

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 15, 2015**

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2016

DATE: December 8, 2015

TO: Public Utility Commission

FROM: Judy Johnson 

THROUGH: Jason Eisdorfer and Marc Hellman  

SUBJECT: PACIFIC POWER: (Docket No. UE 304/Advice No. 15-016) Requests Amortization of Intervenor Funding Deferral through Schedule 97, Intervenor Funding Adjustment and Adjusting Schedule 96, Property Sales Balancing Account.

STAFF RECOMMENDATION:

Staff recommends the Commission authorize Pacific Power's (PAC or Company) Schedule 97 tariff revisions, as described in Advice 15-016, effective January 1, 2016, and Schedule 96 adjustments, Property Sales Balancing Account.

ISSUE:

Whether to allow Pacific Power to amortize the deferral balance relating to intervenor funding?

Whether to allow Pacific Power to net the balance of gains and losses related to property sales with net proceeds from sale of Oregon-allocated, renewable portfolio standard-ineligible renewable energy credits to reduce the balances accruing interest?

APPLICABLE LAW:

This filing is made pursuant to ORS 757.259, which authorizes deferred utility expenses or revenues to be allowed (amortized) in rates to the extent authorized by the Commission in a proceeding to change rates.

In accordance with ORS 727.259(5), the amortization of intervenor funding is not subject to an earnings review. Further, the intervenor funding amortization balance is not included in the three percent test that caps the level of deferred costs that may be amortized during a calendar year per ORS 757.259(4).

ANALYSIS:

This filing has two purposes: to request approval to amortize the deferral balance relating to intervenor funding amounts over a one-year period by adjusting the rates in Schedule 97, and to request approval to net balances on the amounts related to gains and losses on property sales with the amounts related to the net proceeds from Oregon-allocated, renewable portfolio standard-ineligible renewable energy credits (RPS-ineligible RECs).

Intervenor Funding

The Company seeks approval to amortize amounts for intervenor funding grants deferred under ORS 757.072. Deferral of these costs was originally approved by the Commission in Order No. 03-560 and has been reauthorized annually, most recently in Order No. 15-268 in Docket UM 1102.

PAC seeks to amortize \$1.4 million in intervenor funding payments, including interest and the residual balance of previous amortization. The deferral account reflects actuals through September 30, 2015, and includes actual intervenor funding payments and interest from June 2007, through September 2015, and estimated interest accruals from October 2015, through December 2015. The Company's last amortization of deferred intervenor funding payments included payments from October 2003, through May 2007.

Deferred amounts will be recovered from the broad class of customers represented by the organization receiving intervenor payments as pre-assigned by the Intervenor Funding Agreement. The deferred amounts will be recovered from customers on an equal cents per kWh basis.

The proposed changes will affect approximately 493,000 residential, agricultural pumping and large general service customers. The net effect of the change is an overall annual rate increase of approximately \$1.4 million or 0.1 percent. If approved, a residential customer using 900 kWh per month would see a bill increase of \$0.10 per month as a result of this change.

Property Sales Balancing Account

The Company proposes to net the balances of the deferred amounts in its property sales balancing account. The projected net amount in the property sales balancing account at December 31, 2015, is (\$8,098). This balance is the net of approximately \$350,458 associated with gains and losses on Property sales and (\$358,557) associated with the net proceeds from the sale of Oregon-allocated, RPS-ineligible RECs. Net proceeds from sales of Oregon RPS-ineligible RECs have been recorded in the property sales balancing account per Order No. 10-210 in Docket UP 260 and the Stipulation in Docket UE 217, the Company's 2010 general rate case.

Because the net amount in the property sales balancing account is minimal, changes to Schedule 96 to amortize the balance are not necessary and the Company is not seeking to change Schedule 96 at this time. However, to avoid the continuation of interest accruals and for purposes of administrative efficiency, the Company seeks authorization to net the balance of the property sales gains and losses with the balance of the Oregon RPS-ineligible REC sales as of December 31, 2015. If this process is approved, the property sales balancing account will start with a zero balance at January 1, 2016.

STAFF RECOMMENDATION:

Staff has reviewed Pacific Power's calculation of the deferral balances at issue and the proposed rate change associated with amortization of the intervenor funding balance. Staff agrees with Pacific Power's calculations. Staff supports Pacific Power's proposal to amortize the intervenor funding deferral balance and its request to net the amounts in its property sales balance account.

PROPOSED COMMISSION MOTION:

Authorize Pacific Power's Schedule 97 tariff revisions, as described in Advice 15-016, effective January 1, 2016, and Schedule 96 adjustments, Property Sales Balancing Account.