

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 27, 2022**

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2022

DATE: December 19, 2022

TO: Public Utility Commission

FROM: Joe Abraham

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UE 413)
Request to amortize deferral balance for costs related to Oregon Solar Incentive Program under Schedule 204.

STAFF RECOMMENDATION:

Staff recommends the Commission approve PacifiCorp's (PacifiCorp, PAC, or Company) request to amortize the costs associated with the Oregon Solar Incentive Program (OSIP) deferred during the 12-month period ending September 30, 2022.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's request to amortize costs associated with the OSIP deferred during the 12-month period ending September 30, 2022.

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.

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. PacifiCorp amortizes the deferred costs of the OSIP through its Schedule 204.

PacifiCorp deferred approximately \$3.5 million, excluding interest, during the OSIP program year ending September 30, 2022. 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. In the Company's filing, PacifiCorp seeks to amortize approximately \$3.7 million in 2023. This amount represents a slight decrease compared to the \$4.0 million approved for collection in 2022. Due to the minimal change in the balance to be amortized, PacifiCorp proposes to leave the current Schedule 204 rates in effect for 2023 and proposes no change to the tariff at this time.

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. Therefore, the Company has indicated there will be direct costs associated with this program through 2032, or 15 years after the last project was completed and payments were received.

PAC states that the three percent earnings test set forth in ORS 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 ORS 757.259(6).

Conclusion

Staff reviewed the Company's submitted work papers and finds the costs with this filing to be prudently incurred and consistent with previous filings. The Company has reviewed this memo and agrees with its contents.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's request to amortize costs associated with the Oregon Solar Incentive Program (OSIP) deferred during the 12-month period ending September 30, 2022.