

JUL 05 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1101(8)

In the Matter of

NORTHWEST NATURAL GAS
COMPANY, dba NW NATURALApplication for Reauthorization for
Deferred Accounting of Intervenor Funding
Grants.

ORDER

DISPOSITION: REQUEST APPROVED

On May 17, 2011, 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), under ORS 757.259, originally authorized deferral of these costs beginning September 17, 2003, in Order No. 03-559 (Docket No. UM 1101). Current authorization for this deferral was issued in Commission Order No. 10-284, and runs through June 30, 2011. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

Under ORS 757.072(4) and ORS 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 section.

At its Public Meeting on June 21, 2011, the Commission adopted Staff's Recommendation and approved NW Natural's current request.

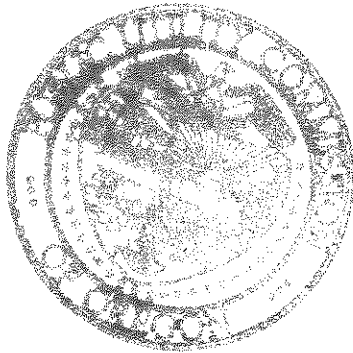
ORDER

IT IS ORDERED that:

1. Northwest Natural Gas Company's request regarding reauthorization for deferral of Intervenor Funding Grants effective July 1, 2011 through June 30, 2012, is approved.
2. Northwest Natural Gas Company will 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 05 2011

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 21, 2011

REGULAR _____ CONSENT X EFFECTIVE DATE July 1, 2011

DATE: June 1, 2011

TO: Public Utility Commission

FROM: Carla Bird *CB*

THROUGH: *in* Lee Sparling, *MG* Maury Galbraith and *JJ* Judy Johnson

SUBJECT: NORTHWEST NATURAL: (Docket No. UM 1101(8)) 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, 2011 through June 30, 2012.

DISCUSSION:

On May 17, 2011, 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 10-284, and runs through June 30, 2011.

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 section.

On July 2, 2003, the Commission issued Order No. 03-388, which, among other things, approved the Intervenor Funding Agreement (IFA) among PacifiCorp, Portland General

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Electric, NW Natural, Northwest Industrial Gas Users, Citizens' Utility Board of Oregon (CUB), and Industrial Customers of Northwest Utilities, dated February 5, 2003. 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 disburses 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 no accruals related to the Matching Funds or the Issue Funds. 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, 2011, through June 30, 2012.

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