860-027-0300(3)(a) - Description of Utility Expense for which deferred accounting is requested.

In accordance with the statutory authority provided by ORS 757.259(3), as amended, and the Commission’s approval of the Second Amended and Restated Intervenor Funding Agreement, NW Natural proposes to record and defer the amount of its payment to CUB as directed by Commission Order No.12-452. The request is pursuant to the terms of the Second Amended and Restated Intervenor Funding Agreement (Agreement), approved by the Commission in Order No. 12-452. Additionally, the Company proposes to record and defer, on an ongoing basis, any and all Intervenor Funding Grants as defined and provided for in the Second Amended and Reinstated Intervenor Funding Agreement, for later incorporation in rates. The Company will record and defer these ongoing costs upon payment of the Intervenor Funding Grants following the Commission’s approval of the Intervenor Funding Grant and issuance of an Order directing the Company to make payment, pursuant to the Second Amended and Restated Intervenor Funding Agreement.

6. OAR 860-027-0300(3)(b) The reason deferred accounting is being requested.

This request is made in accordance ORS 757.259(3) that allows for the deferral of Intervenor funds, and Commission Order No. 12-452 in Docket No. UM 1357 which directs NW Natural to pay to CUB the amounts made available for the CUB Fund Grants as defined and provided for in the Second Amended and Restated Intervenor Funding Agreement (\$66,125 for NW Natural).

7. OAR 860-027-0300(3)(c) The account proposed for recording the amounts in the absence of deferred accounting.

NW Natural proposes to record payment of Intervenor Funding Grants in a subaccount of Account 186. In the absence of the Commission's approval of this Application, the Company would not incur the cost of Intervenor Funding Grants. Were such costs incurred, however, they would be recorded in an appropriate sub-account of FERC Account 401.

8. OAR 860-027-0300(3)(d) Amounts Subject to Deferral

Under the current agreement, the maximum amounts to be deferred during the 12-month period subsequent to the Application are:

| | <u>Fund</u> |
|-----------------------------|------------------|
| CUB Fund | \$ 66,125 |
| Preauthorized Matching Fund | \$ 66,125 |
| Issue Fund | <u>\$ 66,125</u> |
| Total | <u>\$198,375</u> |

NW Natural notes that some discussion has taken place regarding increasing the amounts of its intervenor funding, and that it will request an increase in those amounts. For this reason, the amounts deferred for the 12-month period covered by this Application could be higher than that shown above. Additionally, the Agreement permits under certain circumstances for an advance of funds that would otherwise be available in future years, or for the rollover of unused funds

from a previous year for Intervenor Funding Grants from the CUB Fund and the Preauthorized Matching Fund. If an advance is made under the applicable provision of the Agreement, or grants are made based on available rollover funds, the maximum annual amounts of Intervenor Funding Grants from the CUB Fund or the Preauthorized Grant Fund could exceed the level specified in this paragraph.

9. OAR 860-027-0300(4)(a) A description and explanation of the entries in the deferred account to date of the application for reauthorization.

Attached to this application are work papers detailing the amounts deferred to-date under UM 1101.

10. Requirements per Commission Order No. 09-263

Below is the information required per Commission Order No. 09-263, issued in Docket UM-1286, Staff's Investigation into Purchased Gas Adjustment Mechanisms:

a. A completed Summary Sheet, the location in the PGA filing, and an account map that highlights the transfer of dollars from one account to another

Exhibit A provides the Summary Sheets which show the amounts deferred. Exhibit A will be included in the 2015 PGA filing work papers and in the electronic file entitled "Proposed Temps Oregon 2014-15 PGA filing.xls."

b. The effective date of the deferral

This application is for the 12-month period beginning July 1, 2015 and ending June 30, 2016.

c. Prior year Order Number approving the deferral

Approval to defer costs associated with intervenor funding was last granted under Commission Order No. 14-249.

d. The amount deferred last year.

| | Issue Fund | CUB Fund | NWIGU Fund |
|--|--------------------|--------------------|--------------------|
| | <u>Acct 186284</u> | <u>Acct 186276</u> | <u>Acct 186278</u> |
| Deferred amounts July 1, 2014 through April 30, 2015 | \$54,485 | \$66,125 | \$18,633 |

e. The amount amortized last year

| | CUB Fund | NWIGU Fund |
|---|--------------------|--------------------|
| | <u>Acct 186286</u> | <u>Acct 186288</u> |
| Amortized amounts November 1, 2014 through April 30, 2015 with interest | \$46,860 | \$17,567 |

f. The interest rate that will apply to the accounts

While the Company does not currently accrue interest on balances deferred for intervenor funding, the Company is authorized to include carrying costs in accordance with Section 7.9 of the Second Amended and Restated Agreement included as attachment A to Commission Order No. Order No. 12-452.

g. An estimate of the upcoming PGA-period deferral and / or amortization

The Company estimates that it will seek to amortize around \$198,375, which amount could be increased because of the reasons described above.

WHEREFORE, NW Natural respectfully requests that in accordance with ORS 757.259(3), as amended, the Commission authorize the Company to record and defer, on an ongoing basis and commencing as of the date of this filing, Intervenor Funding Grants incurred by the Company pursuant to the Intervenor Funding Agreement, as described in this Application.

DATED this 17th day of June 2015.

/s/ Mark R. Thompson

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June 17, 2015

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO
DEFER INTERVENOR COSTS**

To All Parties Who Participated in UG 221:

Please be advised that today Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to defer Intervenor Costs, pursuant to the provisions of ORS 757.259(2)(e). Copies of the Company's application are available for inspection at its main office.

This is not a rate case. The purpose of this Notice is to inform parties that participated in the Company's most recent general rate case, UG 221, that the Application was filed.

Parties who desire more information or who wish to obtain a copy of the filing, or notice of the time and place of any hearing, if scheduled, should contact the Company or the Public Utility Commission of Oregon as follows:

NW Natural
Attn: Onita King
220 NW Second Avenue
Portland, Oregon 97209-3991
Telephone: (503) 721-2452

Public Utility Commission of Oregon
Attn: Judy Johnson
3930 Fairview Industrial Drive SE
PO Box 1088
Salem, Oregon 97308-1088
Telephone: (503) 378-6636

Any person may submit to the Commission written comments on this matter no sooner than 25 days from the date of this Application. The granting of this Application will not authorize a change in rates, but will permit the Company to defer amounts in rates to a subsequent proceeding.



CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING ORDER FOR INTERVENOR COSTS, upon all parties of record in the UG 221 proceeding, which is the Company's most recent general rate case, by electronic mail.

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DATED at Portland, Oregon, this 17th day of June 2015.

/s/ Shannon Seagondollar
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