

In the Community to Serve'

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

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,

Michael Parvinen

Manager

Regulatory Affairs

Enclosures

| 1    | BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON   |  |  |  |  |  |  |
|------|--|--|--|--|--|--|--|
| 2    | DOCKET NO. UM 1336(5)  |  |  |  |  |  |  |
| 3    |  |  |  |  |  |  |  |
| 4    |  |  |  |  |  |  |  |
| 5    | In the Matter of the Application of CASCADE NATURAL GAS CORPORATION  APPLICATION             |  |  |  |  |  |  |
| 6    | for Reauthorization to Defer Expenses for  |  |  |  |  |  |  |
| 7    | Intervenor Funding Grants  |  |  |  |  |  |  |
| 8    |  |  |  |  |  |  |  |
| 9    | In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas                     |  |  |  |  |  |  |
| 10   | Corporation (or the "Company") applies to the Public Utility Commission of Oregon            |  |  |  |  |  |  |
| 11   | ("Commission") for an accounting order reauthorizing the Company to record and defer, on an  |  |  |  |  |  |  |
| 12   | ongoing basis, the cost of intervenor funding grants provided to qualifying organizations    |  |  |  |  |  |  |
| 13   | pursuant to the provisions of ORS 757.259 (3), as amended by OR Laws 2003, ch. 234           |  |  |  |  |  |  |
| 14   | ("Intervenor Funding Grants"). The Company respectfully requests that the deferral commence  |  |  |  |  |  |  |
| 15   | November 1, 2012 for later amortization in rates.  |  |  |  |  |  |  |
| 16   | In support of this Application, Casacade states:   |  |  |  |  |  |  |
| 17   | 1. CASCADE NATURAL GAS CORPORATION   |  |  |  |  |  |  |
| 18   | Cascade Natural Gas Corporation is a public utility engaged in the distribution of           |  |  |  |  |  |  |
| 19   | natural gas in the states of Oregon and Washington and is subject to the jurisdiction of the |  |  |  |  |  |  |
| 20   | Commission with regard to its rates, service, and accounting practices.                      |  |  |  |  |  |  |
| 21   | 2. STATUTORY AUTHORITY   |  |  |  |  |  |  |
| 22   | This Application is filed pursuant to ORS 757.259, which empowers the                        |  |  |  |  |  |  |
| 23   | Commission to authorize the deferral of expenses or revenues of a public utility for later   |  |  |  |  |  |  |
| 24   | incorporation in rates.  |  |  |  |  |  |  |
| 25   |  |  |  |  |  |  |  |
| 26   |  |  |  |  |  |  |  |
| Page |  |  |  |  |  |  |  |
|      | 1 - APPLICATION OF CASCADE NATURAL GAS CORPORATION   |  |  |  |  |  |  |

| 1    | э.      | COMMUNICATIONS  |
|------|---------|---|
| 2    |         | Communications regarding this Application should be addressed to:   |
| 3    |         | Michael Parvinen  |
| 4    |         | Manager, Regulatory Affairs Cascade Natural Gas Corporation   |
| 5    |         | 8113 W. Grandridge Blvd.<br>Kennewick, WA 99336-7166  |
| 6    |         | Telephone: (509) 734-4593<br>Facsimile: (509) 737-9834  |
| 7    |         | E-mail: michael.parvinen@cngc.com   |
| 8    | 4.      | BASIS FOR APPLICATION   |
| 9    |         | Statutory Authority   |
| 10   |         | On June 6, 2003, the Governor signed OR Laws 2003, ch. 234 (the "Intervenor   |
| 11   | Fundi   | ng Act") into law. Section 2 of the Intervenor Funding Act authorizes the   |
| 12   | Comr    | nission to approve written agreements for intervenor funding grants between   |
| 13   | electr  | ic and natural gas utilities and qualifying organizations representing broad customer                                   |
| 14   | intere  | sts. Such grants would be used by these qualifying organizations when   |
| 15   | partic  | ipating in certain types of regulatory proceedings before the Commission. Section                                       |
| 16   | 2 of tl | ne Intervenor Funding Act also authorizes the Commission to establish rules with  |
| 17   | respec  | et to funding agreements for determining which organizations are eligible for   |
| 18   | financ  | cial assistance, the amount of assistance that may be provided, the manner in which                                     |
| 19   | assista | ance will be distributed, and other necessary administrative matters.   |
| 20   |         |   |
| 21   |         | Moreover, Section 2 of the Intervenor Funding Act provides:   |
| 22   |         | "The commission shall allow a public utility that   |
| 23   |         | provides financial assistance under this section to recover the amounts so provided in rates. The commission shall      |
| 24   |         | allow a public utility to defer inclusion of those amounts in rates as provided in ORS 757.259 if the public utility so |
| 25   |         | elects."  |
| 26   |         |   |
| Page |         |   |

2 - APPLICATION OF CASCADE NATURAL GAS CORPORATION

| 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 by order shall allow deferral of amounts provided as                 |
| <b>4</b><br>5 | financial assistance under an agreement entered into under 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"  |
| 25            |  |
| 26            |  |

Page

#### 5. CASCADE PROPOSAL

In accordance with the statutory authority provided by ORS 757.259(3), as amended, and the Commission's approval of the Intervenor Funding Agreement, Cascade proposes to record and defer from November 1, 2012 through October 31, 2013 any and all Intervenor Funding Grants as defined and provided for in the 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 intervenor Funding Agreement.

At the time of consideration for incorporation into rates, Cascade will propose an appropriate amortization period for the Intervenor Funding Grants for the Commission's consideration.

# 6. PRIOR PERIOD DEFERRAL ACTIVITY

Deferral activity for the period August, 2011 to July, 2012 is detailed in the table below.

# INTERVENOR FUNDING ACCRUALS AUGUST 2011 Thru JULY 2012

| 10 | Pre-Authorized            |    |               |          |           |          |               |
|----|---------------------------|----|---------------|----------|-----------|----------|---------------|
| 19 |                           |    | CUB           |          | Matching  |          | TOTAL         |
| 20 |                           |    | Fund          |          | Funds 1/  | IV       | F Deferrals   |
| 21 | Payments Accrued Interest | \$ | 30,000<br>734 | \$<br>\$ | 851<br>10 | \$<br>\$ | 30,851<br>744 |

1/ Pre-Authorized Matching Funds provided to NWIGU

Per the Commission's Order 12-009 in UM 1357, Cascade provided \$30,000 of CUB Funding in January 2012. Additional deferral entries to the CUB Intervenor

Page

### 4 - APPLICATION OF CASCADE NATURAL GAS CORPORATION

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

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

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

# 7. AMOUNTS SUBJECT TO DEFERRAL

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

19 <u>Fund</u>

| 20 | CUB Fund                    | \$ 30,000        |
|----|-----------------------------|------------------|
| 21 | Preauthorized Matching Fund | \$ 30,000        |
| 22 | Issue Fund                  | \$ 30,000        |
| 23 | Total                       | <u>\$ 90,000</u> |

Page

For the 12-month period covered by this Application, Cascade expects that the amount subject to this deferral will not exceed \$ 90,000. The Intervenor Funding Agreement permits under certain circumstances for an advance of funds that would APPLICATION OF CASCADE NATIONAL CASCADE ATTION.

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. 20 21 22 Michael Parvinen Manager, Regulatory Affairs 23 Cascade Natural Gas Corporation 24 8113 W. Grandridge Blvd. Kennewick, WA 99336-7166 25 Phone: (509) 734-4593 Facsimile: (509) 737-9834 26 E-mail: michaelparvinen@cngc.com Page

1