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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 605

In the Matter of)	
)	ORDER
CASCADE NATURAL GAS)	
CORPORATION)	
)	
Application for Reauthorization to Defer)	
Certain Expenses associated with Demand-)	
Side Programs.		

DISPOSITION: REAUTHORIZATION APPROVED

At its public meeting on June 18, 2002, the Commission adopted Staff's recommendation to approve reauthorization of deferred accounting for costs associated with Cascade Natural Gas Corporation's conservation and energy efficiency programs. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED THAT reauthorization of deferred accounting for amounts related to Cascade Natural Gas Corporation's Demand-Side Management Programs costs, for a 12-month period beginning July 1, 2002, as described in Appendix A, is granted.

Made, entered and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580

ITEM NO. CA20

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 18, 2002**

REGULAR _____ CONSENT X EFFECTIVE DATE July 1, 2002

DATE: May 23, 2002

TO: John Savage through Lee Sparling and Ed Busch

FROM: Ed Krantz

SUBJECT: CASCADE NATURAL GAS: (Docket No. UM 605) Requests reauthorization to defer certain costs associated with demand-side management programs.

STAFF RECOMMENDATION:

I recommend that the Commission approve reauthorization of Cascade Natural Gas Corporation's (Cascade or company) deferrals of conservation or energy efficiency costs for a 12-month period beginning July 1, 2002.

DISCUSSION:

By Order No. 93-1484, the Commission authorized Cascade to defer capitalized expenditures and estimated revenue margin losses associated with Commission-approved demand-side management (DSM) programs. This authorization was for the 12 months ending September 30, 1994. Deferrals were reauthorized for the 12-month period ending September 30, 1995, by Order No. 94-1498. Subsequently, the Commission reauthorized DSM related deferrals, each year, through June 30. Current authorization extends through June 30, 2002.

Deferral of these direct DSM program costs and associated net revenue losses is consistent with the Commission's policy to remove the significant disincentives to acquiring DSM relative to supply-side resources. ORS 757.262 allows the Commission to "...adopt policies designed to encourage the acquisition of cost-effective conservation resources." Without deferral and cost recovery, the disincentives to acquiring cost-effective conservation resources would return.

The company estimates it will defer approximately \$245,000 in DSM program costs and net revenue losses in the 12-month period ending June 30, 2003 (including \$225,000 for the recently approved High Efficiency Rebate program).

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PROPOSED COMMISSION MOTION:

Cascade Natural Gas Corporation's deferred accounting reauthorization for revenue requirements and net lost revenues associated with the company's Commission-approved energy efficiency programs be approved for the 12 months beginning July 1, 2002.