

ORDER NO. 15 338

ENTERED OCT 20 2015

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1101(12)

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURAL,

Application for Reauthorization for Deferred
Accounting of Intervenor Funding Grants.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on October 20, 2015, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.



BY THE COMMISSION:

Becky L. Beier

Becky L. Beier
Commission Secretary

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.

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ITEM NO. CA4

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 20, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE July 1, 2015

DATE: October 9, 2015

TO: Public Utility Commission

FROM: Judy Johnson 

THROUGH:  Jason Eisdorfer and  Marc Hellman

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 1101(12)) Requests
reauthorization for Deferred Accounting of Intervenor Funding Grants.

STAFF RECOMMENDATION:

I recommend the Commission approve Northwest Natural's (NWN or Company) request for reauthorization to defer costs related to Intervenor Funding Grants effective July 1, 2015.

ISSUE:

NWN asks to defer, for later inclusion, in rates, costs for intervenor funding grants provided under a Commission-approved Intervenor Funding Agreement (IFA).

APPLICABLE LAW:

Under ORS 757.072, a public utility may enter into an Intervenor Funding Agreement (IFA) under which it provides funding grants to intervenors. If the IFA is approved by the Commission, the utility can defer in rates the amounts of the funding grants for later inclusion in rates. ORS 757.259 and OAR 860-027-0300, address deferrals under ORS 757.072.

Deferral of these costs of intervenor funding grants was originally granted by the Commission in Order No. 03-559 and has been annually reauthorized, most recently in Order No. 14-249.

Summary Background

In its Order No. 03-388, the Commission approved an IFA between various utilities including NWN, and several intervenors including the Citizens' Utility Board of Oregon

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(CUB), and Northwest Industrial Gas Users (NWIGU). The IFA sets forth the funding amount each utility will contribute, the procedures for an intervenor's budget submittal, Commission approval of a budget, and a utility's grant payment. 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 cost allocation of each fund 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.

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

Most recently, by Order No. 12-452, the Commission approved an 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(3)(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 will 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 FERC Account 401.

Current Deferral Activity

In accordance with OAR 860-027-0300(3)(d) NWN provided the following information regarding the deferral activity to the date of this application, for the current period.

| New CUB Funding Grants Paid | Date | Amount | Docket/Commission Order |
|-----------------------------|-------|------------------|-------------------------|
| Funding Grant | 01/15 | 66,125 | UM 1357/15-001 |
| Issue Fund | 06/15 | 15,220 | LC 60/15-176 |
| Issue Fund | 08/14 | 15,000 | UM 1635/14-283 |
| Issue Fund | 09/14 | 9,939 | UM 1654/14-327 |
| Total CUB | | \$106,284 | |

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| New NWIGU Funding Grants Paid | Date | Amount | Docket/Commission Order |
|-------------------------------|-------|-----------------|-------------------------|
| Matching Fund | 01/15 | 18,633 | UM 1357/15-030 |
| Issue Fund | 01/15 | 29,546 | UM 1635/15-033 |
| Total NWIGU | | \$48,179 | |

Estimated Deferrals in Authorization Period

At the time of its application, NWN estimated that the maximum deferred amounts during the 12-month period, beginning July 1, 2015, will be as shown in the table below. These estimated amounts may change pursuant to Commission Order 12-452, Appendix A, pages 12-13, paragraphs 4.3 and 4.4 which stipulate when an intervenor may qualify for funds that have been rolled over from a previous period, or for an advance related to a future period.

| Fund | Amount |
|-----------------------------|------------------|
| CUB Fund | \$66,125 |
| Preauthorized Matching Fund | \$66,125 |
| Issue Fund | \$66,125 |
| Total | \$198,375 |

Information Related to Future Amortization

- Earnings Review – Pursuant to Commission Order 12-452, Appendix A, page 27, paragraph 7.9:

If a Participating Public Utility seeks rate recovery through a deferred account, the account and amortization of the account shall be exempt from the amortization caps and earnings test set forth in subsections 5,6,7,8 and 10 of ORS 757.259, as such subsections may be amended from time to time, and shall not be included in any calculation of the amortization cap for other deferred accounts.

- Prudence Review – For amortization, the prudence review should be limited to verification of the accounting methodology used to determine the final amortization balance.
- Sharing – This deferral is not subject to a sharing mechanism.
- Rate Spread/Design – Account balances are to be spread to the appropriate customer classes per Order No. 07-564, Appendix A, page 26, paragraph 7.7(b).

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- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply to amortization of this deferral. See “Earnings Review” above.

Staff Analysis

As the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is still valid, I recommend the Commission approve NWN's application.

PROPOSED COMMISSION MOTION:

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

NWN UM 1101(12) Intervenor Funding