

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1101(5)

In the Matter of

NW NATURAL GAS COMPANY, dba  
NW NATURAL

Application for Reauthorization for  
Deferred Accounting of Intervenor Funding  
Grants.

ORDER

**DISPOSITION: REQUEST FOR REAUTHORIZATION FOR  
DEFERRAL APPROVED**

On May 1, 2008, Northwest Natural Gas Company, dba NW Natural (NW Natural) requested reauthorization to defer costs related to Intervenor Funding Grants for later incorporation into rates. The Public Utility Commission of Oregon (Commission), pursuant to ORS 757.259, originally authorized deferral of these costs beginning September 17, 2003, in Order No. 03-559 (Docket No. UM 1101). A 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 May 19, 2009, the Commission adopted Staff's Recommendation and approved NW Natural's current request.

**ORDER**

IT IS ORDERED that:

1. NW Natural Gas Company's request regarding reauthorization for deferral of Intervenor Funding Grants effective July 1, 2008 through June 30, 2009, is approved.

2. NW Natural Gas Company 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 MAY 21 2009.

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. CA 6

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: May 19, 2009

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE July 1, 2008

DATE: May 5, 2009

TO: Public Utility Commission

FROM: Carla Owings

THROUGH: *Ln* Lee Sparling, *EWB* Ed Busch and *JJ* Judy Johnson

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 1101(5)) Reauthorizes deferral of Intervenor Funding Grants.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Northwest Natural's (NW Natural or Company) request for reauthorization to defer costs related to Intervenor Funding Grants effective July 1, 2008 through June 30, 2009. Staff further recommends that the Commission instruct NW Natural to account for the grants using separate sub-accounts for each type of grant in order to facilitate reconciliation for amounts approved by the Commission to be issued and the amounts deferred by the Company.

**DISCUSSION:**

On May 1, 2008, 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 on September 17, 2003, under ORS 757.259 in Order No. 03-559 (Docket UM 1101).

Current authorization for this deferral was issued on July 11, 2007 in Commission Order 07-267, and runs through June 30, 2008. NW Natural's application was inadvertently mis-filed by Commission staff and was unassigned until April 20, 2009. Therefore, NW Natural's request on May 1, 2009 is for the time period July 1, 2008 through June 30, 2009. A request for the time period of July 1, 2009 through June 30, 2010, will soon be filed by NW Natural.

NW Natural UM 1105(5)-Intervenor Funding  
May 5, 2009  
Page 2

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 the Intervenor Funding Agreement (IFA) among PacifiCorp, PGE, NW Natural, Northwest Industrial Gas Users, Citizens' Utility Board of Oregon (CUB), and Industrial Customers of Northwest Utilities, dated February 5, 2003 (the Intervenor Funding Agreement). Pursuant to 757.072(2) "...any agreement entered into... must be approved by the Commission before any financial assistance is provided..." and (3) "...in administering an agreement...the Commission by rule or by order may determine...(c) the manner in which the financial assistance will be recovered in rates."

On December 19, 2007, the Commission approved the First Amended and Restated IFA which extended intervenor funding through December 12, 2012 (Commission Order No. 07-564). The IFA amends and clarifies the use of funds for dockets that extend two or more calendar years, modifies some of the original terms and conditions, adds new reporting requirements and changes the funding amounts to be contributed by each utility. Additionally, the IFA adds new accounts for additional participating utilities<sup>1</sup>.

The IFA sets forth the amounts to be contributed by each utility, the procedures for budget submittals by Intervenor, and the payment of grants by each utility. For NW Natural the agreement authorizes the utility to account for the grants in three separate funds:

- 1) CUB Fund of \$57,500;
- 2) Preauthorized Matching Fund of \$57,500; and
- 3) Issue Fund of \$57,500.

NW Natural filed reports showing the activity in the Intervenor Funding Accounts for the time period between July 1, 2007 and December 31, 2008. The following balances and accruals in its intervenor funding accounts:

---

<sup>1</sup> The Order adds new accounts for Cascade Natural Gas and Avista Gas Corporation.

NW Natural UM 1105(5)-Intervenor Funding  
 May 5, 2009  
 Page 3

<b>Fund Description</b>	<b>Deferred (Issued) July 07-June 08</b>	<b>Interest Accrual</b>	<b>Balance June 2008<sup>2</sup></b>
<b>CUB Fund</b>	\$ 57,500	\$ 0	\$ 57,500
<b>Matching Fund</b>	\$ 25,243	\$ 0	\$ 25,243
<b>Issue Fund</b>	\$ 12,125	\$ 0	\$ 12,125
<b>Balance</b>	<b>\$ 94,868</b>	<b>\$ 0</b>	<b>\$ 94,868</b>

Proposed Accounting

The proposed deferrals will be recorded in separate sub-accounts of FERC 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).

Staff analysis:

Staff has verified NW Natural's accruals with the issuances approved by the Commission and agrees with the balances and accruals submitted by NW Natural. However, in Commission Order No. 07-267, NW Natural was ordered to establish separate subaccounts for the Matching Fund and the Issue Fund activity in order to facility recovery from the appropriate customer class. NW Natural has not yet established such a sub-account. Staff has reiterated to NW Natural the need for the separation of these accruals to facilitate reconciliation for amounts approved by the Commission to be issued and the amounts deferred by the Company. Staff recommends the Commission remind NW Natural to establish a separate sub-accounting system.

<sup>2</sup> Approximate balance does not consider interest accruals and exact payout dates.

NW Natural UM 1105(5)-Intervenor Funding  
May 5, 2009  
Page 4

**PROPOSED COMMISSION MOTION:**

The Commission approve NW Natural's request for reauthorization to defer costs related to Intervenor Funding Grants effective July 1, 2008 through June 30, 2009 and that the Commission instruct Northwest Natural to account for the grants using separate sub-accounts for each type of grant in order to facilitate reconciliation for amounts approved by the Commission to be issued and the amounts deferred by the Company.

NWN UM 1105(5) Intervenor Funding