

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1336

In the Matter of)	
)	
CASCADE NATURAL GAS)	ORDER
CORPORATION)	
)	
Application for an Order Authorizing the)	
Deferred Accounting Treatment of Intervenor)	
Funding Grants.)	

DISPOSITION: APPLICATION APPROVED

On August 6, 2007, Cascade Natural Gas Corporation (Cascade) filed a request to defer costs related to the Intervenor Funding Grants for later incorporation into rates. Pursuant to ORS 757.072(4) and ORS 757.259(3), the Public Utility Commission of Oregon (Commission) shall, upon request, allow a public utility that provides financial assistance to broad customer interests, to defer inclusion of these funds into rates. The Intervenor Funding Grant program satisfies the statutory requirements necessary for deferral. A full description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on September 11, 2007, the Commission adopted Staff's recommendation.

ORDER

IT IS ORDERED that:

- 1) Cascade Natural Gas Corporation's application to defer costs related to Intervenor Funding Grants until August 5, 2008, is approved.

- 2) Cascade Natural Gas Corporation shall 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 SEP 13 2007.

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.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 11, 2007

REGULAR _____ CONSENT X EFFECTIVE DATE August 6, 2007

DATE: August 15, 2007

TO: Public Utility Commission

FROM: Judy Johnson *JJ*

THROUGH: *LS* Lee Sparling and *EB* Ed Busch

SUBJECT: CASCADE NATURAL GAS: (Docket No. UM 1336) Requests authorization for deferral of the cost of Intervenor Funding Grants.

STAFF RECOMMENDATION:

I recommend the Commission approve Cascade Natural Gas' (Cascade) request for authorization, under ORS 757.259, to defer costs related to Intervenor Funding Grants for the 12-month period beginning August 6, 2007. I further recommend that the Commission instruct Cascade to account for the grants using separate subaccounts for each type of grant in order to facilitate recovery of costs from the appropriate customer class.

DISCUSSION:

On August 6, 2007, Cascade requested authorization to defer costs related to Intervenor Funding Grants for later incorporation in rates. 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, 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 of gross revenue limitation or other provisions of subsections (5), (6), (7), and (8) of the amended section.

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 (PGE), 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

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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.

On June 5, 2007, the Commission issued Order No. 07-221, approving the stipulation in the matter of MDU Resources Group, Inc's application to acquire Cascade Natural Gas. As part of that stipulated agreement, Cascade agreed to join the Intervenor Funding Program established in Order No. 03-388 and will provide \$30,000 in each of the three accounts established in that Order. In its subsequent Order No. 07-332, entered August 3, 2007, the Commission directed Cascade to pay CUB the amounts made available for the CUB Fund Grants.

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).

Estimated Deferrals in Authorization Period

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

Fund	CY 2007
CUB Fund	\$ 30,000
Preauthorized Matching Fund	\$ 30,000
Issue Fund	\$ 30,000
Total	\$90,000

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PROPOSED COMMISSION MOTION:

Cascade's request for authorization, under ORS 757.259, to defer costs related to Intervenor Funding Grants be approved for the 12-month period beginning August 6, 2007. Cascade Natural is directed to account for the grants using separate subaccounts for each type of grant in order to facilitate recovery of costs from the appropriate customer class.

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