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June 6, 2014

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 SE Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Attn: Filing Center

RE: OPUC Docket UM 1101 - Application for Reauthorization for Deferred Accounting of Intervenor Funding Grants

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), hereby electronically files the above-referenced Application for Reauthorization for Deferred Accounting of 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 recently completed general rate case, UG 221. A copy of the notice is part of the enclosed application.

If you have any questions, please call Jennifer Gross at (503) 226-4211, extension 3590.

Sincerely,

/s/ Mark R. Thompson

Mark R. Thompson
Manager, Regulatory Affairs

attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

DOCKET NO. UM 1101

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 future amortization in rates. This request is for the period July 1, 2014, through June 30, 2015.

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

NW Natural hereby waives paper service in this docket. Please direct communications regarding this Application to:

Jennifer Gross
Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, OR 97209-3991
Telephone: (503) 226-4211, extension 3590
Facsimile: (503) 721-2516
E-mail: jennifer.gross@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, the First Amended and Restated Funding Agreement, and the Second Amended and Restated Intervenor Funding Agreement.

On July, 2, 2003, pursuant to Section 2 of the Intervenor Funding Act, the Commission issued Order No. 03-388, which, among other things, approved the Intervenor Funding Agreement among NW Natural, Portland General Electric, PacifiCorp, Cascade Natural Gas Corporation, Avista Corporation, Industrial Customers of Northwest Utilities (“ICNU”), Citizens’ Utility Board (“CUB”), Northwest Industrial Gas Users (“NWIGU”) (collectively referred to hereafter as “Joint Parties”), dated February 5, 2003. The Intervenor Funding Agreement set 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 its subsequent Order No. 03-405, the Commission directed the utilities to pay CUB the amount made available for the CUB Fund Grants as defined and provided for in the Intervenor Funding Agreement. 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 the CUB Fund.”

On December 29, 2007, the Commission issued Order No. 07-564, which approved amendments to the Intervenor Funding Agreement previously approved in Order No. 03-388. In 2012, Joint Parties executed a Second Amended and Restated Intervenor Funding Agreement which the Commission approved in Order No. 12-452. This Second Amended and Restated Intervenor Funding Agreement, effective January 1, 2013, through December 31, 2017, provides intervenors the authority to request 15% more annual funding than allowed in prior years.

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 Second Amended and Restated Intervenor Funding Agreement, NW Natural proposes to record and defer the amount of its payment to CUB as directed by Commission Order No.12-452. The request is pursuant to the terms of the Second Amended and Restated Intervenor Funding Agreement (Agreement), approved by the Commission in Order No. 12-452. 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 Second Amended and Reinstated 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 Second Amended and Restated Intervenor Funding Agreement.

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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. 12-452 in Docket No. UM 1357 which directs NW Natural to pay to CUB the amounts made available for the CUB Fund Grants as defined and provided for in the Second Amended and Restated Intervenor Funding Agreement (\$66,125 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.

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	\$ 66,125
Preauthorized Matching Fund	\$ 66,125
Issue Fund	<u>\$ 66,125</u>
Total	<u>\$198,375</u>

For the 12-month period covered by this Application, NW Natural anticipates that the amount subject to this deferral will not exceed \$198,375. However, the 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 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 \$198,375.

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.

10. Requirements per Commission Order No. 09-263

Below is the information required per Commission Order No. 09-263, issued in Docket UM-1286, Staff's Investigation into Purchased Gas Adjustment Mechanisms:

a. A completed Summary Sheet, the location in the PGA filing, and an account map that highlights the transfer of dollars from one account to another

Exhibit A provides the Summary Sheets which show the amounts deferred. Exhibit A will be included in the 2014 PGA filing work papers and in the electronic file entitled "Proposed Temps Oregon 2013-14 PGA filing.xls."

b. The effective date of the deferral

This application is for the 12-month period beginning July 1, 2014 and ending June 30, 2015.

c. Prior year Order Number approving the deferral

Approval to defer costs associated with intervenor funding was last granted under Commission Order No. 13-248.

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d. The amount deferred last year.

	Issue Fund	CUB Fund	NWIGU Fund
	<u>Acct 186284</u>	<u>Acct 186276</u>	<u>Acct 186278</u>
Deferred amounts July 1, 2013 through April 30, 2014	\$60,119	\$66,125	\$8,014

e. The amount amortized last year

	CUB Fund	NWIGU Fund
	<u>Acct 186286</u>	<u>Acct 186288</u>
Amortized amounts November 1, 2013 through April 30, 2014 with interest	\$81,119	\$51,023

f. The interest rate that will apply to the accounts

While the Company does not currently accrue interest on balances deferred for intervenor funding, the Company is authorized to include carrying costs in accordance with Section 7.9 of the Second Amended and Restated Agreement included as attachment A to Commission Order No. Order No. 12-452.

g. An estimate of the upcoming PGA-period deferral and / or amortization

The Company estimates that it will seek to amortize in the 2014 PGA filing no more than \$198,375.

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 6th day of June 2014.

/s/ Mark R. Thompson

Mark R. Thompson
Manager, Rates & Regulatory Affairs
NW Natural
220 NW Second Avenue
Portland, Oregon 97209
Phone: (503) 721-2476
Facsimile: (503) 721-2516
Email: mark.thompson@nwnatural.com

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of Intervenor Funding - ISSUE FUND
 Account Number: 186284
 Docket UM 1101
 Last order for deferral reauthorization was Order No. 13-248

1	Debit (Credit)										
2											
3											
4	Month/Year	Note	Deferral-CUB	Deferral-NWIGU	Transfers-CUB	Transfers-NWIGU	Interest (1)	Activity	Balance-CUB	Balance-NWIGU	Balance Grand Total
5	(a)	(b)	(c1)	(c2)	(d1)	(d2)	(e)	(f)	(g1)	(g2)	(gtotal)
6											
7	Beginning Balance										
82	Nov-12	3			to 186286	to 186288					
83	Dec-12	2	7,390		amort account	amort account		(48,507)	0	45,028	45,028
84	Jan-13							7,390	7,390	45,028	52,418
85	Feb-13							0	7,390	45,028	52,418
86	Mar-13							0	7,390	45,028	52,418
87	Apr-13							0	7,390	45,028	52,418
88	May-13							0	7,390	45,028	52,418
89	Jun-13							0	7,390	45,028	52,418
90	Jul-13	2	25,000					25,000	32,390	45,028	77,418
91	Aug-13							0	32,390	45,028	77,418
92	Sep-13							0	32,390	45,028	77,418
93	Oct-13	2		20,000				20,000	32,390	65,028	97,418
94	Nov-13	3			(32,390)	(45,028)		(77,418)	0	20,000	20,000
95	Dec-13							0	0	20,000	20,000
96	Jan-14		8,333					8,333	8,333	20,000	28,333
97	Feb-14							0	8,333	20,000	28,333
98	Mar-14							0	8,333	20,000	28,333
99	Apr-14			6,786				6,786	8,333	26,786	35,119

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 101 **History truncated for ease of viewing**

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 103 **NOTES**

104 **1** - No interest is applied to this activity

105
 106 **2** - Payments made in:

- 107 December 2012 - see order 12-473
- 108 July 2013 - see order 13-275
- 109 October 2013 - see order 13-369
- 110 January 2014 - see order 14-011

111
 112 **3** - Transfer October CUB balance to 186286 amortization account and transfer September NWIGU balance to 186288 amortization account.

113 The October NWIGU payment was not made until after the OPUC approved amortization of deferred balances; therefore, the \$20,000 will be included in the 2014-15 PGA.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of CUB Intervenor Funding
 Account Number: 186276
 Docket UM 1101
 Last order for deferral reauthorization was Order No. 13-248

1	Debit	(Credit)					
2							
3							
4	Month/Year	Note	Deferral	Transfers	Interest (1)	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)
6							
7	Beginning Balance						
82	Nov-12	3	0	(57,500)		(57,500)	0
83	Dec-12		0			0	0
84	Jan-13	2	66,125			66,125	66,125
85	Feb-13		0			0	66,125
86	Mar-13		0			0	66,125
87	Apr-13		0			0	66,125
88	May-13		0			0	66,125
89	Jun-13		0			0	66,125
90	Jul-13		0			0	66,125
91	Aug-13		0			0	66,125
92	Sep-13		0			0	66,125
93	Oct-13		0			0	66,125
94	Nov-13	3	0	(66,125)		(66,125)	0
95	Dec-13		0			0	0
96	Jan-14	2	66,125			66,125	66,125
97	Feb-14		0			0	66,125
98	Mar-14		0			0	66,125
99	Apr-14		0			0	66,125

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 101 **History truncated for ease of viewing**

102
 103 **NOTES**

104 **1** - No interest is applied to this activity

105
 106 **2** - Payments made in:

107 Jan 2013 - see order 13-002

108 Jan 2014 - see order 14-008

109
 110 **3** - October balance transferred to account 186286 for amortization

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Deferral of NWIGU Intervenor Funding
 Account Number: 186278
 Docket UM 1101
 Last order for deferral reauthorization was Order No. 13-248

1	Debit	(Credit)					
2							
3							
4	Month/Year	Note	Deferral	Transfers	Interest (1)	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(f)	(g)
6							
7	Beginning Balance						
82	Nov-12	3	0	(8,593)		(8,593)	0
83	Dec-12	2	51,194			51,194	51,194
84	Jan-13		0			0	51,194
85	Feb-13		0			0	51,194
86	Mar-13		0			0	51,194
87	Apr-13	2	1,625			1,625	52,819
88	May-13		0			0	52,819
89	Jun-13		0			0	52,819
90	Jul-13		0			0	52,819
91	Aug-13		0			0	52,819
92	Sep-13		0			0	52,819
93	Oct-13	2	2,057			2,057	54,876
94	Nov-13	4	0	(52,819)		(52,819)	2,057
95	Dec-13		0			0	2,057
96	Jan-14		0			0	2,057
97	Feb-14		0			0	2,057
98	Mar-14	2	5,957			5,957	8,014
99	Apr-14		0			0	8,014

101 **History truncated for ease of viewing**

102 **NOTES**

104 **1** - No interest is applied to this activity

106 **2** - Payments made in:

107 Dec 2012 - see order 12-482

108 Apr 2013 - see order 13-105

109 Oct 2013 - see order 13-363

110 Mar 2014 - see order 14-106

112 **3** - October balance transferred to account 186288 for amortization

114 **4** - Transfer September NWIGU balance to 186288 amortization account.

115 The October NWIGU payment was not made until after the OPUC approved amortization of deferred balances;
 116 therefore, the \$2,057 will be included in the 2014-15 PGA.

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of CUB Intervenor Funding
 Account Number: 186286
 Dockets UM 1101 and UG 257
 Amortization of 2012 deferral approved in Order 13-406 of UG 257

1	Debit	(Credit)						
2								
3						Interest		
4	Month/Year	Note	Amortization	Transfers	Interest	rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e1)	(e2)	(f)	(g)
6								
7	Beginning Balance							
88	Nov-12	old rates	(4,590)		(5)	2.24%	(4,595)	(5,270)
89		new rates (1)	(3,492)	106,007	128	1.47%	102,642	97,373
90	Dec-12	2	(13,656)	2	111	1.47%	(13,543)	83,830
91	Jan-13		(20,436)		90	1.47%	(20,346)	63,484
92	Feb-13		(16,321)		68	1.47%	(16,253)	47,231
93	Mar-13		(12,500)		50	1.47%	(12,450)	34,781
94	Apr-13		(8,810)		37	1.47%	(8,773)	26,008
95	May-13		(5,434)		29	1.47%	(5,406)	20,602
96	Jun-13		(4,174)		23	1.47%	(4,151)	16,451
97	Jul-13		(2,571)		19	1.47%	(2,552)	13,899
98	Aug-13		(2,197)		16	1.47%	(2,181)	11,718
99	Sep-13		(2,260)		13	1.47%	(2,247)	9,471
100	Oct-13		(5,123)		8	1.47%	(5,114)	4,357
101	Nov-13	old rates	(4,756)		2	1.47%	(4,753)	(396)
102		new rates (1)	(3,835)	98,515	111	1.38%	94,791	94,394
103	Dec-13		(18,703)		98	1.38%	(18,605)	75,789
104	Jan-14		(19,656)		76	1.38%	(19,580)	56,209
105	Feb-14		(18,017)		54	1.38%	(17,963)	38,246
106	Mar-14		(12,588)		37	1.38%	(12,552)	25,695
107	Apr-14		(8,720)		25	1.38%	(8,695)	17,000

109 **History truncated for ease of viewing**

111 **NOTES**

112 **1** - Transfer in is from the October balances of CUB Deferral account 186276 and Issue Fund Deferral account 186284

113 **2** - Transfer represents a balance true-up adjustment

Company: Northwest Natural Gas Company
 State: Oregon
 Description: Amortization of NWIGU Intervenor Funding
 Account Number: 186288
 Dockets UM 1101 and UG 257
 Amortization of 2012 deferral approved in Order 13-406 of UG 257

1	Debit	(Credit)						
2								
3						Interest		
4	Month/Year	Note	Amortization	Transfers	Interest	rate	Activity	Balance
5	(a)	(b)	(c)	(d)	(e)	(e2)	(f)	(g)
6								
7	Beginning Balance							
72	Nov-12	old rates	(773)		(2)	2.01%	(775)	(1,775)
73		new rates (1)	(360)	8,593	10	1.47%	8,244	6,469
74	Dec-12		(630)		8	1.47%	(623)	5,847
75	Jan-13		(693)		7	1.47%	(686)	5,160
76	Feb-13		(589)		6	1.47%	(583)	4,577
77	Mar-13		(625)		5	1.47%	(620)	3,958
78	Apr-13		(565)		5	1.47%	(561)	3,397
79	May-13		(519)		4	1.47%	(515)	2,882
80	Jun-13		(502)		3	1.47%	(499)	2,383
81	Jul-13		(503)		3	1.47%	(501)	1,883
82	Aug-13		(527)		2	1.47%	(525)	1,357
83	Sep-13		(523)		1	1.47%	(522)	836
84	Oct-13		(627)		1	1.47%	(627)	209
85	Nov-13	old rates	(54)		0	1.47%	(54)	155
86		new rates (1)	(7,346)	97,847	108	1.38%	90,610	90,765
87	Dec-13		(9,213)		99	1.38%	(9,114)	81,650
88	Jan-14		(9,463)		88	1.38%	(9,374)	72,276
89	Feb-14		(8,642)		78	1.38%	(8,564)	63,712
90	Mar-14		(8,785)		68	1.38%	(8,717)	54,995
91	Apr-14		(8,074)		59	1.38%	(8,016)	46,979

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 93 **History truncated for ease of viewing**

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 95 **NOTES**

96 **1** - Transfer in is from the October balances of NWIGU Deferral account 186278 and Issue Fund Deferral account 186284.



June 6, 2014

**NOTICE OF APPLICATION FOR REAUTHORIZATION TO
DEFER INTERVENOR COSTS**

To All Parties Who Participated in UG 221:

Please be advised that today Northwest Natural Gas Company, dba NW Natural ("NW Natural" or "Company"), applied for reauthorization to defer Intervenor Costs, pursuant to the provisions of ORS 757.259(2)(e). 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 221, 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: Jennifer Gross
220 NW Second Avenue
Portland, Oregon 97209-3991
Telephone: (503) 226-4211 ext 3590

Public Utility Commission of Oregon
Attn: Judy Johnson
3930 Fairview Industrial Drive SE
PO Box 1088
Salem, Oregon 97308-1088
Telephone: (503) 378-6636

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.



CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing NOTICE OF APPLICATION FOR DEFERRED ACCOUNTING ORDER FOR INTERVENOR COSTS, upon all parties of record in the UG 221 proceeding, which is the Company's most recent general rate case, by electronic mail.

G. CATRIONA MCCRACKEN W
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DATED at Portland, Oregon, this 6th day of June 2014.

/s/ Kelley C. Miller
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