

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: September 21, 2021

REGULAR CONSENT EFFECTIVE DATE August 1, 2021

DATE: September 7, 2021

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: IDAHO POWER:
(Docket No. UM 1621)
Request for Authorization for Deferral of Costs Associated with Intervenor
Funding Grants.

STAFF RECOMMENDATION:

Approve Idaho Power Company's (Idaho Power or Company) application for deferred accounting of costs associated with Intervenor Funding Grants for the 12-month period beginning August 1, 2021.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's request for reauthorization to record and defer cost related to intervenor funding grants for 12-month period beginning August 1, 2021.

Applicable Rule or Law

ORS 757.259(3) and OAR 860-027-0300 allow the deferral of expenses provided as financial assistance under an agreement entered into under ORS 757.072 for later incorporation in rates.

ORS 757.072 is the statute that authorizes a utility to enter funding agreements with organizations that represent broad customer interests in Commission proceedings. Once a funding agreement is approved by the Commission, organizations eligible to

receive grants under the funding agreement are identified pursuant to OAR 860-001- 0120. When a public utility provides financial assistance under a funding agreement, ORS 757.072(4) states that the Commission must allow a public utility to defer inclusion of the funding provided in rates as provided in ORS 757.259. A deferral may be authorized under ORS 757.259(2) for a period not to exceed 12 months beginning on or after the date of application.

OAR 860-027-0300 specifies the required contents of an application for deferred accounting, including a description of the expense or revenue for which deferral is requested, the basis for the request, the accounts proposed for recording the amounts to be deferred, an estimate of the amounts to be recorded in the deferred account, and a copy of the notice of the application for deferred accounting.

The Commission authorized Idaho Power's deferral for costs associated with intervenor funding grants for the first time in Order No. 10-483. The deferral was most recently reauthorized in Order No. 20-288, and is valid through July 31, 2021.

Analysis

Background

On February 5, 2016, the Commission issued Order No. 16-028 in Docket No. UM 1757 approving the Intervenor Funding Agreement (Agreement) between Idaho Power and the Citizens' Utility Board of Oregon (CUB) dated January 1, 2016. Per its terms, the Agreement is effective from January 26, 2016, until December 31, 2020.

On December 29, 2020, the Commission issued Order No. 20-493 in Docket No. UM 2126 approving the Intervenor Funding Agreement (Agreement) between Idaho Power and CUB dated January 1, 2021. Per the terms of the Agreement, it is effective from January 1, 2021, until December 31, 2025.

The Agreement sets forth the amount available to CUB, the procedures for budget submittals and funding requests, and payment of the grants by Idaho Power. The Agreement provides that the Commission should allow Idaho Power to recover all amounts paid under the Agreement and provides for amortization of amounts deferred under the Agreement.

The Company initially received authorization to defer costs associated with intervenor funding grants beginning in October of 2010, in Order No. 10-396. Prior to this filing, the Company most recently received authorization to continue to defer costs in August 2020, in Order No. 20-288. That deferral period ran through July 31, 2021.

Reason for Deferral

Idaho Power has been authorized by the Commission to continue to defer the costs associated with intervenor funding grants since October of 2010. The Company's most recent authorization in Order No. 20-288 expired on July 31, 2021. Because Idaho Power will continue to incur intervenor funding expenses pursuant to the Intervenor Funding Agreement between CUB and the Company that was approved by the Commission in Order No. 20-493, the Company requests reauthorization of this deferral starting August 1, 2021.

Proposed Accounting

Amounts are to be debited to deferred accounts only as the utility disburses funding to a qualifying Intervenor. The proposed funding grant deferrals would be recorded in separate subaccounts of FERC Account 182.3. Absent the Commission's authorization of a deferred accounting, the Company would continue to record costs associated with the Intervenor funding expenses to FERC Account 928.3.

Current Deferral Activity

In accordance with OAR 860-027-0300(4)(a), Idaho Power provided the following information regarding the deferral activity to the date of this application. Idaho Power will seek recovery of these deferred amounts concurrent with its upcoming purchased gas cost adjustment filing.

Order No.	CUB Fund (191720)	Approval Date
10-396		10/13/10
10-483		12/20/10
12-378		10/08/12
13-323		09/03/13
14-298		09/02/14
15-371		11/17/15
16-365		09/27/16
17-315		08/23/17
18-377		10/11/18
19-314		09/26/19
20-288		08/28/20
20-176		01/06/21
Balance at 06-30-2021	\$ 33,759	

Estimated Deferral in Authorization Period

At the time of its application, Idaho Power estimated that the maximum deferred amounts during the 12-month period beginning August 1, 2021, would be as shown in the table below.

Fund	Amount
CUB Fund	\$33,000
Issues Fund	\$31,500
Total	\$64,500

Information Related to Future Amortization

- Earnings Review – Pursuant to Commission Order No. 12-452, Appendix A, page 27, paragraph 7.9:
If a Participating Public Utility seeks rate recovery through a deferred account, the account and amortization of the account shall be exempt from the amortization caps and earnings test set forth in subsections 5,6,7,8 and 10 of ORS 757.259, as such subsections may be amended from time to time, and shall not be included in any calculation of the amortization cap for other deferred accounts.
- Prudence Review – For amortization, the prudence review should be limited to verification of the accounting methodology used to determine the final amortization balance.
- Sharing – This deferral is not subject to a sharing mechanism.
- Rate Spread/Design – Account balances are to be spread to the appropriate customer classes per Order No. 07-564, Appendix A, page 26, paragraph 7.7(b).
- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply to amortization of this deferral. See “Earnings Review” above.

Conclusion

The Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300 for deferred accounting, and the reason for the deferral – costs related to intervenor funding grants – is still valid. Therefore, Staff recommends the Commission approve Idaho Power's application.

PROPOSED COMMISSION MOTION:

Approve Idaho Power's Application to defer the costs associated with Intervenor funding grants for the 12-month period beginning August 1, 2021, and ending July 31, 2022.