

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1101(7)

In the Matter of

NORTHWEST 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 20, 2010, 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 July 6, 2010, the Commission adopted Staff's Recommendation and approved NW Natural's current request.

ORDER

IT IS ORDERED that:

1. Northwest Natural Gas Company's request regarding reauthorization for deferral of Intervenor Funding Grants effective July 1, 2010 through June 30, 2011, is approved.

2. Northwest 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 JUL 28 2010.

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. CA7



**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 6, 2010**

REGULAR _____ CONSENT X EFFECTIVE DATE July 1, 2010

DATE: June 22, 2010

TO: Public Utility Commission

FROM: Carla Bird 

THROUGH: Bryan Conway, Maury Galbraith and Judy Johnson  

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 1101(7)) Reauthorizes deferral of Intervenor Funding Grants

STAFF RECOMMENDATION:

Staff recommends the Commission approve Northwest Natural's request for reauthorization to defer costs related to Intervenor Funding Grants effective July 1, 2010 through June 30, 2011.

DISCUSSION:

On May 20, 2010, Northwest Natural (NW Natural or the Company) 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 in Commission Order 09-269, and runs through June 30, 2010.

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,

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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 or IFA). Any agreement entered into must be approved by the Commission before any financial assistance is provided in administering an agreement. The Commission, by rule or by order, may determine the manner in which the financial assistance will be recovered in rates. (OAR 757.072).

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.¹

The IFA sets forth the amounts to be contributed by each utility, the procedures for budget submittals by intervenors, 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.

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:

NW Natural reports that for the prior period the Company has deferred approximately \$57,500 for the CUB fund and approximately \$993 for the Matching fund. 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.

¹ The Order adds new accounts for Cascade Natural Gas and Avista Utilities.

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PROPOSED COMMISSION MOTION:

The Commission approve NW Natural's request for reauthorization to defer costs related to Intervenor Funding Grants effective July 1, 2010 through June 30, 2011.

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