

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1336(2)

In the Matter of

CASCADE NATURAL GAS
CORPORATION

Application for Reauthorization to Defer
Expenses for Intervenor Funding Grants.

ORDER

DISPOSITION: APPLICATION FOR REAUTHORIZATION APPROVED

On August 3, 2009, Cascade Natural Gas Corporation (Cascade) filed a request to continue to defer costs related to the Intervenor Funding Grants for later incorporation into rates.¹ Pursuant to ORS 757.259, 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 August 25, 2009, the Commission adopted Staff's recommendation.

ORDER

IT IS ORDERED that:

1. Cascade Natural Gas Corporation's application to continue to defer costs related to Intervenor Funding Grants through August 2, 2010, is approved.

¹ Commission Order No. 07-397 initially granted authority, and Order No. 08-455 granted continuation of authority.

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 01 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. CA6

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 25, 2009**

REGULAR _____ CONSENT X EFFECTIVE DATE August 3, 2009

DATE: August 10, 2009

TO: Public Utility Commission

FROM: Deborah Garcia *DG*

THROUGH: *Li* Lee Sparling, *EB* Ed Busch, and *JJ* Judy Johnson

SUBJECT: CASCADE NATURAL GAS: (Docket No. UM 1336(2)) Reauthorization to defer costs associated with intervenor funding grants.

STAFF RECOMMENDATION:

I recommend that Cascade Natural Gas's application to defer costs associated with intervenor funding grants be approved.

DISCUSSION:

On August 3, 2009, Cascade Natural Gas (Cascade or Company) submitted, in accordance with ORS 759.259(3) and OAR 860-027-0300, an application requesting Commission approval to continue to defer¹ any intervenor funding grant (Grant) as defined and provided for in the Intervenor Funding Agreement (IFA),² for later incorporation into rates. Cascade will continue to record and defer these ongoing costs following Commission approval of a Grant and issuance of an order directing the Company to make payment. At the time Cascade requests amortization of the deferred balances, the Company will propose an appropriate amortization period.

2008-2009 Activity

Last year, by Order 08-455, the Commission approved Cascade's application for reauthorization of this deferral. By Staff request, Cascade provided³ an accounting of activity for this period and agrees to provide this information in any future request for reauthorization. With the addition of this supplemental information, Cascade has met the requirements of OAR 860-027-0300.

¹ Commission Order No. 07-397 originally granted authority.

² Ibid, Appendix A – Staff's memo describes the history and requirements of the IFA.

³ See Attachment A.

Cascade UM 1336(2)
 August 2, 2009
 Page 2

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

For the 12-month period covered by this Application, Cascade expects that the amount subject to this deferral will not exceed \$90,000. However, under certain circumstances the IFA permits advancement of funds that would otherwise be available in future years for a Grant from the CUB Fund or the Preauthorized Fund. If an advance is made under the applicable provision of the IFA, the maximum annual amounts specified in the table above could be exceeded.

PROPOSED COMMISSION MOTION:

Cascade's request for authorization, under ORS 757:259(3), to defer costs related to Intervenor Funding Grants be approved for the 12-month period beginning August 3, 2009. Cascade 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.

Attachment

UM 1336 (2) IE Funding Deferral

Cascade provides the following supplemental information regarding the Company's Application for Reauthorization of the Deferred Accounting Treatment of Intervenor Funding Grants, which was filed with the Commission on August 3, 2009 and is docketed as UM-1336.

Initial authorization was approved in Order No. 07-397 dated September 13, 2007 and the Commission authorized continuation of the deferred accounting treatment in Order 08-455, dated September 11, 2008.

During the current authorization period (August 5, 2008 through August 4, 2009) the company has deferred \$30,000 in CUB Funding and \$1080.82 in Pre-Authorized Matching Funds (distributed to Northwest Industrial Gas Users (NWIGU)). The following provides a summary of the prior year's activity in the deferred account:

**INTERVENOR FUNDING ACCRUALS
AUGUST 2008 Thru JUNE 2009**

	CUB Fund	Pre-Authorized Matching Funds 1/	TOTAL IVF Deferrals
Payments	\$ 30,000	\$ 1,081	\$ 31,081
Accrued Interest	\$ 3,254	\$ 357	\$ 3,611

1/ Pre-Authorized Matching Funds provided to NWIGU

The company will propose amortization of the outstanding balances in its annual PGA/Temporary Technical Adjustment filing, which will be filed with the Commission on August 31, 2009. The outstanding balances are maintained in a separate deferral account. Residential customers served on Rate Schedule 101 will be surcharged for the CUB Fund balances and industrial customers served on Rate Schedules 105, 111, 163, and 164 will be surcharged for the Pre-Authorized Matching Fund balances.