

ORDER NO. 15 326

ENTERED OCT 19 2015

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UG 300

In the Matter of

CASCADE NATURAL GAS  
CORPORATION,

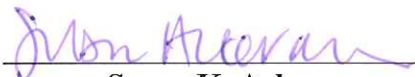
Updates Schedule 192, Intervenor Funding  
Adjustment Rates.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

This order memorializes our decision, made and effective at the special public meeting on October 19, 2015 to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 19 day of October, 2015, at Salem, Oregon.



**Susan K. Ackerman**  
Chair





**John Savage**  
Commissioner



**Stephen M. Bloom**  
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 19, 2015

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

DATE: October 9, 2015

TO: Public Utility Commission

FROM: Mitchell Moore *mm*

THROUGH: *JE* Jason Eisdorfer and *JE for MHH* Marc Hellman

SUBJECT: CASCADE NATURAL GAS: (Docket No. UG 300/Advice No. 15-07-02)  
Updates schedule 192, Intervenor Funding Adjustment.

**STAFF RECOMMENDATION:**

I recommend that Cascade Natural Gas Corp's filing (Cascade or Company) be approved, and the associated tariff be allowed to go into effect on November 1, 2015.

**ISSUE:**

In this filing, Cascade updates the rate increments in its Schedule No. 192, Intervenor Funding Grants - Oregon, to reflect currently deferred account balances in accordance with Order No. 07-397, which requires the costs associated with intervenor funding be allocated to the customer class on whose behalf the intervenor is acting.

**RULE:**

The Commission has authorized Cascade to enter into intervenor funding grant agreements.<sup>1</sup> Under ORS 757.072(4) and ORS 757.259(3), the Commission shall allow utilities that enter into such agreements to defer costs of the grants for later inclusion in rates. Utilities may amortize these deferred costs into rates under ORS 757.259(5). In accordance with ORS 757.259(3) and ORS 757.072, the amortization of amounts deferred under ORS 757.259(3) is not subject to an earnings review, but is subject to a prudence review.

<sup>1</sup> See Order No. 07-332 (Authorizing Cascade to enter into Intervenor Funding Agreement), and Order No. 12-452 (Commission approving a second amended and restated Intervenor Funding Agreement that extends intervenor funding until December 31, 2017.)

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Because the deferral and recovery of these amounts are authorized by statute, Staff's prudence review is focused on verification of the accounting methodology used to determine the final amortization balance

**ANALYSIS:**

For the upcoming November 1, 2015, through October 31, 2016, period (2015/2016 PGA Year), Cascade proposes to adjust rates to recover approximately \$38,500 of deferred expenses from residential customers, and to recover approximately \$2,300 from commercial customers. These amounts represent outstanding deferred balances that result from the addition of intervenor funding expenses incurred<sup>2</sup> and the balances remaining from the reconciliation of the estimated and actual amortization amounts for the 2013/2014 PGA Year.

These currently deferred intervenor costs were authorized most recently by Order No.14-342 (Docket No. UM 1336(7)).<sup>3</sup>

Staff reviewed Cascade's application and supporting workpapers to see if the amortized amounts reconciled with the previous year balances, are consistent with Intervenor Funding grants that were paid by the Company, that interest was applied correctly, and that the proposed rate increments are applied correctly.

Deferred intervenor fund expenses for residential customers are accounted for in Account 1862.20443, and those expenses assigned to industrial customers are accounted for in Account 1860.20448. The balancing account amounts were calculated as shown in the tables on the following page.

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<sup>2</sup> The details of the new intervenor funding are located in Staff's Public Meeting memo (UM 1336(8)) attached to Order No. 15-307.

<sup>3</sup> Reauthorization for deferral of intervenor costs that may occur during November 1, 2015 and October 31, 2016, was approved by Order No. 15-307. (UM 1336(8)).

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|   | <b>Residential Account 1862.20443</b>   |            |
|---|---|------------|
| 1 | November 1, 2014, Beginning Balance   | \$ 51,898  |
| 2 | Add New Intervenor Funding Expense to be amortized (2014/2015 PGA Year)       | 34,500     |
| 3 | Remove Actual & Estimated Monthly Amortizations (2013/2014 PGA Year)          | (49,025)   |
| 4 | Add Actual & Estimated Interest (2013/2014 PGA Year)                          | 877        |
| 6 | Add Estimated Interest (2014/2015 PGA Year)                                   | 290        |
| 7 | Total Deferred Balance to be amortized before revenue sensitive adjustment    | \$ 38,540  |
| 8 | Revenue Sensitive Factor  | 2.856%     |
| 9 | Total Deferred Balance to be amortized adjusted for revenue sensitive factors | \$ 39,6440 |
|   |   |            |

|   | <b>Industrial Account 191724</b>  |          |
|---|---|----------|
| 1 | November 1, 2014, Beginning Balance   | \$ 7,315 |
| 2 | Add New Intervenor Funding Expense to be amortized (2014/2015 PGA Year)       | 2,455    |
| 3 | Remove Actual & Estimated Monthly Amortizations (2013/2014 PGA Year)          | (7,595)  |
| 4 | Add Actual & Estimated Interest (2013/2014 PGA Year)                          | 99       |
| 6 | Add Estimated Interest (2014/2015) PGA Year                                   | 23       |
| 7 | Total Deferred Balance to be amortized before revenue sensitive adjustment    | \$ 2,297 |
| 8 | Revenue Sensitive Factor  | .02856   |
| 9 | Total Deferred Balance to be amortized adjusted for revenue sensitive factors | \$ 2,363 |
|   |   |          |

Cascade's proposed changes will decrease the residential amortization rate from the current rate of \$0.00137 to \$0.00102 per therm, a 26 percent decrease. The current industrial amortization rate of \$0.00019 will decrease to (\$0.00006) per therm, resulting in a 68 percent decrease. The total change in revenue for residential and industrial combined is approximately (\$15,800). Individually, the residential class contributes (\$10,500), and the industrial class contributes (\$5,300), to the revenue adjustment for this filing.

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**CONCLUSION:**

After a review of Cascade's updated proposal and associated workpapers, Staff finds that Cascade's accounting, including the application of interest, is accurate. Staff also finds that the proposed rate increments are calculated correctly. For these reasons, Staff recommends the Commission approve this filing.

The Company has reviewed Staff's public meeting memo and is in agreement with Staff's summary.

**PROPOSED COMMISSION MOTION:**

Cascade's filing is approved and the associated tariffs are allowed to take effect on November 1, 2015.

Cascade UG 300 Advice 15-07-02 amort IVF funding.docx