

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: November 17, 2020**

REGULAR  CONSENT  EFFECTIVE DATE November 18, 2020

DATE: November 9, 2020

TO: Public Utility Commission

FROM: Paul Rossow

THROUGH: Bryan Conway, JP Batmale, and Kim Herb **SIGNED**

SUBJECT: IDAHO POWER COMPANY:  
(Docket No. UM 1975(2))  
Request for authorization of deferred accounting of Solar Photovoltaic Pilot Program revenues and expenses.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Idaho Power Company's (Idaho Power or Company) request to defer Solar Photovoltaic Pilot Program revenues and expenses for the period October 1, 2020 through September 30, 2021.

**DISCUSSION:**

Issue

Whether the Commission should approve Idaho Power's application to reauthorize deferred accounting of Solar Photovoltaic Pilot Program revenues and expenses, to support Idaho Power's rates collected through its Tariff Schedule 93 - Solar Photovoltaic Pilot Program Rider (PV Program Rider) – which collects revenues to offset expenditures associated with the Solar Voltaic Pilot Program (Pilot Program).

Applicable Law

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates to minimize the frequency of rate changes or to appropriately match customer benefits and costs. OAR 860-027-0300(4) requires the utility to provide certain information in an application to defer, such as reason for the deferral, estimated amount of the deferral, etc.

## Analysis

### *Description of Expense*

Idaho Power collects revenue from customers through its Solar PV Program Rider and uses the revenue to fund the implementation and administration of the Pilot Program. It is a balancing account mechanism that was approved by the Commission at its June 28, 2010, public meeting.

The Solar PV Program Rider charges customers a percentage of the sum of the monthly charges for the base rate components of their electric bill. Base rate components include the service charge, energy charges, demand charges, and the basic charge. The revenues are then recorded in a regulatory liability account. As funds are used for administration of the program and volumetric incentive rate payments (VIR), the balancing account is debited for the amount of the expenditure.

The intent of the balancing account mechanism is to keep the balance in this account as close to zero as possible – e.g. to match incoming revenues collected through the Solar PV Program Rider with program expenditures.

### *Reason for Deferral*

The Company filed this deferral at the request of Staff in order to bring the balancing account mechanism into compliance with ORS 757.259.

### *Proposed Accounting*

Idaho Power records the revenues and expenses that would be subject to this deferral in accordance with the Code of Federal Regulations to the Federal Energy Regulatory Commission Account 254 (Regulatory Liability).

### *Estimate of Amounts*

As of August 31, 2020, the Solar PV Program Rider balance was approximately \$145,000. The Company estimates net amounts to be deferred in this period through August 2021 to be approximately \$19,000, for a total balance of nearly \$164,000.

### **Information Related to Future Amortization**

- Earnings review – the Commission will review earnings in accordance with ORS 757.259(5) at the time of amortization. Staff does not recommend the Commission impose an earnings test that would result in a sharing of costs between shareholders and customers in this case because Idaho Power's cost recovery of Solar VIR costs is very similar to an automatic adjustment mechanism.
- Prudence Review – A prudence review will be conducted prior to amortization, and should include a verification of the accounting methodology used to determine the final amortization balance.
- Sharing – Staff recommends no sharing mechanism.
- Rate Spread/Design – The deferred amortization amount will be spread on an equal cents percentage of customer base rate components, as specified in Schedule 93.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year. Because Idaho Power is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit.

### **Conclusion**

Staff reviewed the Company's application and accompanying workpapers. The application meets the requirements of ORS 757.259 and OAR 860-027-0300 and is an appropriate use of the deferral statute. Staff recommends the application be approved.

### **PROPOSED COMMISSION MOTION:**

Approve Idaho Power's request to defer Solar Photovoltaic Pilot Program revenues and expenses for the 12-month period beginning October 1, 2020.