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September 13, 2011

Ms. Vikie Bailey-Goggins  
Oregon Public Utility Commission  
550 Capitol Street NE #215  
Salem, OR 97308-2148

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

Dear Ms. Bailey-Goggins:

Cascade Natural Gas files the enclosed Application for Reauthorization of the Deferred Accounting Treatment of Intervenor Funding Grants for the Upcoming 12 months effective with the date of this filing. 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,

*Michael Parvinen*

Michael Parvinen  
Manager  
Regulatory Affairs

MP/pa

Enclosures

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1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**

3 **DOCKET NO. 1336**

4  
5 In the Matter of the Application of  
6 **CASCADE NATURAL GAS CORPORATION**  
7 for Reauthorization to Defer Expenses for  
Intervenor Funding Grants

**APPLICATION**

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9 In accordance with ORS 757.259 and OAR 860-027-0300, Cascade Natural Gas  
10 Corporation (or the "Company") applies to the Public Utility Commission of Oregon  
11 ("Commission") for an accounting order reauthorizing the Company to record and defer, on an  
12 ongoing basis, the cost of intervenor funding grants provided to qualifying organizations  
13 pursuant to the provisions of ORS 757.259 (3), as amended by Or Laws 2003, ch 234  
14 ("Intervenor Funding Grants). The Company respectfully requests that the deferral commence as  
15 of the date of this filing, for later amortization in rates.

16 In support of this Application, Casacade states:

17 1. **CASCADE NATURAL GAS CORPORATION**

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

21 2. **STATUTORY AUTHORITY**

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

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Page

1           3.       **COMMUNICATIONS**

2                   Communications regarding this Application should be addressed to:

3                   Mike Parvinen  
4                   Manager, Regulatory  
5                   Cascade Natural Gas Corporation  
6                   8113 W. Grandridge Blvd.  
7                   Kennewick, WA 99336-7166  
8                   Telephone: (509) 734-4593  
9                   Facsimile: (509) 737-9834  
10                  E-mail: michael.parvinen@cngc.com

11           4.       **BASIS FOR APPLICATION**

12                   Statutory Authority

13                   On June 6, 2003, the Governor signed Or Laws 2003, ch 234 (the “Intervenor  
14                   Funding Act”) into law. Section 2 of the Intervenor Funding Act authorizes the  
15                   Commission to approve written agreements for intervenor funding grants between  
16                   electric and natural gas utilities and qualifying organizations representing broad customer  
17                   interests. Such grants would be used by these qualifying organizations when  
18                   participating in certain types of regulatory proceedings before the Commission. Section  
19                   2 of the intervenor funding act also authorizes the Commission to establish rules with  
20                   respect to funding agreements for determining which organizations are eligible for  
21                   financial assistance, the amount of assistance that may be provided, the manner in which  
22                   assistance will be distributed, and other necessary administrative matters.

23                   Moreover, Section 2 of the Intervenor Funding Act provides:

24                               “The commission shall allow a public utility that  
25                               provides financial assistance under this section to recover  
26                               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.”

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

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

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

9                           Commission Approval of the Intervenor Funding Agreement

10           On December 19, 2007, the Commission issued Order No. 07-564, which  
11           approved amendments to the original Intervenor Funding Agreement previously  
12           approved in Order No. 03-338. The parties to this amended Intervenor Funding  
13           Agreement are Portland General Electric Company, PacifiCorp, Cascade Natural Gas  
14           Corporation, Avista Corporation, Industrial Customers of Northwest Utilities (ICNU),  
15           Citizens’ Utility Board of Oregon (CUB), and Northwest Industrial Gas Uses (NWIGU).  
16           The Intervenor Funding Agreement sets forth the amount of funding to be contributed by  
17           each utility and the procedures for budget submittals by intervenors, Commission  
18           approval of budgets, and the payment of grants by utilities. In its subsequent Order No.  
19           08-006, the Commission directed the utilities to pay to CUB the amounts made available  
20           for the CUB Fund Grants as defined and provided for in the Intervenor Funding  
21           Agreement (\$30,000 for Cascade). Express Commission approval for payment was  
22           necessitated by Section 7.1 of the Intervenor Funding Agreement, which provides that  
23           “upon request by CUB, the Commission will direct the Participating Public Utilities to  
24           pay the amounts made available for CUB Fund Grants...”

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**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, on an ongoing basis, 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 5, 2010 to August 4, 2011 is detailed in the table below.

INTERVENOR FUNDING ACCRUALS AUGUST 2010 Thru JUNE 2011				
	CUB Fund	Pre-Authorized Matching Funds 1/	TOTAL IVF Deferrals	
Payments	\$ 30,000	\$ 756	\$	30,756
Accrued Interest	723	\$ 17	\$	740

1/ Pre-Authorized Matching Funds provided to NWIGU

Per the Commission’s Order 11-010 in UM 1357, Cascade provided \$30,000 of CUB Funding in January 2011. Additional deferral entries to the CUB Intervenor

1 Funding Account included monthly interest accruals which totaled \$723 for the 12 month  
2 period.

3 Per the Commission's Order 11-127, Cascade provided a total of \$756.35 of Pre-  
4 Authorized Matching Funds to the Northwest Industrial Gas Users (NWIGU) during the  
5 12 month period. Additional deferral entries to the NWIGU Intervenor Funding account  
6 included monthly interest accruals which totaled \$ 17 for the 12 month period.

7  
8 The company proposed amortization of the outstanding balances in its annual  
9 PGA/Temporary Technical Adjustment filing, which was filed with the Commission on  
10 August 31, 2011 and subsequently refilled on September 9, 2011. The outstanding  
11 balances are maintained in separate deferral accounts to facilitate amortization to the  
12 appropriate rate schedules. Residential customers served on Rate Schedule 101 will be  
13 surcharged for the CUB Fund balances and industrial customers served on Rate  
14 Schedules 105, 111, 163, and 164 will be surcharged for the Pre-Authorized Matching  
15 Fund balances.

16  
17 **7. AMOUNTS SUBJECT TO DEFERRAL**

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

<u>Fund</u>	
CUB Fund	\$ 30,000
Preauthorized Matching Fund	\$ 30,000
Issue Fund	<u>\$ 30,000</u>
Total	<u>\$ 90,000</u>

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26 For the 12-month period covered by this Application, Cascade expects that the  
amount subject to this deferral will not exceed \$ 90,000. The Intervenor Funding

1 Agreement permits under certain circumstances for an advance of funds that would  
2 otherwise be available in future years for Intervenor Funding Grants from the CUB Fund  
3 and the Preauthorized Matching Fund. If an advance is made under the applicable  
4 provision of the Intervenor Funding Agreement, the maximum annual amounts of  
5 Intervenor Funding Grants from the CUB Fund or the Preauthorized Grant Fund could  
6 exceed the level specified in this paragraph in which case the amount deferred under this  
7 Application could exceed \$ 90,000.

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9 **8. ACCOUNTING**

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

15 WHEREFORE, Cascade respectfully requests that in accordance with ORS 757.259(3),  
16 as amended, the Commission issue an order reauthorizing the Company to record and  
17 defer, on an ongoing basis and commencing as of the date of this filing, Intervenor  
18 Funding Grants incurred by the Company pursuant to the Intervenor Funding Agreement,  
19 as described in this Application.

20 DATED: September 13, 2011.

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22  
23 Mike Parvinen /pa  
24 Mike Parvinen  
25 Manager, Regulatory Affairs

26 Cascade Natural Gas Corporation  
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