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July 30, 2014

Oregon Public Utility Commission  
3930 Fairview Industrial Drive SE  
P.O. Box 1088  
Salem, OR 97308-1088

Re: UM 1336(7) – Reauthorization for Deferred Accounting Treatment of Intervenor Funding

Attn Filing Center:

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, 2014. 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 blue ink, appearing to read "Michael Parvinen", 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(7)**

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, 2014, for later amortization in rates.

In support of this Application, Casacade 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:

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Director, Regulatory Affairs  
Cascade Natural Gas Corporation  
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### 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, 2014 through October 31, 2015, 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 2013 to July 2014 is detailed in the table below:

**INTERVENOR FUNDING ACCRUALS  
AUGUST 2013 Thru JULY 2014**

	CUB Fund	Pre-Authorized Matching Funds 1/	Issue Fund	TOTAL IVF Deferrals
Payments	\$ 34,500	\$ 575	\$ 23,452	\$ 58,527
Accrued Interest	\$ 476	\$ 8	\$ 324	\$ 808

1/ Pre-Authorized Matching Funds provided to NWIGU

Per the Commission's Order 14-008 in UM 1357(47), Cascade provided \$34,500 of CUB Funding in January 2014. Additional deferral entries to the CUB Intervenor Funding Account included monthly interest accruals which totaled \$476 for the 12 month period.

Per the Commission's Order 14-118 in UM 1357(52), Cascade provided a total of \$575 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 \$8 in that 12 month period.

Per the Commission's Orders 14-011 and 14-172, both in UM 1633, Cascade provided a total of \$16,666 of Issue Funds to CUB. Additional deferral entries to the CUB Intervenor Funding Account included monthly interest accruals which totaled \$230 for the same 12 month period. Order 14-119 in UM 1633 also provided a total of \$6,786 of Issue Funds to NWIGU in April 2014 with additional deferral entries of monthly interest accruals totaling \$94 for the 12 month period.

<b>New CUB Funding Grants Paid</b>	<b>Date</b>	<b>Amount</b>	<b>Docket/Commission Order</b>
CUB Issue Fund	1/10/2014	\$8,333	UM 1633/14-011
CUB Funding	1/14/2014	\$34,500	UM 1357(47)/14-008
CUB Issue Fund	5/23/2014	\$8,333	UM 1633/14-172
<b>Total</b>		<b>\$51,166</b>	

<b>New NWIGU Funding Grants Paid</b>	<b>Date</b>	<b>Amount</b>	<b>Docket/Commission Order</b>
NWIGU Issue Fund	4/10/2014	\$6,786	UM 1633/14-119
NWIGU Matching Fund	4/10/2014	\$575	UM 1633/14-118
<b>Total</b>		<b>\$7,361</b>	

The company is proposing amortization of the outstanding balances in its annual PGA/Temporary Technical Adjustment filing which will be filed with the Commission on August 1, 2014. 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, 2014 through October 31, 2015 Intervenor Funding Grants incurred by the Company pursuant to the Intervenor Funding Agreement, as described in this Application.

DATED: July 30, 2014.



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Michael Parvinen  
Director, Regulatory Affairs

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