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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 605

In the Matter of the Reauthorization of Deferred)	
Accounting for Costs Associated)	ORDER
with CASCADE NATURAL GAS)	
CORPORATION's Demand-Side Management)	
Programs.)	

DISPOSITION: REAUTHORIZATION APPROVED

At its public meeting on June 20, 2000, the Commission adopted Staff's recommendation to approve reauthorization of deferred accounting for costs associated with Cascade Natural Gas Corporation's conservation or energy efficiency programs. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED THAT reauthorization of deferred accounting for amounts related to Cascade Natural Gas Corporation's conservation or energy efficiency program costs for a 12-month period beginning July 1, 2000, as described in Appendix A, is granted.

Made, entered and effective _____.

BY THE COMMISSION:

Vikie Bailey-Goggins
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 26, 2001**

REGULAR AGENDA ___ **CONSENT AGENDA** X **EFFECTIVE DATE** July 1, 2001

DATE: May 31, 2001

TO: Phil Nyegaard through Lee Sparling and Ed Busch

FROM: Ed Krantz

SUBJECT: UM 605: Cascade Natural Gas Corporation's Reauthorization to Defer Certain Costs Associated with Demand-Side Management Programs

SUMMARY RECOMMENDATION:

Approve reauthorization of Cascade Natural Gas Corporation's (Cascade or company) deferrals of conservation or energy efficiency costs for a 12-month period beginning July 1, 2001.

DISCUSSION:

By Order No. 93-1484, the Commission authorized Cascade to defer capitalized expenditures and estimated revenue margin losses associated with Commission-approved demand-side management (DSM) programs. This authorization was for the 12 months ending September 30, 1994. Deferrals were reauthorized for the 12 month period ending September 30, 1995, by Order No. 94-1498. Subsequently, the Commission reauthorized DSM related deferrals, each year, through June 30. Current reauthorization extends through June 30, 2001.

Deferral of these direct DSM program costs and associated net revenue losses is consistent with the Commission's policy to remove the significant disincentives to acquiring DSM relative to supply-side resources. ORS 757.262 allows the Commission to "...adopt policies designed to encourage the acquisition of cost-effective conservation resources." Without deferral and cost recovery, the disincentives to acquiring cost-effective conservation resources would return.

The company estimates it will defer approximately \$15,000 in DSM program costs and net revenue losses in the 12 months ending June 30, 2002.

STAFF RECOMMENDATION:

I recommend the Commission approve reauthorization of Cascade Natural Gas Corporation's deferred accounting for the 12 months beginning July 1, 2001, for revenue requirements and net lost revenues associated with the company's Commission-approved energy efficiency programs.