

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 16, 2024**

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2024

DATE: March 28, 2024

TO: Public Utility Commission

FROM: Scott Shearer

THROUGH: Bryan Conway and Russ Beitzel **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 2310)
Staff's Request for Deferral of Government Camp Water Company's Rate
Case Expenses

STAFF RECOMMENDATION:

Approve Staff's Application to defer rate case expenses collected for the 12-month period beginning January 1, 2024, estimated at \$15,000.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (the Commission) should approve Staff's application to defer Government Camp Water Company's (Government Camp or the Company) collection of rate case expenses, related to UW 174, that extend beyond the stipulated five-year period, for the 12-month period beginning January 1, 2024.

Applicable Rule or Law

According to ORS 757.259, upon application of a utility or ratepayer or upon the commission's own motion and after public notice, opportunity for comment and a hearing if any party requests a hearing, the commission by order may authorize deferral of the following amounts for later incorporation in rates: Identifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers. Furthermore, in ORS 757.259 the Commission may authorize deferrals (section 2) beginning with the date of application, together with interest established by the commission (section 4).

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred are allowed in rates to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon review of the utility's earnings at the time of application to amortize the deferral. The Commission's final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility. ORS 757.259(5).

Analysis

Background

In Docket No. UW 174, Order No. 18-488, the Commission adopted the Stipulation between Government Camp Water Company (Government Camp or Company) and Staff, that settled all issues in the rate case.

Section A.2.f. of the Order stated for "Account 666, Amortization of Rate Case Government Camp Water originally requested \$19,000 in this account, to be amortized at \$6,333 per year." However, the company claimed that, due to the complex nature of the case, its expenses far exceeded that amount. As a result, the parties agreed in Stipulation to a rate case expense of \$75,000, to be amortized over five years and for the Company to file a new rate case no later than June 1, 2024.

On September 26, 2023, the Company contacted Staff about extending the deadline to file a rate case from June 1, 2024 to December 31, 2024. During the review of the initial request to extend the deadline to file a rate case, Staff raised concerns related to the amortization of rate case expenses. As mentioned above, a reason for the original deadline was to ensure rate payers only paid the agreed upon amount (\$75,000) for rate case expenses. A delay in filing a new rate case would result in an overcollection of rate case expense. After discussions between Staff and the Company, it was agreed that Staff would submit a request to the Commission to consider revising the Order to extend the rate case filing deadline in Order No. 18-488, in conjunction with this filing. With the extension, the rate case expenses will continue to be collected for a longer period of time than envisioned by the stipulating parties and a deferral allows staff to track the dollars and ensure customers' rates are fair, just, and reasonable.

Staff Findings and Deferral Discussion

With the request for an extension of the deadline to file a new rate proceeding, starting on January 1, 2024, the Company would be collecting an additional \$1,250 per month over the amount allowed in the rate case proceeding. This equates to an additional \$15,000 accrued over the course of 2024. Staff filed this request for a docket to be opened to address this concern.

To ensure customers do not pay more than was agreed to in the prior rate case, Staff believes the following steps are prudent in ensuring customers are charged appropriately.

1. Deferral Accounting - Implement a sperate account to separately track and account for the costs starting January 1, 2024.
2. Future Ratemaking, Amortization of Rate Case Expenses, and Deferral Treatment - Staff will conduct a full review of both the amortization of future rate case expenses and the deferral account for rate case expenses from UW 174 in Government Camp's upcoming rate case. While Staff is not requesting approval of any aspect of the amortization in future rates as a result of this memo, Staff believes it is important to address the concern related to the extended collection of rate case expenses as a result of the Company's rate case filing extension request.

Staff notes that an additional deferral may be required depending on the timeframe surrounding the Company's next rate case filing. Staff sent a draft of this memo to the Company for review and comment and the Company agrees with proposed language.

Conclusion

For the reasons stated above, Staff concludes that the deferral of Government Camp's rate case amortization costs for 2024 should be approved. The method for returning any benefit to the customers will be determined in the next ratemaking proceeding.

PROPOSED COMMISSION MOTION:

Approve Staff's application for the Deferral of 2024 Rate Case Expenses, starting January 1, 2024, through December 31, 2024, to be reviewed in Government Camp's next rate proceeding.