

Rates and Regulatory Affairs  
Facsimile: 503.721.2516



May 15, 2009

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
550 Capitol Street, N.E., Suite 215  
Post Office Box 2148  
Salem, Oregon 97308-2148

ATTN: Filing Center

Re: **OPUC Dockets UM 1101 and UM 1357; Application for Reauthorization for Deferred Accounting of Intervenor Funding Grants**

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files electronically the above-referenced Application for an Accounting Order regarding Intervenor Funding Grants. The requisite original will follow in today's U.S. mail.

A notice concerning this application will be sent to all parties who participated in the Company's most recent general rate case, UG 152. A copy of the notice is part of the enclosed application.

Please call Jennifer Gross at (503) 226-4211 ext. 3590 if you have any questions or require any further information.

Sincerely,

/s/ Inara Scott

Inara K. Scott, Manager  
Rates & Regulatory Affairs

enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**DOCKET NOS. UM 1101 AND UM 1357**

In the Matter of the Application of  
NORTHWEST NATURAL GAS COMPANY,  
dba NW NATURAL, for reauthorization to defer  
expenses for Intervenor Funding Grants.

**APPLICATION OF  
NW NATURAL**

In accordance with ORS 757.259 and OAR 860-027-0300, NW Natural (or the “Company”) files this application with the Public Utility Commission of Oregon (the “Commission”) requesting an order re-authorizing the Company to record and defer the cost of intervenor funding grants provided to qualifying organizations pursuant to the provisions of ORS 757.259(3), as amended by Oregon Laws 2003, chapter 234 (“Intervenor Funding Grants”) for later amortization in rates. This request is for the period July 1, 2009, through June 2010.

In support of this Application, NW Natural states:

**1. NW Natural**

NW Natural is a public utility in the state of Oregon and is subject to the jurisdiction of the Commission with regard to rates, service, and accounting practices. NW Natural also provides retail natural gas service in the states of Oregon and Washington.

**2. Statutory Authority**

This Application is filed pursuant to ORS 757.259, which empowers the Commission to authorize the deferral of expenses or revenues of a public utility for later incorporation in rates.

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### **3. Communications**

Communications regarding this Application should be addressed to:

Inara K. Scott, Manager  
Rates & Regulatory Affairs  
NW Natural  
220 NW Second Avenue  
Portland, OR 97209-3991  
Telephone: (503) 721-2476  
Facsimile: (503) 721-2516  
E-mail: inara.scott@nwnatural.com

and

Rates & Regulatory Affairs  
NW Natural  
220 NW Second Avenue  
Portland, OR 97209-3991  
E-mail: eFiling@nwnatural.com

### **4. Basis for Application**

#### Statutory Authority

On June 6, 2003, the Governor signed Oregon Laws 2003, chapter 234 (formerly known as Senate Bill 205, the "Intervenor Funding Act") into law (ORS 757.259). Section 2 of the Intervenor Funding Act authorizes the Commission to approve written agreements for intervenor funding grants between electric and natural gas utilities and qualifying organizations representing broad customer interests. Such grants would be used by these qualifying organizations when participating in certain types of regulatory proceedings before the Commission. Section 2 of the Intervenor Funding Act also authorizes the Commission to establish rules with respect to funding agreements for determining which organizations are eligible for financial assistance, the amount of assistance that may be provided, the manner in which assistance will be distributed, and other necessary administrative matters.

Moreover, Section 2 of the Intervenor Funding Act provides:

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

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

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

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

#### Commission Approval of the Intervenor Funding Agreement

On December 19, 2007, the Commission issued Order No. 07-564, which approved amendments to the original Intervenor Funding Agreement previously approved in Order No. 03-338. The parties to this amended Intervenor Funding Agreement are Portland General Electric Company, PacifiCorp, Cascade Natural Gas Corporation, Avista Corporation, Industrial Customers of Northwest Utilities (ICNU), Citizens' Utility Board of Oregon (CUB), and Northwest Industrial Gas Users (NWIGU). The Intervenor Funding Agreement sets forth the amount of funding to be contributed by each utility and the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities. In Order No. 09-012, the Commission directed the utilities to pay to CUB the amounts made available for the CUB Fund Grants as defined and provided for in the Intervenor Funding Agreement (\$57,500 for NW Natural). Express Commission approval for payment was necessitated by Section 7.1 of the Intervenor Funding Agreement, which provides that “upon request by CUB, the Commission will direct the Participating Public Utilities to pay the amounts made available for CUB Fund Grants. . . ”

**5. OAR 860-027-0300(3)(a) - Description of Utility Expense for which deferred accounting is requested.**

In accordance with the statutory authority provided by ORS 757.259(3), as amended, and the Commission's approval of the Intervenor Funding Agreement, NW Natural proposes to record and defer the amount of its payment to CUB as directed by Commission Order No. 09-012. Additionally, the Company proposes to record and defer, on an ongoing basis, 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.

This application for reauthorization to defer accounting is for the period, July 1, 2009, through June 30, 2010. Please consider this notice of the Company's intent to file a request to amortize the amounts deferred under this docket for recovery in rates effective November 1, 2010.

**6. OAR 860-027-0300(3)(b) The reason deferred accounting is being requested.**

This request is made in accordance ORS 757.259(3) that allows for the deferral of Intervenor funds, and Commission Order No. 09-012 which directs NW Natural to pay to CUB the amounts made available for the CUB Fund Grants as defined and provided for in the Intervenor Funding Agreement (\$57,500 for NW Natural).

**7. OAR 860-027-0300(3)(c) The account proposed for recording the amounts in the absence of deferred accounting.**

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

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**8. OAR 860-027-0300(3)(d) Amounts Subject to Deferral**

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

	<u>Fund</u>
CUB Fund	\$ 57,500
Preauthorized Matching Fund	\$ 57,500
Issue Fund	<u>\$ 57,500</u>
Total	<u>\$172,500</u>

For the 12-month period covered by this Application, NW Natural anticipates that the amount subject to this deferral will not exceed \$172,500. However, the Intervenor Funding Agreement permits under certain circumstances for an advance of funds that would otherwise be available in future years, or for the rollover of unused funds from a previous year for Intervenor Funding Grants from the CUB Fund and the Preauthorized Matching Fund. If an advance is made under the applicable provision of the Intervenor Funding Agreement, or grants are made based on available rollover funds, the maximum annual amounts of Intervenor Funding Grants from the CUB Fund or the Preauthorized Grant Fund could exceed the level specified in this paragraph in which case the amount deferred under this Application could exceed \$172,500.

**9. OAR 860-027-0300(4)(a) A description and explanation of the entries in the deferred account to date of the application for reauthorization.**

Attached to this application are work papers detailing the amounts deferred to-date under UM 1101.

WHEREFORE, NW Natural respectfully requests that in accordance with ORS 757.259(3), as amended, the Commission authorize the Company to record and defer, on an ongoing basis and commencing as of the date of this filing, Intervenor Funding Grants incurred by the Company pursuant to the Intervenor Funding Agreement, as described in this Application.

DATED this 15<sup>th</sup> day of May, 2009.

/s/ Inara K. Scott

Inara K. Scott, Manager  
Rates & Regulatory Affairs  
NW Natural  
220 NW Second Avenue  
Portland, Oregon 97209  
Phone: (503) 721-2476  
Facsimile: (503) 721-2516  
Email: Inara.scott@nwnatural.com



May 15, 2009

**NOTICE OF APPLICATION FOR A DEFERRED ACCOUNTING ORDER  
REGARDING INTERVENOR FUNDING GRANTS**

**To All Parties Who Participated in UG 152:**

Please be advised that today Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), applied for a deferred accounting order regarding Intervenor Funding Grant expenses. Copies of the Company's Application are available for inspection at its main office.

**This is not a rate case.** The purpose of this Notice is to inform parties that participated in the Company's most recent general rate case, UG 152, that the Application was filed.

Parties who desire more information or who wish to obtain a copy of the filing, or notice of the time and place of any hearing, if scheduled, should contact the Company or the Public Utility Commission of Oregon as follows:

**NW Natural  
Attn: Inara K. Scott  
220 NW Second Ave  
Portland, Oregon 97209-3991  
Telephone: (503) 721-2476**

**Public Utility Commission  
of Oregon  
Attn: Filing Center  
550 Capitol St, NE, Ste 215  
P O Box 2148  
Salem, Oregon 97308-2148  
Telephone: (503) 373-0886**

Any person may submit to the Commission written comments on this matter no sooner than 25 days from the date of this Application. The granting of this Application will not authorize a change in rates, but will permit the Company to defer amounts in rates to a subsequent proceeding.

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## CERTIFICATE OF SERVICE

I certify that I have on this day served the foregoing NOTICE OF APPLICATION FOR REAUTHORIZATION TO DEFER EXPENSES FOR INTERVENOR FUNDING GRANTS upon all parties of record in this proceeding (UG 152), by first-class mail to the following parties or attorneys of parties:

JIM ABRAHAMSON  
CASCADE NATURAL GAS CORPORATION  
2114 SE CLATSOP ST  
PORTLAND OR 97202

JOHN A CAMERON  
DAVIS WRIGHT TREMAINE LLP  
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PORTLAND OR 97201

JASON EISDORFER  
CITIZENS' UTILITY BOARD OF OREGON  
610 SW BROADWAY STE 308  
PORTLAND OR 97205

EDWARD A FINKLEA  
ENERGY ACTION NORTHWEST  
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PORTLAND OR 97207

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REGULATED UTILITY & BUSINESS SECTION  
1162 COURT ST NE  
SALEM OR 97301-4096

STEVEN WEISS  
NORTHWEST ENERGY COALITION  
4422 OREGON TRAIL CT NE  
SALEM OR 97305

DATED at Portland, Oregon, this 15th day of May, 2009.

/s/ Kelley C. Miller  
Kelley C. Miller  
Rates & Regulatory Affairs  
NW NATURAL  
220 NW Second Avenue  
Portland, Oregon 97209-3991  
1.503.226.4211, extension 3589