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August 30, 2012

Ms. Kathy Williams
Oregon Public Utility Commission
550 Capitol Street NE #215
Salem, OR 97308-2148

Re: UM 1336(5) – Reauthorization for Deferred Accounting Treatment of Intervenor Funding

Dear Ms. Williams:

Cascade Natural Gas files the enclosed Application for Reauthorization of the Deferred Accounting Treatment of Intervenor Funding Grants for the Upcoming twelve months effective November 1, 2012. Initial authorization was approved in Docket UM 1336, Order No. 07-397, with an effective date of September 13, 2007.

Should you have any questions regarding this filing, please contact me at (509)734-4593.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", with a long horizontal flourish extending to the right.

Michael Parvinen
Manager
Regulatory Affairs

Enclosures

We make warm neighbors

1 3. **COMMUNICATIONS**

2 Communications regarding this Application should be addressed to:

3 Michael Parvinen
4 Manager, Regulatory Affairs
5 Cascade Natural Gas Corporation
6 8113 W. Grandridge Blvd.
7 Kennewick, WA 99336-7166
8 Telephone: (509) 734-4593
9 Facsimile: (509) 737-9834
10 E-mail: michael.parvinen@cngc.com

11 4. **BASIS FOR APPLICATION**

12 Statutory Authority

13 On June 6, 2003, the Governor signed OR Laws 2003, ch. 234 (the “Intervenor
14 Funding Act”) into law. Section 2 of the Intervenor Funding Act authorizes the
15 Commission to approve written agreements for intervenor funding grants between
16 electric and natural gas utilities and qualifying organizations representing broad customer
17 interests. Such grants would be used by these qualifying organizations when
18 participating in certain types of regulatory proceedings before the Commission. Section
19 2 of the Intervenor Funding Act also authorizes the Commission to establish rules with
20 respect to funding agreements for determining which organizations are eligible for
21 financial assistance, the amount of assistance that may be provided, the manner in which
22 assistance will be distributed, and other necessary administrative matters.

23 Moreover, Section 2 of the Intervenor Funding Act provides:

24 “The commission shall allow a public utility that
25 provides financial assistance under this section to recover
26 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.”

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

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

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

9 Commission Approval of the Intervenor Funding Agreement

10 On December 19, 2007, the Commission issued Order No. 07-564, which
11 approved amendments to the original Intervenor Funding Agreement previously
12 approved in Order No. 03-338. The parties to this amended Intervenor Funding
13 Agreement are Portland General Electric Company, PacifiCorp, Cascade Natural Gas
14 Corporation, Avista Corporation, Industrial Customers of Northwest Utilities (ICNU),
15 Citizens’ Utility Board of Oregon (CUB), and Northwest Industrial Gas Uses (NWIGU).
16 The Intervenor Funding Agreement sets forth the amount of funding to be contributed by
17 each utility and the procedures for budget submittals by intervenors, Commission
18 approval of budgets, and the payment of grants by utilities. In its subsequent Order No.
19 08-006, the Commission directed the utilities to pay to CUB the amounts made available
20 for the CUB Fund Grants as defined and provided for in the Intervenor Funding
21 Agreement (\$30,000 for Cascade). Express Commission approval for payment was
22 necessitated by Section 7.1 of the Intervenor Funding Agreement, which provides that
23 “upon request by CUB, the Commission will direct the Participating Public Utilities to
24 pay the amounts made available for CUB Fund Grants...”

1 Funding Account included monthly interest accruals which totaled \$734 for the 12 month
2 period.

3 Per the Commission's Order 12-137, Cascade provided a total of \$851 of Pre-
4 Authorized Matching Funds to the Northwest Industrial Gas Users (NWIGU) during the
5 12 month period. Additional deferral entries to the NWIGU Intervenor Funding account
6 included monthly interest accruals which totaled \$10 for the 12 month period.

7
8 The company proposed amortization of the outstanding balances in its annual
9 PGA/Temporary Technical Adjustment filing which was concurrently filed with the
10 Commission on August 31, 2012. The outstanding balances are maintained in separate
11 deferral accounts to facilitate amortization to the appropriate rate schedules. Residential
12 customers served on Rate Schedule 101 will be surcharged for the CUB Fund balances
13 and industrial customers served on Rate Schedules 105, 111, 163, and 164 will be
14 surcharged for the Pre-Authorized Matching Fund balances.

15
16 **7. AMOUNTS SUBJECT TO DEFERRAL**

17 Cascade anticipates that the maximum amounts to be deferred during the 12-
18 month period subsequent to the Application are:

<u>Fund</u>	
CUB Fund	\$ 30,000
Preauthorized Matching Fund	\$ 30,000
Issue Fund	<u>\$ 30,000</u>
Total	<u>\$ 90,000</u>

24
25 For the 12-month period covered by this Application, Cascade expects that the
26 amount subject to this deferral will not exceed \$ 90,000. The Intervenor Funding

Page Agreement permits under certain circumstances for an advance of funds that would

1 otherwise be available in future years for Intervenor Funding Grants from the CUB Fund
2 and the Preauthorized Matching Fund. If an advance is made under the applicable
3 provision of the Intervenor Funding Agreement, the maximum annual amounts of
4 Intervenor Funding Grants from the CUB Fund or the Preauthorized Grant Fund could
5 exceed the level specified in this paragraph in which case the amount deferred under this
6 Application could exceed \$ 90,000.

7
8 **8. ACCOUNTING**

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

14 WHEREFORE, Cascade respectfully requests that in accordance with ORS 757.259(3),
15 as amended, the Commission issue an order reauthorizing the Company to record and
16 defer from November 1, 2012 through October 31, 2013 Intervenor Funding Grants
17 incurred by the Company pursuant to the Intervenor Funding Agreement, as described in
18 this Application.

19 DATED: August 30, 2012.

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21 
22 _____
23 Michael Parvinen
24 Manager, Regulatory Affairs

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