

ORDER NO. 11 427

ENTERED OCT 28 2011

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1557

In the Matter of

CASCADE NATURAL GAS
CORPORATION

Request for Deferred Accounting for
Changes in Margin Due to Conservation
and Variances from Normal Weather.

ORDER

DISPOSITION: APPLICATION APPROVED

On September 19, 2011, Cascade Natural Gas Corporation filed an Application for Deferred Accounting for Changes in Margin Due to Conservation and Variances from Normal Weather. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

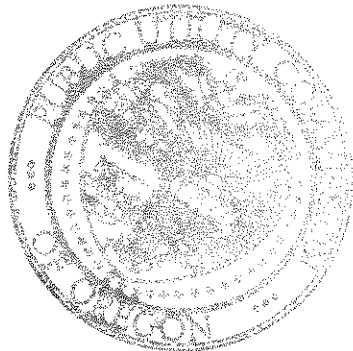
At its Public Meeting on October 18, 2011, the Commission adopted Staff's recommendation.

ORDER

IT IS ORDERED that Cascade Natural Gas Corporation's Application for Deferred Accounting for Changes in Margin Due to Conservation and Variances from Normal Weather is approved for an 11 month period beginning November 1, 2011.

Made, entered, and effective OCT 28 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: October 18, 2011

REGULAR _____ CONSENT X EFFECTIVE DATE November 1, 2011

DATE: September 26, 2011

TO: Public Utility Commission

FROM: Deborah Garcia *DB*

THROUGH: *i-DS, by BAC JJ* Lee Sparling, *MG* Maury Galbraith and *JJ* Judy Johnson

SUBJECT: CASCADE NATURAL GAS: (Docket No. UM 1557) Requests reauthorization to defer the changes in margin due to conservation and variances from normal weather as set forth in Rule 19, Conservation Alliance Plan Mechanism.

STAFF RECOMMENDATION:

I recommend Cascade Natural Gas's (Cascade or Company) application be approved with the condition that the length of the deferral period be for the 11-month period from November 1, 2011 through September 30, 2012.

DISCUSSION:

Cascade makes this filing pursuant to ORS 757.259 and OAR 860-027-0300(4) requesting reauthorization to defer the changes in margin due to conservation and variances from normal weather as set forth in Rule 19, Conservation Alliance Plan mechanism for the 12-month period beginning November 1, 2011.

Previously, Cascade submitted a combined application for reauthorization related to the deferral of this item and its Purchased Gas Cost Adjustment (PGA) deferral mechanism. The combined application was docketed as UM 1498 and approved by Commission Order 10-441. At Staff's request, Cascade has filed separate applications for tracking purposes to ease reconciliation between the deferral applications and subsequent requests for amortization.

Reason for Deferral

The use of deferred accounting, related to the Conservation Alliance Plan (CAP) mechanism that was established by the Commission in Order No. 06-191, minimizes

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the frequency of rate changes and the fluctuation of rate levels pursuant to ORS 757.259(2)(e). Reauthorization of deferred accounting for part of the 2011-2012 PGA year is still warranted for those reasons.

Description of Expense

Consistent with procedures outlined in Schedule No. 30 – Conservation Alliance Plan, the CAP is a decoupling mechanism consisting of two deferral accounts, one to track changes in margin due to variations in weather-normalized usage (conservation) and another to track changes in margin due to weather that varies from normal.

Proposed Accounting

In accordance with the provisions in Schedule 30, differences are accumulated as regulatory assets or liabilities for distribution or collection from customers annually at the time of the Company's PGA filing. Absent deferred accounting treatment the Company would record under- or over-collected margins as utility operating revenue in FERC Account 480.

Deferral Activity

In its application, the company states that it is difficult to estimate the amounts to be recorded in the deferral account for the 12-month period.

Staff Analysis

Cascade's application for reauthorization of deferred accounting for the CAP meets the requirements related to the establishment of the mechanism, as well as the requirements of ORS 757.259 and 860-027-0300, except for the length of the deferral period.

The sunset date for the CAP was originally set at September 30, 2010, by Order 06-191, and subsequently extended to September 30, 2012 by Order 07-220. For this reason, Staff recommends the Commission authorize deferred accounting for only an 11-month period beginning November 1, 2011, through September 30, 2012.

PROPOSED COMMISSION MOTION:

Cascade's application be approved for the 11-month period beginning November 1, 2011.

Cascade UM 1557 CAP