

ORDER NO. 11 430

ENTERED OCT 28 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1336(4)

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 September 13, 2011, 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(3), 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 October 18, 2011, the Commission adopted Staff's recommendation.

¹ Commission Order No. 07-397 initially granted authority, and Orders Nos. 08-455, 09-340, and 10-344 granted continuation of authority.

ORDER

IT IS ORDERED that:

1. Cascade Natural Gas Corporation's application to continue to defer costs related to Intervenor Funding Grants for a 12-month period beginning November 1, 2011, is approved.
2. Cascade Natural Gas Corporation shall record activity for each of the three types of intervenor funding grants in separate sub-accounts of FERC Account 186.

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. CA4

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT

PUBLIC MEETING DATE: October 18, 2010

REGULAR _____ CONSENT X EFFECTIVE DATE November 1, 2011

DATE: September 26, 2011

TO: Public Utility Commission

FROM: Deborah Garcia *DH*

THROUGH: *LPS by Mac* Lee Sparling, *MF* Maury Galbraith and *JJ* Judy Johnson

SUBJECT: CASCADE NATURAL GAS: (Docket No. UM 1336(4)) Requests reauthorization to defer costs associated with intervenor funding.

STAFF RECOMMENDATION:

I recommend that Cascade Natural Gas's (Cascade or Company) application be approved and the Commission require the Company to record activity for each of the three types of intervenor funding grants in separate sub-accounts of FERC Account 186.

DISCUSSION:

The purpose of this filing is to request, in accordance with ORS 757.259(3), the reauthorization to defer for the 12-month period beginning November 1, 2011, the costs associated with Cascade's distribution of an intervenor funding grant (Grant).¹

Description of Expense

Following the Commission's approval and issuance of an order directing the company to make payment in accordance with the Intervenor Funding Agreement (IFA),² the company will record and defer these ongoing costs upon payment of a Grant.

¹ Deferred accounting for the Company's intervenor funding grant payments was originally approved by Order No. 07-397 in Docket No. UM 1336.

² See Docket No. UM 1357, Order No. 07-564, Appendix A, for the terms of the IFA.

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Reason for deferral

To enable the Company to recover the costs associated with Grants. Adoption of this deferred account is authorized by ORS 757.259(3) which permits a utility to defer amounts provided as financial assistance to an organization that represents customer interests, if the utility and the organization have entered into an IFA under ORS 757.072.

Proposed Accounting

The company will continue to record the deferred amounts in separate sub-accounts of FERC Account 186, Miscellaneous Deferred Debits. Absent the Commission's authorization of deferred accounting, the company would not incur the cost of a Grant. However, were such costs incurred, they would be recorded in an appropriate sub-account of FERC Account 401, Utility Operation Expense.

Current Deferral Activity

By Order No. 10-344, the Commission approved Cascade's application for reauthorization of deferred accounting for the three Grant funds. Subsequent to Commission orders directing payments to qualified intervenors, the Company has deferred the following amounts for which it will seek recovery concurrent with its upcoming annual purchased gas cost adjustment filing:

Order No.	CUB Fund	Preauthorized Matching Fund	Issues Fund
11-010	30,000.00		
11-127		756.35	

Estimated Deferral Activity

Cascade anticipates that the maximum amount of intervenor funding grants that will be recorded during November 2011 through October 2012 will be as follows:

Grant Fund	Maximum Amount
CUB Fund	30,000
Preauthorized Matching Fund	30,000
Issues 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

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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.

Staff Analysis

As Cascade's filing meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for deferral is still valid, I recommend the Commission approve the application. I further recommend that the Commission continue to require Cascade to use a separate sub-account for each of the three Grant types established in the IFA. This will facilitate the recovery of costs from the appropriate customer class.

PROPOSED COMMISSION MOTION:

Cascade's application be approved for the 12-month period beginning November 1, 2011.

Cascade UM 1336(4) Intervenor Funding