



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

September 29, 2020

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3398

**RE: UM 1981(3)—Application for Reauthorization of Deferred Accounting for Costs
Related to the Oregon Community Solar Program**

PacifiCorp d/b/a Pacific Power submits for filing its Application for Reauthorization for Deferred Accounting for costs related to the Oregon Community Solar Program.

PacifiCorp respectfully requests that all communications related to this filing be addressed to:

Oregon Dockets
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
oregondockets@pacificorp.com

Nate Larsen
Associate Attorney
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: nathaniel.larsen@pacificorp.com

Additionally, PacifiCorp requests that all formal information requests regarding this matter be addressed to:

By email (preferred): datarequest@pacificorp.com.

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

Informal inquiries may be directed to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,

Shelley McCoy
Director, Regulation

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1981(3)

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of Deferred Accounting
for Costs Related to the Oregon Community Solar
Program.

**APPLICATION FOR
REAUTHORIZATION FOR
DEFERRED ACCOUNTING**

I. INTRODUCTION

In accordance with ORS 757.259(2)(e) and OAR 860-027-0300, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) applies to the Public Utility Commission of Oregon (Commission) for an order reauthorizing deferral of start-up costs related to the Oregon Community Solar Program (CSP). In contrast with past applications in this docket, PacifiCorp seeks to expand the cost categories included in its deferral to include subscribed energy costs. PacifiCorp respectfully requests reauthorization for 12 months beginning September 29, 2021.

II. NOTICE

Communications regarding this application should be addressed to:

Oregon Dockets
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: oregondockets@pacificorp.com

Nate Larsen
Associate Attorney
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: nathaniel.larsen@pacificorp.com

In addition, PacifiCorp requests that all data requests regarding this application be sent to the following:

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

Informal questions may be directed to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

III. BACKGROUND

On November 27, 2018, PacifiCorp filed an application for approval to defer accounting costs related to the CSP, docket UM 1981. The Commission approved the application in Order No. 18-478.¹ On November 28, 2019, PacifiCorp filed an application for reauthorization to defer of the costs related to the CSP, docket UM 1981(1). The Commission approved the application in Order No. 20-057.² On November 20, 2020, PacifiCorp filed a second application for reauthorization to defer the costs related to CSP, docket UM 1981(2). The Commission approved the application in Order No. 21-048.³

In this application, PacifiCorp requests the inclusion of the incremental costs associated with subscribed energy as CSP start-up costs for deferred accounting treatment. This approach is consistent with the approach proposed by Portland General Electric Company (PGE) in its November 6, 2020 filing in docket UM 1977 and modified by Commission Staff recommendation in its March 29, 2021 Staff Report, which the Commission approved in Order No. 21-106 on April 7, 2021.⁴ PacifiCorp's inclusion of the incremental cost of subscribed

¹ *In the Matter of PACIFICORP, dba PACIFIC POWER, Application for Approval to Defer Accounting Costs Related to the Oregon Community Solar Program*, Order No. 18-478 (December 19, 2018).

² *In the Matter of PACIFICORP, dba PACIFIC POWER, Application for Approval to Defer Accounting Costs Related to the Oregon Community Solar Program*, Order No. 20-057 (March 3, 2020).

³ *In the Matter of PACIFICORP, dba PACIFIC POWER, Application for Approval to Defer Accounting Costs Related to the Oregon Community Solar Program*, Order No. 21-048 (February 12, 2021).

⁴ *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Deferral of Start-up Costs Associated with the Community Solar Program Implementation*, Order No. 21-106478 (April 7, 2021).

energy in this application is also consistent with OAR 860-088-0160(1), which defines start-up costs to include “costs associated with... on-bill crediting and payment.”

IV. DEFERRAL OF COSTS

PacifiCorp respectfully requests authorization under ORS 757.259(2)(e) to establish and maintain a balancing account to record costs related to the CSP, along with related interest at the Modified Blended Treasury Rate, consistent with the treatment of interest rates described in Order No. 08-263 as modified by Order No. 10-279.

As required by OAR 860-027-0300(3), PacifiCorp provides the following:

A. Description of Utility Expense

PacifiCorp seeks reauthorization to defer, for future amortization, the start-up costs of Community Solar.

OAR 860-088-0160(1) defines start-up costs as:

- 1) Costs associated with the Program Administrator⁵ and Low-Income Facilitator;⁶ and
- 2) Each electric utility’s prudently incurred start-up costs associated with implementing the Community Solar Program. These costs include, but are not limited to, costs associated with customer account information transfer and on-bill crediting and payment, but exclude any costs associated with the electric utility developing a Community Solar Program solar project.

PacifiCorp anticipates its start-up costs consisting of:

- 1) **Capital costs** consisting of billing system upgrade costs that were not otherwise captured in PacifiCorp’s general rate case;

⁵ The Program Administrator is a third-party directed by the Commission to administer the CSP.

⁶ The Low-Income Facilitator’s responsibilities are provided in OAR 860-088-0030.

- 2) **Internal administration costs** which include internal program management, billing system operating costs, training and support for customer support representatives, and customer outreach costs;
- 3) **External administration costs** which include funding of the Program Administrator and Low-Income Facilitator; and
- 4) **Incremental subscribed energy costs**, which represent the difference in energy costs between the bill credit rate and cost of energy PacifiCorp would otherwise purchase.⁷

B. Reasons for Deferral

ORS 757.259(2)(e) allows the deferral of identifiable utility expenses in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne and benefits received by customers. ORS 757.386(7)(c) and OAR 860-088-0160(1) permit utilities to recover all start-up costs prudently incurred during the development or modification of Community Solar in electric company rates. In this application PacifiCorp seeks the use of a balancing account to match the costs borne and benefits received by customers.

C. Proposed Accounting

If this application is approved, PacifiCorp will record deferred Community Solar start-up costs by crediting Federal Energy Regulatory Commission (FERC) account 906, Customer Service and Informational Expenses, and other relevant FERC expense accounts, and debiting the Community Solar Start-Up Costs balancing account, in FERC Account 182.3, Other

⁷ In approving Staff's recommendation to approve PGE's deferral of incremental subscribed energy costs, the Commission did not approve or establish the method for calculating such costs. In its March 29, 2021 Staff Report, Staff noted that "the Commission has not yet approved a method for calculating the incremental cost of subscribed energy," indicating that "Staff will reach out to stakeholders and utilities to forge a common method for all three electric companies and make a recommendation to the Commission later in 2021." PacifiCorp expects to actively participate in those discussions, so it does not offer a specific proposal here.

Regulatory Assets. The deferral balance will be reduced monthly by the amount collected under Schedule 207, Community Solar Star-Up Cost Recovery Adjustment. A carrying charge calculated at the current Modified Blended Treasury rate will be recorded each month on the deferral balance. If this application is denied, Community Solar start-up costs will remain in FERC account 906 and other relevant FERC expense accounts.

D. Estimate of Amounts

At this time, PacifiCorp has a debit balance in its deferral account for fiscal year 2021 of approximately \$1,877,477. PacifiCorp estimates that its internal administration costs for Community Solar start-up will be \$150,000 for 2022, and does not estimate any billing system upgrade (capital) costs⁸ in 2022. PacifiCorp estimates Program Administration team costs to be \$1,080,000 in 2022 based on its share (39.5 percent) of the State of Oregon’s contract with Energy Solutions, the Program Administrator.⁹ Some portion of these costs will be paid by Community Solar Participants and Project Managers once community solar projects come online and begin billing, but the timing and magnitude of that contribution is uncertain at this time. Finally, PacifiCorp does not have information necessary to estimate the incremental cost of subscribed energy with any degree of certainty in 2022, because the Commission has not yet established the cost metric by which utilities will measure the difference compared to the subscribed energy bill credit rate. Additionally, PacifiCorp does not currently have any operational projects in its service territory. As many as 12 projects representing 18.2 megawatts of capacity are expected to come online in 2022; however, it is impossible to estimate the energy that those projects will generate in 2022, because the timing of when projects come online and

⁸ PacifiCorp included a portion of its billing system upgrade costs associated with the CSP in its 2020 general rate case. These costs represent upgrades above and beyond those accounted for in the rate case.

⁹ *Community Solar Start-Up Cost Recovery and Remittance of Funds to the Program Administrator*, Order No. 19-122, Appendix A at 4 (April 11, 2019).

the capacity factors associated with those projects will have a significant impact on the kilowatt-hours of energy they generate during the year.

Expected Community Solar Start-Up Costs

(\$000s)

	FY 2021	FY 2022
Deferral Account Balance	\$1,877	
PacifiCorp Administration Costs		\$150
Billing IT Costs (Capital)		\$0
Program Administration Team		\$1,080
Incremental Subscribed Energy Costs		Uncertain

E. Notice

A Notice of PacifiCorp’s Application for Approval of Deferred Accounting for Costs Related to the Oregon Community Solar Program is included as Exhibit A. This notice will be served to the service list in docket UM 1981.

V. CONCLUSION

PacifiCorp respectfully requests that the Commission authorize the Company to continue deferring the Community Solar start-up costs, related amortization and interest beginning September 29, 2021.

Respectfully submitted this 29th day of September, 2021.

By:



Nate Larsen
Associate Attorney
PacifiCorp d/b/a Pacific Power

Exhibit A

EXHIBIT A
NOTICE
BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1981(3)

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of Deferred Accounting
for Costs Related to the Oregon Community Solar
Program.

NOTICE OF
APPLICATION FOR
REAUTHORIZATION OF
DEFERRED ACCOUNTING


On September 29, 2021, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) filed an application with the Public Utility Commission of Oregon (Commission) for an order reauthorizing the Company to maintain a balancing account to record the deferral of start-up costs related to the Oregon Community Solar Program. The granting of this application will not authorize a change in rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding. To obtain a copy of the application, contact the following:

Oregon Dockets
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: oregondockets@pacificorp.com

Any person who wishes to submit written comments to the Commission must do so within 25 days of the date of PacifiCorp's application.

Respectfully submitted on September 29, 2021.

By:



Nate Larsen
Associate Attorney