

ORDER NO. 14 385

ENTERED OCT 29 2014

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UG 280, UG 282

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Updates to Schedule 192, Intervenor Funding
Adjustment Rates (UG 280),

and

Updates to Schedule 194-B, Other Residual
Temporary Adjustment (UG 282).

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

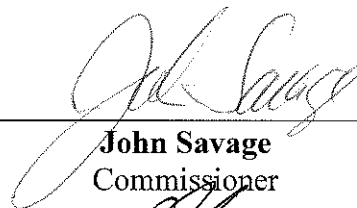
This order memorializes our decision, made and effective at the special public meeting on October 28, 2014, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

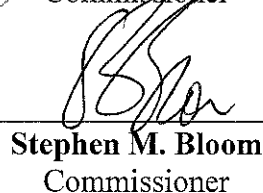
Dated this 29th day of Oct., 2014, at Salem, Oregon.

COMMISSIONER ACKERMAN WAS
UNAVAILABLE FOR SIGNATURE

Susan K. Ackerman
Chair




John Savage
Commissioner


Stephen M. Bloom
Commissioner

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.

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ITEM NOS. CA10 & CA11

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 28, 2014**

REGULAR _____ CONSENT X EFFECTIVE DATE November 1, 2014

DATE: October 16, 2014

TO: Public Utility Commission

FROM: Deborah Garcia *DG*

THROUGH: Jason Eisdorfer and Marc Hellman *MEH*

SUBJECT: CASCADE NATURAL GAS: (Docket No. UG 280/Advice No. O14-08-02)
Updates Schedule 192, Intervenor Funding Adjustment.

CASCADE NATURAL GAS: (Docket No. UG 282/Advice No. O14-08-04)
Updates Schedule 194-B, Other Residual Temporary Adjustment.

STAFF RECOMMENDATION:

I recommend that Cascade Natural Gas's (Cascade) filings be approved, and the associated tariffs be allowed to go into effect on November 1, 2014.

DISCUSSION:

UG 280/Advice No. O14-08-02 - Intervenor Funding

Cascade makes this filing pursuant to ORS 757.210 and ORS 757.259(5).

In this filing, Cascade updates the rate increments in its Schedule No. 192, UM 1336 Intervenor Funding Adjustment, to reflect currently deferred account balances pursuant to Order No. 07-397 which requires that intervenor funding costs be allocated to the customer class on whose behalf the intervenor is acting.

The deferral of these current intervenor costs was authorized most recently by Order No. 13-297 (Docket No. UM 1336(5)).

For the November 1, 2014 through October 30, 2015 time period (2014/2015 PGA Year), Cascade proposes to adjust rates to collect approximately \$53,188 (Residential)

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and \$7,699 (Industrial). These balancing account amounts were calculated as shown in the tables below. An explanation of each line in the tables follows.

Residential Account 1862.20443		
1	November 1, 2013 Beginning Balance	40,244.53
2	Add New Intervenor Funding Expense	51,166.00
3	Remove Actual & Estimated Monthly Amortizations (2013/2014 PGA Year)	(40,827.44)
4	Add Actual & Estimated Interest (2013/2014 PGA Year)	709.51
5	Add Estimated Interest (2014/2015 PGA Year)	361.69
6	Total Deferred Balance	\$51,654.29
7	Total Deferred Balance to be amortized, adjusted for revenue sensitive factors	\$53,187.69

Industrial Account 1860.20448		
1	November 1, 2013 Beginning Balance	5,515.15
2	Add New Intervenor Funding Expense	7,360.35
3	Remove Actual & Estimated Monthly Amortizations (2013/2014 PGA Year)	(5,557.39)
4	Add Actual & Estimated Interest (2013/2014 PGA Year)	91.06
5	Add Estimated Interest (2014/2015 PGA Year)	68.27
6	Total Deferred Balance	\$7,477.44
7	Total Deferred Balance to be amortized, adjusted for revenue sensitive factors	\$7,699.00

The proposed deferred intervenor funding balances amortizations represent a 31.7 percent and a 35.7 percent rate increase relative to last year's intervenor funding rates for residential and commercial/industrial customers, respectively. For information regarding what percentage the change to intervenor rates represents in the overall revenue change that Cascade has proposed, please see Item 5, Attachment B, presented at the October 28, 2014, Special Public Meeting. (Docket UG 279.)

Pursuant to ORS 757.259(4), the amortization of intervenor funding is not subject to an earnings review, and the intervenor funding amortization balance is not included in the three percent test that caps the level of deferred costs that may be amortized during a calendar year.

After a review of Cascade's updated proposal and associated work papers, Staff finds that Cascade's accounting, including the application of interest, is accurate. Staff also

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finds that proposed rate increments are calculated correctly. For these reasons, Staff recommends the Commission approve this filing.

UG 282/Advice No. O14-08-04 - Residual Deferral Account

In this filing, Cascade updates the rate increments in its Schedule 194-B, Other Residual Temporary Adjustment, to reflect currently deferred account balances.

This tariff was established pursuant to Order No. 10-279 in Docket No. UM 1147 which allows a utility to establish a miscellaneous residual account into which a balance that remains after a deferred account is amortized, as long as that balance is equal to or below .05 percent of a utility's retail operating revenues in the previous calendar year.

The interest associated with a miscellaneous residual account established under this order is annually updated to reflect the current Blended Treasury Rate, as established by the Commission.

For the 2014/2015 PGA Year, the rates are set to collect \$3,117.00. The balance consists of the following and includes the appropriate interest:

	Residual Account	Charge or (Credit)
1	Over-refunded UM 1283 rate credits	482.24
2	2011 Earnings Sharing	12,226.34
3	Over-collected Public Purpose Additional Charge	(10,099.31)
4	Consolidated Technical Adjustment	417.89
5	Total Deferred Balance	3,027.16
6	Total Deferred Balance to be amortized, adjusted for revenue sensitive factors	\$3,117.00

As these deferred balances were previously approved for amortization, no review other than for accounting is necessary.

After a review of Cascade's proposal and the associated workpapers, Staff finds that Cascade's accounting, including the application of interest, is accurate. Staff also finds that the proposed rate increments are calculated correctly. For these reasons, Staff recommends the Commission approve this filing.

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For information regarding what percentage the change to residual amortization rates represents in the overall revenue change that Cascade has proposed, please see Item 5, Attachment B, presented at the October 28, 2014, Special Public Meeting. (Docket UG 279.)

PROPOSED COMMISSION MOTION:

Cascade's UG 280 and UG 282 filings be approved, and the associated tariffs be allowed to take effect on November 1, 2014.

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