

ORDER NO. 21-355

ENTERED Oct 28 2021

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1336(14)

In the Matter of

CASCADE NATURAL GAS
CORPORATION,

Application for Reauthorization to Defer
Costs Related to Intervenor Funding Grants.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Special Public Meeting on October 26, 2021, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.



BY THE COMMISSION:

A handwritten signature in blue ink, appearing to read "Nolan Moser".

Nolan Moser
Chief Administrative Law Judge

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 Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: October 26, 2021**

REGULAR CONSENT EFFECTIVE DATE November 1, 2021

DATE: October 11, 2021

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: CASCADE NATURAL GAS:
(Docket No. UM 1336 (14))
Request for Reauthorization for Deferred Accounting treatment of
Intervenor Funding.

STAFF RECOMMENDATION:

Approve Cascade Natural Gas Company's (Cascade or Company) application for deferred accounting of costs associated with Intervenor Funding Grants for the 12-month period beginning November 1, 2021.

DISCUSSION:

Issue

Whether the Commission should approve Cascade's request for reauthorization to record and defer costs related to intervenor funding grants for the 12-month period beginning November 1, 2021.

Applicable Rule or Law

ORS 757.259(3) and OAR 860-027-0300 allow the deferral of expenses provided as financial assistance under an agreement entered into under ORS 757.072 for later incorporation in rates.

ORS 757.072 is the statute that authorizes a utility to enter funding agreements with organizations that represent broad customer interests in Commission proceedings. Once a funding agreement is approved by the Commission, organizations eligible to

receive grants under the funding agreement are identified pursuant to OAR 860-001-0120. When a public utility provides financial assistance under a funding agreement, ORS 757.072(4) states that the Commission must allow a public utility to defer inclusion of the funding provided in rates as provided in ORS 757.259.

A deferral may be authorized under ORS 757.259(2) for a period not to exceed 12 months beginning on or after the date of application.

OAR 860-027-0300 specifies the required contents of an application for deferred accounting, including a description of the expense or revenue for which deferral is requested, the basis for the request, the accounts proposed for recording the amounts to be deferred, an estimate of the amounts to be recorded in the deferred account, and a copy of the notice of the application for deferred accounting.

Analysis

Background

In Order No. 03-388, the Commission approved an Intervenor Funding Agreement (IFA) between various utilities, including Cascade and several intervenors, including the Citizens' Utility Board of Oregon (CUB), Northwest Industrial Gas Users (NWIGU),¹ and Industrial Customer of Northwest Utilities (ICNU).

In Order No. 07-221, the Commission approved as part of that stipulated agreement, Cascade agreed to join the Intervenor Funding program established by Order No.03-388.

Most recently, by Order No. 18-017, the Commission approved an amended and restated IFA that extends intervenor funding through December 2022. This IFA also provides authority for intervenors to request an increase in annual funding. The IFA sets forth the funding amount to be contributed by each utility, the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities. It authorizes three funds with different qualification requirements for each. They are the CUB Fund, the Preauthorized Matching Fund, and the Issue Fund.

The IFA also requires the costs of each fund to be allocated to the appropriate customer class. The CUB fund is generated from residential customer rates, while industrial customer rates support the Preauthorized Matching Fund (Matching Fund). The Commission allocates amounts related to the Issue Fund to align the costs of advocacy with the intended beneficiaries of the advocacy.

¹ The Northwest Industrial Gas Users (NWIGU) is now the Alliance of Western Energy Consumers (AWEC).

Reason for Deferral

In accordance with ORS 757.259(3), which allows for the deferral of Intervenor funds, and OAR 860-027-0300(4)(b), the Company requests continuation of deferred accounting to recover amounts approved pursuant to ORS 757.072.

Proposed Accounting

Amounts are to be debited to deferred accounts only as the utility disburses funding to a qualifying Intervenor. The proposed funding grant deferrals would be recorded in separate subaccounts of FERC Account 186. Absent the Commission's authorization of a deferred accounting, the Company would continue to record costs associated with the Intervenor funding expenses to FERC Account 401.

Current Deferral Activity

In accordance with OAR 860-027-0300(4)(a), Cascade provided the following information regarding the deferral activity to the date of this application. Cascade will seek recovery of these deferred amounts concurrent with its upcoming purchased gas cost adjustment filing.²

	CUB Fund Acct 20444	AWEC Fund Acct 20449
Deferred amounts July 1, 2020 through June 30, 2021	\$54,719.38	\$39,539.82
Amortized amounts July 1, 2020 through June 30, 2021, with interest	(\$54,719.38)	(\$39,539.82)

Estimated Deferral in Authorization Period

At the time of its application, Cascade estimated that the maximum deferred amounts during the 12-month period beginning November 1, 2021, would be as shown in the table below.

Fund	Amount
CUB Fund	\$39,500
Preauthorization Matching Fund	\$37,950
Issues Fund	\$34,500
Total	\$111,950

² Attached as Appendix A to this application.

Information Related to Future Amortization

- Earnings Review – Pursuant to Commission Order No. 18-017, Appendix A, page 28, paragraph 7.9:

If a Participating Public Utility seeks rate recovery through a deferred account, the account and amortization of the account shall be exempt from the amortization caps and earnings test set forth in subsections 5,6,7,8 and 10 of ORS 757.259, as such subsections may be amended from time to time, and shall not be included in any calculation of the amortization cap for other deferred accounts.

- Prudence Review – For amortization, the prudence review should be limited to verification of the accounting methodology used to determine the final amortization balance.
- Sharing – This deferral is not subject to a sharing mechanism.
- Rate Spread/Design – Account balances are to be spread to the appropriate customer classes per Order No. 18-017, Appendix A, page 27, paragraph 7.7(b).
- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply to amortization of this deferral. See “Earnings Review” above.

Conclusion

The Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300 for deferred accounting, and the reason for the deferral – costs related to intervenor funding grants – is still valid. Therefore, Staff recommends the Commission approve Cascade Natural Gas's application.

PROPOSED COMMISSION MOTION:

Approve Cascade Natural Gas's Application to defer the costs associated with Intervenor funding grants for the 12-month period beginning November 1, 2021.