

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT**

**PUBLIC MEETING DATE: September 9, 2008**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE**  August 5, 2008

**DATE:** August 15, 2008

**TO:** Public Utility Commission

**FROM:** Deborah Garcia

**THROUGH:** Lee Sparling, Ed Busch, and Judy Johnson

**SUBJECT:** CASCADE NATURAL GAS: (Docket No. UM 1336(1)) Requests reauthorization to defer costs associated with intervenor funding grants.

**STAFF RECOMMENDATION:**

I recommend that Cascade's application to defer costs associated with intervenor funding grants be approved.

**DISCUSSION:**

On August 5, 2008, Cascade Natural Gas (Cascade or Company) submitted an application requesting Commission approval to continue to defer<sup>1</sup> any intervenor funding grant (Grant) as defined and provided for in the Intervenor Funding Agreement (IFA)<sup>2</sup>, for later incorporation into rates. Cascade will record and defer these ongoing costs following Commission approval of a Grant and issuance of an order directing the Company to make payment. At the time Cascade requests amortization of the deferred balances, the Company will propose an appropriate amortization period.

Proposed Accounting

The proposed deferrals will be recorded in separate sub-accounts of account 186 (Miscellaneous Deferred Debits). Amounts are to be debited to the deferred account only as the utility actually disperses money for intervenor funding. In the absence of deferral approval, the company would record the amounts in the sub-accounts of FERC account 401 (Utility Operation Expense).

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<sup>1</sup> Commission Order No. 07-397 originally granted authority.

<sup>2</sup> Ibid, Appendix A – Staff's memo describes the history and requirements of the IFA.

Estimated Deferrals in Authorization Period

Cascade anticipates that the maximum amounts to be deferred during the calendar year are:

Fund	CY 2008
CUB Fund	\$ 30,000
Preauthorized Matching Fund	\$ 30,000
Issue Fund	\$ 30,000
Total	\$ 90,000

For the 12-month period covered by this Application, Cascade expects that the amount subject to this deferral will not exceed \$90,000. However, under certain circumstances the IFA permits advancement of funds that would otherwise be available in future years for a Grant from the CUB Fund or the Preauthorized Fund. If an advance is made under the applicable provision of the IFA, the maximum annual amounts specified in the table above could be exceeded.

**PROPOSED COMMISSION MOTION:**

Cascade's request for authorization, under ORS 757.259, to defer costs related to Intervenor Funding Grants be approved for the 12-month period beginning August 5, 2008. Cascade is directed to account for the Grants using separate subaccounts for each type of Grant in order to facilitate recovery of costs from the appropriate customer class.