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July 30, 2013

Ms. Kathy Williams
Oregon Public Utility Commission
550 Capitol Street NE #215
Salem, OR 97308-2148

Re: UM 1336(6) – Reauthorization for Deferred Accounting Treatment of Intervenor Funding

Dear Ms. Williams:

Cascade Natural Gas files the enclosed Application for Reauthorization of the Deferred Accounting Treatment of Intervenor Funding Grants for the Upcoming twelve months effective November 1, 2013. Initial authorization was approved in Docket UM 1336, Order No. 07-397, with an effective date of September 13, 2007.

Should you have any questions regarding this filing, please contact me at (509)734-4593.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael P.", with a long horizontal flourish extending to the right.

Michael Parvinen
Director, Regulatory Affairs

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

DOCKET NO. UM 1336(6)

In the Matter of the Application of
CASCADE NATURAL GAS CORPORATION
for Reauthorization to Defer Expenses for
Intervenor Funding Grants

APPLICATION

In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas Corporation (or the “Company”) applies to the Public Utility Commission of Oregon (“Commission”) for an accounting order reauthorizing the Company to record and defer, on an ongoing basis, the cost of intervenor funding grants provided to qualifying organizations pursuant to the provisions of ORS 757.259 (3), as amended by OR Laws 2003, ch. 234 (“Intervenor Funding Grants”). The Company respectfully requests that the deferral commence November 1, 2013, for later amortization in rates.

In support of this Application, Cascade states:

1. CASCADE NATURAL GAS CORPORATION

Cascade Natural Gas Corporation is a public utility engaged in the distribution of natural gas in the states of Oregon and Washington and is subject to the jurisdiction of the Commission with regard to its rates, service, and accounting practices.

2. STATUTORY AUTHORITY

This Application is filed pursuant to ORS 757.259, which empowers the Commission to authorize the deferral of expenses or revenues of a public utility for later incorporation in rates.

3. **COMMUNICATIONS**

Communications regarding this Application should be addressed to:

Michael Parvinen
Director, Regulatory Affairs
Cascade Natural Gas Corporation
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E-mail: michael.parvinen@cngc.com

4. **BASIS FOR APPLICATION**

Statutory Authority

On June 6, 2003, the Governor signed OR Law 2003, ch. 234 (the “Intervenor Funding Act”) into law. Section 2 of the Intervenor Funding Act authorizes the Commission to approve written agreements for intervenor funding grants between electric and natural gas utilities and qualifying organizations representing broad customer interests. Such grants would be used by these qualifying organizations when participating in certain types of regulatory proceedings before the Commission. Section 2 of the Intervenor Funding Act also authorizes the Commission to establish rules with respect to funding agreements for determining which organizations are eligible for financial assistance, the amount of assistance that may be provided, the manner in which assistance will be distributed, and other necessary administrative matters.

Moreover, Section 2 of the Intervenor Funding Act provides:

“The commission shall allow a public utility that provides financial assistance under this section to recover the amounts so provided in rates. The commission shall allow a public utility to defer inclusion of those amounts in rates as provided in ORS 757.259 if the public utility so elects.”

ORS 757.259(3), as amended by section 3 of the Intervenor Funding Act, provides:

“Upon request of the public utility, the commission by order shall allow deferral of amounts provided as financial assistance under an agreement entered into under section 2 of this 2003 Act for later incorporation in rates.”

Additionally, the Company notes that deferred amounts under ORS 757.259(3) are not subject to the percentage of gross revenues limitation on amortization or other provisions of subsections (5), (6), (7), and (8) of the amended section.

Commission Approval of the Intervenor Funding Agreement

On December 19, 2007, the Commission issued Order No. 07-564, which approved amendments to the original Intervenor Funding Agreement previously approved in Order No. 03-338. The parties to this amended Intervenor Funding Agreement are Portland General Electric Company, PacifiCorp, Cascade Natural Gas Corporation, Avista Corporation, Industrial Customers of Northwest Utilities (ICNU), Citizens' Utility Board of Oregon (CUB), and Northwest Industrial Gas Users (NWIGU). The Intervenor Funding Agreement sets 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. In its subsequent Order No. 08-006, the Commission directed the utilities to pay to CUB the amounts made available for the CUB Fund Grants as defined and provided for in the Intervenor Funding Agreement (\$30,000 for Cascade). Following this, on November 20, 2012, the Commission approved Second Amended and Restated Intervenor Funding Agreement Order No. 12-452. This replaces the First Amended and Restated Intervenor Funding Agreement which was issued in December 2007 in Order No. 07-564. The amounts in each fund have been increased by 15% above the existing level of \$30,000 for Cascade to \$34,500. Express Commission approval for payment was necessitated by Section 7.1 of the Intervenor Funding Agreement, which provides that “upon request by CUB, the

Commission will direct the Participating Public Utilities to pay the amounts made available for CUB Fund Grants...”

5. CASCADE PROPOSAL

In accordance with the statutory authority provided by ORS 757.259(3), as amended, and the Commission’s approval of the Intervenor Funding Agreement, Cascade proposes to record and defer from November 1, 2013, through October 31, 2014, any and all Intervenor Funding Grants as defined and provided for in the Intervenor Funding Agreement for later incorporation in rates. The Company will record and defer these ongoing costs upon payment of the Intervenor Funding Grants following the Commission’s approval of the Intervenor Funding Grant and issuance of an Order directing the Company to make payment, pursuant to the intervenor Funding Agreement.

At the time of consideration for incorporation into rates, Cascade will propose an appropriate amortization period for the Intervenor Funding Grants for the Commission’s consideration.

6. PRIOR PERIOD DEFERRAL ACTIVITY

Deferral activity for the period August 2012 to July 2013 is detailed in the table below:

	INTERVENOR FUNDING ACCRUALS AUGUST 2012 Thru JULY 2013			
	CUB Fund	Pre-Authorized Matching Funds 1/	Issue Fund	TOTAL IVF Deferrals
Payments	\$ 34,500	\$ 2,721	\$ 11,609	\$ 48,830
Accrued Interest	\$ 506	\$ 40	\$ 170	\$ 716

1/ Pre-Authorized Matching Funds provided to NWIGU

Per the Commission's Order 13-002 in UM 1357, Cascade provided \$34,500 of CUB Funding in January 2013. Additional deferral entries to the CUB Intervenor Funding Account included monthly interest accruals which totaled \$506 for the 12 month period.

Per the Commission's Orders 12-481 and 13-107, both in UM 1357, Cascade provided a total of \$2,721 of Pre-Authorized Matching Funds to the Northwest Industrial Gas Users (NWIGU) during a 12 month period. Additional deferral entries to the NWIGU Intervenor Funding account included monthly interest accruals which totaled \$40 in that 12 month period.

Per the Commission's Orders 12-337 in LC 54 and 12-472 in UM 1565, Cascade provided a total of \$8,755 of Issue Funds to CUB. Additional deferral entries to the CUB Intervenor Funding Account included monthly interest accruals which totaled \$128 for the same 12 month period. Order 13-190 in UG 224 also provided a total of \$2,854 of Issue Funds to NWIGU in May 2013 with additional deferral entries of monthly interest accruals totalling \$42 for the 12 month period.

The company proposed amortization of the outstanding balances in its annual PGA/Temporary Technical Adjustment filing which will be filed with the Commission on August 31, 2013. The outstanding balances are maintained in separate deferral accounts to facilitate amortization to the appropriate rate schedules. Residential customers served on Rate Schedule 101 will be surcharged for the CUB Fund balances and industrial customers served on Rate Schedules 105, 111, 163, and 164 will be surcharged for the Pre-Authorized Matching Fund balances.

7. AMOUNTS SUBJECT TO DEFERRAL

Cascade anticipates that the maximum amounts to be deferred during the 12-month period subsequent to the Application are as follows:

<u>Fund</u>	
CUB Fund	\$ 34,500
Preauthorized Matching Fund	\$ 34,500
Issue Fund	<u>\$ 34,500</u>
Total	<u>\$ 103,500</u>

For the 12-month period covered by this Application, Cascade expects that the amount subject to this deferral will not exceed \$103,500. The Intervenor Funding Agreement allows, under certain circumstances, for an advance of funds that would otherwise be available in future years for Intervenor Funding Grants from the CUB Fund and the Preauthorized Matching Fund. If an advance is made under the applicable provision of the Intervenor Funding Agreement, the maximum annual amount of Intervenor Funding Grants from the CUB Fund or the Preauthorized Grant Fund could exceed the level specified in this paragraph in which case the amount deferred under this Application could exceed \$103,500.

8. ACCOUNTING

Cascade proposes to record payment of Intervenor Funding Grants in a sub-account of Account 186. In the absence of the Commission's approval of this Application, the Company would not incur the cost of Intervenor Funding Grants. Were such costs incurred, however, they would be recorded in an appropriate sub-account of FERC Account 401.

WHEREFORE, Cascade respectfully requests that in accordance with ORS 757.259(3), as amended, the Commission issue an order reauthorizing the Company to record and defer from November 1, 2013 through October 31, 2014 Intervenor Funding Grants incurred by the Company pursuant to the Intervenor Funding Agreement, as described in this Application.

DATED: July 30, 2013.



Michael Parvinen
Director, Regulatory Affairs

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