ITEM NO. CA4

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 14, 2021

REGULAR ____ CONSENT __X__ EFFECTIVE DATE ____January 1, 2022____

DATE: November 24, 2021

TO: Public Utility Commission

FROM: Heather Cohen

THROUGH: Bryan Conway and John Crider **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1332/Advice No. 21-021)
Requests revision of rates in Schedule 204 to amortize the deferral balance related to Oregon Solar Incentive Program or Docket No. UM 1483.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp or Company) request to amortize the deferral costs associated with the Oregon Solar Incentive Program (OSIP) for the 12-month period ending September 30, 2021, with service on and after January 1, 2022.

DISCUSSION:

Issue

Whether the Commission should authorize the amortization costs associated with the Oregon Solar Incentive Program deferral (UM 1483).

Applicable Law

ORS 757.205 requires public utilities to file all rates, rules, and charges with the Commission.

ORS 757.210 provides that the Commission may approve tariff changes if they are fair, just, and reasonable.

OAR 860-022-0025 requires that revised tariff filings include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.

OAR 860-022-0030 requires that tariff filings which result in increased rates include statements showing the number of customers affected, the annual revenue under existing schedules, the annual revenue under proposed schedules, the average monthly bills under existing and proposed schedules, and the reasons supporting the proposed tariff.

ORS 469A.120, states that all prudently-incurred costs associated with pilot programs for small solar energy systems are recoverable in rates.

OAR 860-027-0300(9) articulates the deferred accounting procedures for public utilities. ORS 757.259(5) requires a review of utility earnings prior to amortization of deferred amounts not subject to an automatic adjustment clause.

ORS 757.259(6) establishes a three percent test measuring the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits 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 PacifiCorp is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit. The limit is to be determined at the time of amortization.

Analysis

The Commission originally authorized the Company to defer OSIP costs in Order No. 11-021 (Docket No. UM 1483) pursuant to ORS 757.365(10), ORS 469A.120(1) and (3), and ORS 757.259.

In this filing, the Company seeks to amortize approximately $4.0 million, excluding interest, for the 12 months ended September 30, 2021. The deferral includes costs for program administration, incentive payments, and meter costs and also reflects offsetting credits for customer charges and an avoided energy value. A residual credit balance of approximately $0.2 million related to 2020 program cost amortization has reduced the balance the PacifiCorp is seeking to amortize in this filing.

Although the OSIP is now closed to new participants, the program was designed to provide payments to participating customers for 15 years at a specified volumetric incentive rate. In Docket No. UM 1483(11), the Company states there will be direct costs associated with this program through 2032, or 15 years after the last project is completed and payments were received.

PacifiCorp states that the three percent earnings test set forth in OR 757.259(6) is not applicable to the current filing since the Company applied for deferral under ORS 757.365(10), which allows the Commission to authorize amortization of a deferred amount for an electric utility with an overall average rate impact greater than three percent if it meets additional criteria. However, the Company states the deferral amortization is less than three percent of the Company's earnings as required by 757.259(6).

The OSIP deferral adjustment is consistent with the previously approved rate spread which is based on the spread of present generation revenues. The filing results in an overall rate decrease of $0.9 million or 0.1 percent. The proposed change will affect approximately 642,000 customers and the average residential customer using 900 kilowatt-hours per month would see a monthly bill decrease of $0.06 as a result of this change.

Staff reviewed the Company's submitted work papers and finds the costs with this filing to be prudently incurred and consistent with previous filings.

Conclusion

As Pacific Power's application to defer is appropriately made under the statutes, and the application meets the requirements of OAR 860-027-0300, Staff recommends approval with the condition that PacifiCorp's accounting and reporting of incremental program costs and credits continue to be done as specified in Appendix A to Order No. 11-021.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's application to revise Schedule 204 rates to amortize the deferral balance in Docket No. UE 1483 pursuant to ORS 757.205, ORS 757.210, OAR 860-022-0025 and OAR 860-022-0030, subject to the same conditions required by Order No. 11-021, for the 12 months ending September 30, 2021.