

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 25, 2020**

REGULAR  CONSENT  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

**DATE:** August 11, 2020

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

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

**SUBJECT:** IDAHO POWER COMPANY:  
(Docket No. UM 1621(8))  
Request for Authorization for Deferral of Costs Associated with Intervenor  
Funding Grants.

**STAFF RECOMMENDATION:**

Approve Idaho Power Company's (Idaho Power or Company) request for reauthorization to defer costs related to 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 defer costs related to intervenor funding grants for the 12-month period beginning August 1, 2020.

Applicable Rule or Law

This request is made pursuant to ORS 757.259(3), which allows a deferral of expenses provided as financial assistance under an agreement entered into under ORS 757.072 for later incorporation in rates, and OAR 860-027-0300, which sets forth requirements for an application to defer.

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.

### 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.

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 Commission allocates amounts related to the issue fund to align the costs of advocacy with the intended beneficiaries of the advocacy. Most recently, by Order No. 19-314, the Commission approved continued deferred accounting treatment for three Intervenor funds and restated Intervenor Funding Agreement that extends Intervenor funding through December 2022.

#### *Reason for Deferral*

In accordance with OAR 860-027-0300(4)(b), the Company requests continuation of deferred accounting to recover amounts approved pursuant to ORS 757.072 and Order No. 16-028, "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 ORS 757.072 for later incorporation in rates.”<sup>1</sup>

*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 deferred accounting, the Company would incur the cost of an Intervenor funding grant.

In addition, Idaho Power would continue to record costs associated with the intervenor funding expenses to FERC Account 928.3, Regulatory expenses.

*Estimated Deferrals 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, 2020 through July 31, 2021, would be as shown in the table below.

<b>8/1/2020-7/31/2021</b>	<b>Amount</b>
CUB Fund	\$31,500
Issue Fund	\$31,500
<b>Total</b>	<b>\$63,000</b>

*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.

<b>Filing Date</b>	<b>Deferral Period</b>	<b>Order No.</b>	<b>Approval Date</b>
7/31/15	8/01/2015-7/31/16	15-371	11/17/15
7/28/16	8/01/2016-7/31/17	16-365	09/27/16
7/25/17	8/01/2017-7/31/18	17-315	08/23/17
7/26/18	8/01/2018-7/31/19	18-377	10/11/18
7/26/19	8/01/2019-7/31/20	19-314	09/26/19

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<sup>1</sup> Idaho Power Company's Request for Authorization for Deferral of Costs Associated with Intervenor Funding Grants, page 3.

In addition, deferral amounts will accrue interest at Idaho Power's authorized rate of return.

*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). Pursuant to Section 4.2 of the Agreement, plus any rollover amounts permitted by Section 4.3 of the Agreement.
- Three Percent Test (ORS 757.259(6)). The three percent test does not apply to amortization of this deferral. See "Earnings Review" above.

Conclusion

As the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is still valid, 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, 2020.