

24-331  
ORDER NO.

ENTERED Oct 01 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1101(21)

In the Matter of

NORTHWEST NATURAL GAS  
COMPANY, dba NW NATURAL,

Application for Reauthorization for  
Deferred Accounting of Intervenor  
Funding Grants.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on October 1, 2024, 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:



---

**Alison Lackey**  
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.



Docket No. UM 1101(21)  
September 6, 2024  
Page 2

OAR 860-027-0300(4) requires the utility to provide certain information in an application for deferred accounting. This includes: 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*

On July 2, 2003, pursuant to Section 2 of the Intervenor Funding Act. The Commission issued Order No. 03-388,<sup>1</sup> which, among other things, approved the Intervenor Funding Agreement among NW Natural, Portland General Electric, PacifiCorp, Cascade Natural Gas Corporation, Avista Corporation, Industrial Customers of Northwest Utilities (ICNU), Citizens' Utility Board (CUB), and Northwest Industrial Gas Users (NWIGU), collectively referred to as the Joint Parties.

The Intervenor Funding Agreement set forth the amount of funding to be contributed by each utility and the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities.

The Fifth Amended and Restated Intervenor Funding Agreement was approved by the Commission in Order No. 22-506 at its public meeting on December 27, 2022.<sup>2</sup> This agreement extends intervenor funding to December 31, 2027. It increased the total funds available annually in the CUB Fund by 15 percent, the total funds in the Preauthorized Matching Funds by 12 percent, and the Issue Fund amount by 15 percent. Additionally, the agreement establishes a separate Case Certified Account under the Issue Fund. This fund is available to organizations, other than CUB and AWEC, which meet the criteria set in Article 5.3 of the agreement. After 2023, the annual amount for the CUB Fund and Issue Fund General Account will increase by 3 percent each year.

Finally, an agreement governing intervenor funding for environmental justice and low-income organizations was approved by the Commission in Order No. 23-033, issued on February 8, 2023. The agreement establishes a Pre-Certification Fund and Case Fund, which function in a similar manner as the CUB Fund. Order No. 23-033 also established an allocation of funds for each investor-owned utility, wherein NW Natural's

---

<sup>1</sup> Order No. 03-399, Docket No. AR 642, Adopting Temporary Rules for Intervenor Funding July 2, 2003, available at <https://apps.puc.state.or.us/orders/2003ords/03-388.pdf>.

<sup>2</sup> See, Order 22-506, the Fourth Amended and Reinstated Intervenor Funding Agreement expired on December 31, 2022, and was replaced by the Fifth Amended and Reinstated Intervenor Funding Agreement.

Docket No. UM 1101(21)  
 September 6, 2024  
 Page 3

allocation for annual availability of funds of \$85,000 and \$56,667 for the Pre-Certification Fund and Case Fund, respectively.

*Reason for Deferral*

ORS 757.259(3) allows for the deferral of Intervenor funds. Commission Order No. 22-506 in Docket No. UM 2264, directs NW Natural to pay CUB the amounts made available for the CUB Fund Grants as defined and provided for in the Fifth Amended and Restated Intervenor Funding Agreement.<sup>3</sup>

In addition, The Company expects to incur intervenor funding costs for the time period covered by this deferral, July 1, 2024, to June 30, 2025, and ORS 757.072(4) permits the Company to defer such costs.

*Description of Expense*

Under the current agreement, the estimated amounts for 2024, see below:

<u>Fund</u>	
	\$ 119,793
CUB Fund	\$119,783
Preauthorized Matching Fund (AWEC Fund)	\$ 81,868
Issue Fund- General Account	\$ 170,272
Issue Fund- Case Certified Account	\$ 10,000
Total	<u>\$ 381,923</u>

*Estimate of Upcoming PGA-Period Deferral and/or Amortization*

The Company estimates that it will defer, and ultimately seek to amortize, \$381,923.

*Proposed Accounting*

The Company proposes to record payment of Intervenor Funding Grants in a subaccount of FERC Account 186.

---

<sup>3</sup> Order 22-506, Docket NO. UM 2264, NWN Deferral Application, December 27, 2022.

Docket No. UM 1101(21)  
 September 6, 2024  
 Page 4

*Current Deferral Activity*

The annual amounts<sup>4</sup> available are:

	<b>Issue Fund</b> <u>Acct 151878</u>	<b>CUB Fund</b> <u>Acct 151866</u>	<b>AWEC Fund</b> <u>Acct 151870</u>	<b>Equity &amp; Environmental Fund</b> <u>Acct 151876</u>
Deferred amounts July 1, 2023 through May 31, 2024	150,987.00	119,782.82	45,356.75	140,999.85

	<b>CUB Fund</b> <u>Acct 151880</u>	<b>AWEC Fund</b> <u>Acct 151882</u>
Amortized amounts November 1, 2023 through May 31, 2024 with interest	\$232,201	\$82,578

	<u>NW Natural Allocation</u>
Pre-Certification Fund	\$85,000
Case Fund	\$56,667

*Amount Deferred Last Year*

	<b>Issue Fund</b> <u>Acct 151878</u>	<b>CUB Fund</b> <u>Acct 151866</u>	<b>AWEC Fund</b> <u>Acct 151870</u>	<b>Equity &amp; Environmental Fund</b> <u>Acct 151876</u>
Deferred amounts July 1, 2023 through May 31, 2024	\$150,987	\$119,782	\$45,356	\$140,999

*Amount Amortized Last Year*

	<b>CUB Fund</b> <u>Acct 151880</u>	<b>AWEC Fund</b> <u>Acct 151882</u>
Amortized amounts November 1, 2023 through May 31, 2024 with interest	\$232,201	\$82,587

<sup>4</sup> See, Docket No. 1101, The Environmental Justice Communities Funding Agreement, July 30, 2024.

Docket No. UM 1101(21)  
September 6, 2024  
Page 5

*Information Related to Future Amortization*

- Earnings Review – Pursuant to Commission Order No. 22-506, Appendix A, page 29, 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.

Note: While the Company does not currently accrue interest on balances deferred for intervenor funding, the Company is authorized to include carrying costs in accordance with Section 7.9 of the Fifth Amended and Restated Agreement included as Attachment A to Commission Order No. 22-506.<sup>5</sup>

Conclusion

The Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300 for deferred accounting. Staff finds that the reason for the deferral costs, related to intervenor funding grants, is still valid.

Therefore, Staff recommends the Commission approve NW Natural's application for reauthorization to record and defer costs associated with Intervenor Funding Grants.

The Company has reviewed this memo and agrees with its contents.

---

<sup>5</sup> Order No. 23-033, Docket No. 2211, Exhibit 1 to the Environmental Justice Communities Funding Agreement, Appendix A, February 7, 2022.

Docket No. UM 1101(21)  
September 6, 2024  
Page 6

**PROPOSED COMMISSION MOTION:**

Approve NW Natural's Application to defer the costs associated with Intervenor funding grants for the 12-month period beginning July 1, 2024, through June 30, 2025.

UM 1101(21) Intervenor Funding Deferral