

frequency of rate changes or to match appropriately the costs borne by and benefits received by ratepayers.

OAR 860-027-0300(3) sets forth the requirements for application to defer, which include:

- (a) A description of the utility expense or revenue for which deferred accounting is requested;
- (b) The reason(s) deferred accounting is being requested and a reference to the section(s) of ORS 757.259 or 759.200 under which deferral may be authorized;
- (c) The account proposed for recording of the amounts to be deferred and the account which would be used for recording the amounts in the absence of approval of deferred accounting;
- (d) An estimate of the amounts to be recorded in the deferred account for the 12-month period subsequent to the application; and
- (e) A copy of the notice of application for deferred accounting and list of persons served with the notice.

HB 2165(2)(2)² states:

An electric company that makes sales of electricity to 25,000 or more retail electricity consumers in this state shall collect, through monthly meter charges, an amount from each retail electricity consumer served through the distribution system owned and operated by the electric company. The total amounts collected under this section must be set to one quarter of one percent of the total revenues collected by the electric company from all retail electricity consumers.

HB 2165(2)(3)³ states:

Funds collected under subsection (2) of this section must be expended by the electric company to support and integrate transportation electrification and must be consistent with a budget approved by the Public Utility Commission for use of funds collected under this section. Expenditures

² Oregon Laws 2021, chapter 95, section 2, compiled as a note after ORS 757.357 (2021).

³ Oregon Laws 2021, chapter 95, section 3, compiled as a note after ORS 757.357 (2021).

made by an electric company pursuant to this subsection must be made on elements contained within the electric company's transportation plan accepted by the commission pursuant to ORS 757.357.

ORS 757.357(3)(a) requires utilities to develop a plan that integrates the Company's TE actions and submit such plan to the Commission for acceptance.

Analysis

Background

In May 2021, the Governor of Oregon signed into law HB 2165.

On November 15, 2021, PacifiCorp filed Advice Letter 21-022 to begin collecting the TE charge through the System Benefits Charge, Schedule 291, effective January 1, 2022. The Commission approved the Company's filing on December 28, 2021.⁴

On January 7, 2022, PacifiCorp filed an application requesting authorization to defer certain costs and revenues associated with implementation and administration of HB 2165 for the 12-month period beginning January 7, 2022. The Commission approved the application on June 2, 2022, in Order No. 22-199.⁵

In this application, PacifiCorp requests reauthorization to continue deferral of the costs and revenues associated with the TE charge for the 12-month period beginning on January 7, 2023.

Description of Expense

House Bill 2165, Section 2 requires that the total amounts collected under this law be set to one-quarter of one percent of the total revenues collected by the electric company from all retail electricity consumers. Section 3 requires that the funds collected must be expended by the electric company to support and integrate transportation electrification and must be consistent with a budget approved by the Commission. Section 3 also requires that expenditures made by an electric company must be made on elements contained within the electric company's transportation electrification plan accepted by the commission pursuant to ORS 757.357.

⁴ *Pacific Power Tariff updates to implement House Bills 3141 and 2165 for Public Purpose, Energy Efficiency, and Transportation Electrification*, Docket No. ADV 1344/Advice NO. 21-022 (December 28, 2021).

⁵ *Application for Approval of Deferred Accounting for Costs and Revenues Associated with the Transportation Electrification Charge in House Bill 2165*, Docket No. UM 2224, Order No. 22-199 (June 2, 2022).

Reason for Deferral

Granting this deferral will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by, customers, in accordance with ORS 757.259(2)(e).

Proposed Accounting

PacifiCorp proposes to record deferred amounts to Federal Energy Regulatory Commission Account 182.3, Other Regulatory Assets. This account will accrue interest at the Commission-authorized rate for deferred accounts.

Estimate of Amounts

House Bill 2165 provides that the funding for transportation electrification programs will be one quarter of one percent of revenues. The TE charge approved in Advice Letter 21-022 is designed to collect approximately \$3.2 million annually.

Information Related to Future Amortization

- Earnings Review-- While an earnings review is required, Staff does not recommend an earnings test be applied given the purposes of these expenditures.
- Prudence Review – A prudence review will be performed when updating the amounts for amortization as part of the automatic adjustment clause.
- Sharing – All prudently incurred costs are recoverable by PacifiCorp with no sharing mechanism.
- Rate Spread/Design – Costs will be allocated to each schedule using the applicable schedule’s forecasted energy on the basis of an equal percent of revenue applied on a cents-per-kWh basis.
- Three Percent Test (ORS 757.259(6)) – Future amortization will be subject to the three percent test in accordance with ORS 757.259 (7) and (8).

Conclusion

Approval of this deferral is consistent with HB 2165 and past Commission activities regarding transportation electrification. Staff recommends that the Commission approve PacifiCorp’s application to defer costs and revenues associated with the TE charge in HB 2165.

Docket No. UM 2224(1)
July 28, 2023
Page 5

The Company has reviewed this memo and has stated no objection.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's application to defer costs and revenues associated with the TE Charge required by HB 2165.

PAC UM 2224 (1) HB 2165 TE Deferral