

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1101(3)

In the Matter of)	
)	
NORTHWEST NATURAL GAS COMPANY,)	ORDER
dba NW NATURAL)	
)	
Request for Reauthorization for Deferral of)	
Intervenor Funding Grants.)	

DISPOSITION: REAUTHORIZATION FOR DEFERRAL APPROVED

On May 1, 2006, Northwest Natural Gas Company (NW Natural) requested reauthorization to defer costs related to Intervenor Funding Grants for later incorporation in rates. The Public Utility Commission of Oregon (Commission) originally authorized deferral of these costs beginning September 17, 2003. Pursuant to ORS 757.072(4) and ORS 757.259(3), the Commission shall allow a public utility that provides financial assistance to organizations representing broad customer interests, to defer inclusion of such amounts in rates, if the public utility elects to do so. A description of the Intervenor Funding Agreement is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on August 22, 2006, the Commission adopted Staff's recommendation and approved NW Natural's request for reauthorization for deferred costs related to Intervenor Funding Grants.

ORDER

IT IS ORDERED that:

- 1) NW Natural's request for reauthorization to defer costs related to Intervenor Funding Grants from July 1, 2006 to June 30, 2007, is approved.

- 2) NW Natural is directed to account for the grants using separate sub-accounts for each type of grant in order to facilitate recovery of costs from the appropriate customer class.

Made, entered and effective AUG 24 2006.

BY THE COMMISSION:



Becky L. Beier
Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to 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 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. CA8

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 22, 2006

REGULAR _____ CONSENT X EFFECTIVE DATE July 1, 2006

DATE: August 11, 2006

TO: Public Utility Commission

FROM: Ed Durrenberger *E*

THROUGH: *in* Lee Sparling, *EB* Ed Busch and *gg* Judy Johnson

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 1101(3)) Request for Reauthorization for Deferral of Intervenor Funding Grants.

STAFF RECOMMENDATION:

I recommend the Commission approve Northwest Natural's request for reauthorization to defer costs related to Intervenor Funding Grants until June 30, 2007. I further recommend that the Commission instruct Northwest Natural to account for the grants using separate sub-accounts for each type of grant in order to facilitate recovery of costs from the appropriate customer class.

DISCUSSION:

On May 1, 2006, Northwest Natural (NW Natural) requested reauthorization to defer costs related to Intervenor Funding Grants for later incorporation in rates. The Commission originally authorized deferral of these costs beginning September 17, 2003, under ORS 757.259 in Order No. 03-559 (Docket UM 1101).

Pursuant to 757.072(4) and 757.259(3), the Commission shall allow a public utility that provides financial assistance to organizations representing broad customer interests to defer inclusion of such amounts in rates, as provided in ORS 757.259, if the public utility elects to do so. Such grants would be used by these qualifying organizations when participating in certain types of regulatory proceedings before the Commission. Deferred amounts under ORS 757.259(3) are not subject to the percentage or gross revenue limitation or other provisions of subsections (5), (6), (7), and (8) of the amended section.

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On July 2, 2003, the Commission issued Order No. 03-388, which, among other things, approved an agreement (Intervenor Funding Agreement) between PacifiCorp, Portland General Electric Company, Northwest Natural Gas Company, Northwest Industrial Gas Users, Citizens' Utility Board of Oregon (CUB) and Industrial Customers of Northwest Utilities. The Intervenor Funding Agreement sets forth the amount of funding to be contributed by each utility, the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities. It authorizes three separate funds, with different requirements to be met to qualify for each fund. The funds are as follows:

1. CUB Fund;
2. Preauthorized Matching Fund; and
3. Issue Fund.

The Intervenor Funding Agreement also required the costs of the fund be allocated to the appropriate customer class. CUB funds would be generated from residential rates and industrial customers would fund the amounts for the Preauthorized Matching Fund (Matching Fund). The Commission will allocate amounts from the Issue Fund to align the costs of advocacy with the intended beneficiaries of the advocacy.

In its subsequent Order No. 03-405, entered July 14, 2003, the Commission directed each of the participating utilities to pay the amounts made available for the CUB Fund Grants no later than 30 days after receipt of the order. In the Intervenor Funding Agreement, CUB was designated to receive \$50,000 each (calendar) year¹ from each of the three participating public utilities; PacifiCorp, PGE and Northwest Natural Gas. Accounts will be debited to deferred accounts only as the utility disperses funding to a qualifying intervenor.

NW Natural reported a balance of \$50,000 in the deferred account for Calendar Year (CY) 2005, all of which was allocated to the CUB Fund.

Proposed Accounting

The proposed deferrals will be recorded in separate sub-accounts of account 186 (Miscellaneous Deferred Debits). Amounts are to be debited to the deferred account only as the utility actually disperses money for intervenor funding. In the absence of deferral approval, the company would record the amounts in the sub-accounts of FERC account 401 (Utility Operation Expense).

¹ The deferred period for each of the categories of grants shall begin on July 1 of each year and end on June 30. However, in the Intervenor Funding Agreement the payment times are considered on a calendar year basis.

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Estimated Deferrals in Authorization Period

NW Natural anticipates that the maximum amounts to be deferred during the calendar year are:

Fund	CY 2006
CUB Fund	\$ 50,000
Preauthorized Matching Fund	\$ 50,000
Issue Fund	\$ 50,000
Total	\$150,000

PROPOSED COMMISSION MOTION:

NW Natural's request for reauthorization to defer costs related to Intervenor Funding Grants be approved beginning July 1, 2006 to June 30, 2007. Additionally, NW Natural is directed to account for the grants using separate sub-accounts for each customer class.

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