

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 28, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** _____ **N/A**

DATE: December 7, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway, and Marc Hellman **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 2200)
Request Authorization for Deferred Accounting for Transportation
Electrification Pilots.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp, PAC, or Company) request to defer costs associated with Transportation Electrification Pilots for the twelve-month period beginning October 20, 2021.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's requests for reauthorization to defer costs accounting for Transportation Electrification Pilots.

Applicable Law

ORS 757.259 authorizes the Commission to allow utilities to defer utility revenues and expenses for later inclusion in rates. OAR 860-027-0300 is the Commission's rule governing the use of deferred accounting by energy and large telecommunications utilities.

Analysis

Background

On June 30, 2021, the Company filed Advice Letter 21-016 requesting approval of the TE Pilots, with supplemental filings proposing minor revisions filed on July 20, 2021, and August 20, 2021. The TE Pilots consist of three pilot programs: the Transportation Electrification Residential Charging Pilot (Schedule 117), the Transportation Electrification Nonresidential Charging Pilot (Schedule 118), and the Transportation Electrification Outreach and Education Pilot. The Commission adopted Commission Staff's recommendation to approve the Company's TE Pilots was adopted by the Commission at the public meeting on August 24, 2021.

PacifiCorp filed this deferral request on October 20, 2021.¹ In this filing, PacifiCorp proposes to record in the balancing account the costs associated with the TE Pilots as described in the Company's application filed per OAR 860-087-0030 in Advice No. 21-016 (docket ADV 1288) and approved by the Commission in a public meeting on August 24, 2021.²

The Company seeks Commission authorization to establish and maintain a balancing account to record the deferral of program costs and revenues related to PacifiCorp's TE Pilots.

The Company files this deferral application to obtain approval for the deferred accounting necessary to establish a balancing account to enable the use of a cost-of-service automatic adjustment clause.

Reason 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.

In addition, use of a balancing account to match the costs borne and benefits received by customers.

Proposed Accounting

The Company will record deferred expense amounts arising from the TE Pilots by crediting FERC Account 906, Customer Service and Informational Expenses, and debiting the TE Pilots balancing account, in FERC Account 182.3, Other Regulatory

¹ PacifiCorp has not made any subsequent deferral filing.

² See Docket No. ADV 1288, Letter from Public Utility Commission of Oregon to PacifiCorp, RE: Advice No. 21-016, August 24, 2021 (memorializing Commission approval of PacifiCorp's TE Pilots).

Assets. The deferral balance will be reduced monthly by the amount collected through rates or the tariff rider. In addition, revenues from monetized credits from the Oregon Clean Fuels Program related to the TE Pilots will be credited to the proposed TE Pilots balancing account.

Also, 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, the cost of the TE Pilots will remain in FERC Account 906 and the revenues from monetized credits from the Oregon Clean Fuels Program related to the TE Pilots will be recorded in FERC Account 456, Other Electric Revenues.

Estimate of Amounts

The Company expects to incur a total of \$6.83 million over the three-year life of the TE Pilots, including \$2.27 million in Year 1, \$2.25 million in Year 2, and \$2.32 million in Year 3.

Those costs are broken out by pilot program by year in the table below.

PacifiCorp TE Pilots – Total Budget

	Year 1	Year 2	Year 3	Total
Transportation Electrification Residential Charging Pilot	\$796,252	\$877,828	\$941,364	\$2,615,444
Transportation Electrification Nonresidential Charging Pilot	\$629,900	\$684,900	\$724,500	\$2,039,300
Transportation Electrification Outreach & Education Pilot	\$840,000	\$682,500	\$656,250	\$2,178,750
Total	\$2,266,152	\$2,245,228	\$2,322,114	\$6,833,494

Information Related to Future Amortization

- Earnings review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5).
- Prudence Review – A prudence review is required prior to amortization and should include the verification of the accounting methodology used to determine the final amortization balance.
- Sharing – One hundred percent of the deferred balance is subject to utility recovery, pending a prudence and earnings review.

- Rate Spread/Design – The deferred amortization amount will be spread based on distribution and transmission revenues in proportion to the components for which costs are incurred.
- 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.

Conclusion

Staff reviewed the Company’s application, and it is consistent with ORS 757.259(2)(e) and OAR 860-027-0300.

Accordingly, Staff recommends the application be approved.

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve Pacific Power’s (PacifiCorp, PAC, or Company) request to defer costs associated with Transportation Electrification Pilots for the twelve-month period beginning October 20, 2021.