

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 2, 2016**

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE July 1, 2016

DATE: July 14, 2016

TO: Public Utility Commission

FROM: Judy Johnson *JJ*

THROUGH: *JF* Jason Eisdorfer and *A* Marc Hellman

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1103(13)) Requests reauthorization to defer Intervenor Funding costs.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric Company's (PGE or Company) request for reauthorization to defer costs related to Intervenor Funding Grants for the 12-month period beginning July 1, 2016.

Deferral of these costs was originally granted by the Commission in Order No. 03-561 and has been annually reauthorized, most recently in Order No. 15-335.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's request for reauthorization to defer costs related to Intervenor Funding Grants for the 12-month period beginning July 1, 2016.

Applicable Law

PGE submits its filing pursuant to ORS 757.259(3), ORS 757.072 and OAR 860-027-0300. ORS 757.259(3) specifically authorizes the deferral of amounts provided as financial assistance under an agreement entered into under ORS 757.072.

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.

### Discussion and Analysis

#### Background

In its Order No. 03-388, the Commission approved an Intervenor Funding Agreement (IFA) between various utilities including PGE, and several intervenors including the Citizens' Utility Board of Oregon (CUB), and Industrial Customers of Northwest Utilities (ICNU). The IFA sets forth the funding amount to be contributed by each utility, the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities. It authorizes three funds with different qualification requirements for each. They are the CUB Fund, the Preauthorized Matching Fund, and the Issue Fund.

The IFA also requires the costs of each fund to be allocated to the appropriate customer class. The CUB fund is generated from residential rates, and industrial customers' rates include an increment to support the Preauthorized Matching Fund (Matching Fund). The Commission allocates amounts related to the Issue Fund to align the costs of advocacy with the intended beneficiaries of the advocacy.

Staff counsel advises that the IFA qualifies as agreement for financial assistance under ORS 757.259(3).

In its subsequent Order No. 07-564, the Commission approved an amended and restated IFA that extends intervenor funding until December 31, 2012.

Most recently, by Order No. 15-335, the Commission approved an amended and restated IFA that extends intervenor funding until December 31, 2017. This IFA also provides authority for intervenors to request an increase in annual funding.

#### Reason for Deferral

In accordance with OAR 860-027-0300(3), the Company requests continuation of deferred accounting to recover amounts approved pursuant to Order No. 15-335.

#### Proposed Accounting

Amounts are to be debited to deferred accounts only as the utility disburses funding to a qualifying intervenor. The proposed deferrals would be recorded in separate

subaccounts of FERC Account 182.3 (Other Regulatory Assets). The Company would not normally incur the cost of intervenor funding grants without deferral approval. However, if such costs were incurred they would be recorded in FERC Account 928 (Regulatory Commission Expenses).

Current Deferral Activity

Compliant with OAR 860-027-0300(4)(a), PGE provided the following information regarding the deferral activity during the current deferral period, up to the date of this application:

<b>New CUB Funding Grants Paid</b>	<b>Date</b>	<b>Amount</b>	<b>Docket/ Commission Order</b>
CUB Issue Fund	8/3/15	\$50,000.00	UE 294/15-240
CUB Issue Fund	8/26/15	\$8,000.00	UM 1663/15-252
CUB Issue Fund	11/19/15	\$8,238.50	UM 1662/15-376
CUB Issue Fund	11/19/15	\$10,000.00	UM 1713/15-378
CUB Funding Grant	1/6/16	\$66,125.00	UM 1357/16-004
<b>Total CUB</b>		<b>\$142,363.50</b>	

<b>New ICNU Funding Grants Paid</b>	<b>Date</b>	<b>Amount</b>	<b>Docket/Commission Order</b>
ICNU Issue Fund	9/14/15	\$54,552.00	UE 294/15-277
ICNU Issue Fund	9/30/15	\$4,000.00	UM 1713/15-302
ICNU Issue Fund	10/8/15	\$9,491.01	UM 1662/15-312
ICNU Issue Fund	2/19/16	\$7,551.75	UM 1662/16-058
ICNU Issue Fund	5/24/16	\$1,452.20	UM 1719/16-199
ICNU Matching Fund	2/29/16	\$19,154.42	UM 1357/16-082
<b>Total ICNU</b>		<b>\$96,201.38</b>	

Estimated Deferrals in Authorization Period

At the time of its application, PGE estimated that the maximum deferred amounts during the 12-month period beginning July 1, 2016, will be as shown in the table below. Depending on the Commission's decision regarding the extension of the IFA, these estimated amounts may change.

<b>Fund</b>	<b>Amount</b>
CUB Fund	66,125
Preauthorized Matching Fund	66,125
Issue Fund	143,750
<b>Total</b>	<b>\$276,000</b>

Information Related to Future Amortization

- Earnings Review – Pursuant to Commission Order 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

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 PGE’s application.

**PROPOSED COMMISSION MOTION:**

Approve PGE’s application to defer the costs associated with intervenor funding grants for the 12-month period, beginning July 1, 2016. Further, PGE is required to use a separate subaccount for each grant.