

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1336(3)

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 July 30, 2010, Cascade Natural Gas Corporation (Cascade) filed a request to continue to defer costs related to the Intervenor Funding Grants for later incorporation into rates.<sup>1</sup> 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 24, 2010, 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 beginning August 3, 2010, is approved.

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<sup>1</sup> Commission Order No. 07-397 initially granted authority, and Orders No. 08-455 and No. 09-340 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 02 2010.

BY THE COMMISSION:



*Becky L. Beier*  
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**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. CA9

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 24, 2010**

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE August 3, 2010

DATE: August 10, 2010

TO: Public Utility Commission

FROM: Deborah Garcia *DG*

THROUGH: *in* Lee Sparling, *me byk* Maury Galbraith and *SS* Judy Johnson

SUBJECT: CASCADE NATURAL GAS: (Docket No. 1336(3)) Reauthorizes deferrals for costs associated with Intervenor Funding Grants.

**STAFF RECOMMENDATION:**

I recommend that Cascade Natural Gas's (Cascade or Company) application to defer costs associated with intervenor funding grants be approved, and the Company be directed to use separate subaccounts for each type of Grant to ensure appropriate cost recovery from each customer class.

**DISCUSSION:**

On August 3, 2010, Cascade submitted, in accordance with ORS 759.259(3) and OAR 860-027-0300, an application requesting Commission approval to continue to defer any intervenor funding grant (Grant) as defined and provided for in the Intervenor Funding Agreement (IFA), for later incorporation into rates.<sup>1</sup> 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.

2009-2010 Activity

Last year, by Order 09-340, the Commission approved Cascade's application for reauthorization of this deferral. By Staff request, Cascade provided an accounting of activity for this period<sup>2</sup> and agrees to provide this information in any future request for

<sup>1</sup> Commission Order No. 07-397 originally granted authority to defer IFA costs. See Appendix A for Staff's memo describing the history and requirements of the IFA.

<sup>2</sup> See Attachment A to this memo.

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reauthorization. With the addition of this supplemental information, Cascade has met the requirements of OAR 860-027-0300.

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).

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, 2010. Cascade is directed to use separate subaccounts for each type of Grant to ensure appropriate cost recovery from each customer class.

Cascade UM 1336(3) 2010 Intervenor Funding

As a supplement to the Company's application for reauthorization of Intervenor Funding deferrals filed in docket UM1336, Cascade provides the following supplemental information:

### PRIOR PERIOD DEFERRAL ACTIVITY

Deferral activity for the period August 5, 2009 to August 4, 2010 is detailed in the table below.

INTERVENOR FUNDING ACCRUALS			
AUGUST 2009 Thru JUNE 2010			
	CUB Fund	Pre-Authorized Matching Funds*	TOTAL IVF Deferrals
<b>Payments</b>	\$30,000	\$840	\$30,840
<b>Accrued Interest</b>	\$988	\$70	\$1,058

\*Pre-Authorized Matching Funds provided to NWIGU.

Per the Commission's Order 10-006, Cascade provided \$30,000 of CUB Funding in January 2010. Additional deferral entries to the CUB Intervenor Funding Account included monthly interest accruals which totaled \$988 for the 12 month period. Per the Commission's Order 09-423 and Order 10-123, Cascade provided a total of \$840 of Pre-Authorized Matching Funds to the Northwest Industrial Gas Users (NWIGU) during the 12 month period. Additional deferral entries to the NWIGU Intervenor Funding account included monthly interest accruals which totaled \$70 for the 12 month period.

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, 2010. The outstanding balances are maintained in separate deferral accounts to facilitate amortization to the appropriate rate schedules. 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.

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August 10, 2010 Staff Memo  
Attachment A