

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 6, 2015

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE November 1, 2015

DATE: September 24, 2015

TO: Public Utility Commission

FROM: Mitchell Moore *MM*

THROUGH: *J* Jason Eisdorfer and Marc Hellman *MH*

SUBJECT: CASCADE NATURAL GAS: (Docket No. UM 1336(8)) Requests reauthorization to defer costs related to Intervenor Funding Grants.

**STAFF RECOMMENDATION:**

I recommend the Commission approve Cascade Natural Gas's (Cascade or Company) request for reauthorization to defer costs related to intervenor funding grants effective November 1, 2015.

**ISSUE:**

Cascade requests reauthorization to record and defer for a 12-month period beginning November 1, 2015, the cost of intervenor funding grants as allowed under ORS 757.072.

Deferral of these costs was originally granted by the Commission in Order No. 07-397 and has been annually reauthorized, most recently by Order No. 14-342.

**RULE:**

This request is made pursuant to ORS 757.259 and OAR 860-027-0300, which allows a deferral of expenses provided as financial assistance under an agreement entered into under ORS 757.072 for later incorporation in rates.

**STAFF ANALYSIS:**

In its Order No. 03-388, the Commission approved an Intervenor Funding Agreement (IFA) between various utilities, and intervenors including the Citizens' Utility Board of Oregon (CUB), Northwest Industrial Gas Users (NWIGU), and Industrial Customers of Northwest Utilities (ICNU). The IFA sets forth the funding amount to be contributed by each utility, the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities. It authorizes three funds with different qualification requirements for each. They are the CUB Fund, the Preauthorized Matching Fund, and the Issue Fund.

The IFA also requires the costs of each fund to be allocated to the appropriate customer class. The CUB fund is generated from residential rates, and industrial customers' rates include an increment to support the Preauthorized Matching Fund (Matching Fund). The Commission allocates amounts related to the Issue Fund to align the costs of advocacy with the intended beneficiaries of the advocacy.

On June 5, 2007, the Commission issued Order No. 07-221, approving the stipulation in the matter of MDU Resources Group, Inc.'s application to acquire Cascade. As part of that stipulated agreement, Cascade agreed to join the Intervenor Funding Program established by Order No. 03-388, subject to the same terms and conditions applicable to the other utilities.

In its subsequent Order No. 07-564, the Commission approved an amended and restated IFA that extends intervenor funding until December 31, 2012.

Most recently, by Order No. 12-452, the Commission approved a second amended and restated IFA that extends intervenor funding until December 31, 2017. This IFA also provides authority for intervenors to request an increase in annual funding.

Reason for Deferral

In accordance with OAR 860-027-0300(4)(b), the Company requests continuation of deferred accounting to recover amounts approved pursuant to Order No. 12-452.

Proposed Accounting

Amounts are to be debited to deferred accounts only as the utility disburses funding to a qualifying intervenor. The proposed deferrals would be recorded in separate subaccounts of FERC Account 186. The Company would not normally incur the cost of intervenor funding grants without deferral approval. However, if such costs were incurred they would be recorded in an appropriate sub account of FERC Account 401.

Current Deferral Activity

In accordance with OAR 860-027-0300(4)(a) Cascade provided the following information regarding the deferral activity to the date of this application. Cascade will seek recovery of these deferred amounts concurrent with its upcoming purchased gas cost adjustment filing.

Order No.	Preauthorized Matching Fund	CUB Fund	Issues Fund
15-001		34,500	
15-032	\$2,455		
15-252			3,000

Estimated Deferrals in Authorization Period

At the time of its application, Cascade estimated that the maximum deferred amounts during the 12-month period beginning November 1, 2015, will be as shown in the table below. Depending on the Commission's decision regarding the Third Amended and Restated IFA, these estimated amounts may change.

Fund	Amount
CUB Fund	34,500
Preauthorized Matching Fund	34,500
Issues Fund	34,500
<b>Total</b>	<b>\$103,500</b>

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**CONCLUSION:**

As Cascade's filing meets the requirements of the IFA, ORS 757.259 and OAR 860-027-0300, I recommend the Commission approve the application.

**PROPOSED COMMISSION MOTION:**

Cascade's application to defer the costs associated with intervenor funding grants for the 12-month period beginning November 1, 2015, be approved.

Ca 3 Cascade UM 1336(8) Intervenor Funding deferral