



ORS 757.072 is the statute that authorizes public utilities to enter into funding agreements with organizations that represent broad customer interests in Commission proceedings.<sup>1</sup>

Once a funding agreement is approved by the Commission, organizations eligible to receive grants under the funding agreement are identified pursuant to OAR 860-001-0120. When a public utility provides financial assistance under a funding agreement, ORS 757.072(4) states that the Commission must allow a public utility to defer inclusion of the funding provided in rates as provided in ORS 757.259.<sup>2</sup>

OAR 860-027-0300 specifies the required contents of an application for deferred accounting, including a description of the expense or revenue for which deferral is requested, the basis for the request, the accounts proposed for recording the amounts to be deferred, an estimate of the amounts to be recorded in the deferred account, and a copy of the notice of the application for deferred accounting.

## Analysis

### *Background*

The Intervenor Funding Agreement, Fourth Amended and Restated Intervenor Funding Agreement Order No. 18-017 dated January 17, 2018, and later replaced with the Fifth.

The Amended and Restated Intervenor Funding Agreement was established in Order No. 22-506 on December 29, 2022, as an agreement between the Company, Citizens' Utility Board of Oregon ("CUB") and Northwest Industrial Gas Users ("NWIGU") to establish three funds from which grants could be made (CUB Fund, Preauthorized Matching Fund, and an Issues Fund).<sup>3</sup>

The Interim Funding Agreement ("Interim Agreement") consistent with Oregon House Bill 2475 (HB 2475) in Order No. 22-043 dated February 10, 2022 (Docket No. UM 2211), established one fund from which grants could be made.<sup>4</sup> The Order approved Rogue Climate, the Coalition of Communities of Color ("CCC"), the

---

<sup>1</sup> ORS 757.072(1).

<sup>2</sup> ORS 757.259(3).

<sup>3</sup> Commission Order No. 22-506, Docket No. UM 2264, *In the Matter of Public Utility Commission of Oregon, Approval of the Fifth Amended and Restated Intervenor Funding Agreement*, December 29, 2022, accessed at <https://apps.puc.state.or.us/orders/2022ords/22-506.pdf>.

<sup>4</sup> Commission Order No. 22-043, Docket No. UM 2211, *In the Matter of Public Utility Commission of Oregon, Implementation of House Bill 2475*, February 10, 2022, accessed at <https://apps.puc.state.or.us/orders/2022ords/22-043.pdf>.

Community Action Partnership of Oregon (“CAPO”), and Community Energy Project (“CEP”) as the preliminary groups eligible for funding.<sup>5</sup>

The Interim Agreement was later replaced with the Environmental Justice Communities Funding Agreement (“EJC Agreement”) via Order No. 23-033 in Docket No. UM 2211, dated February 8, 2023.<sup>6</sup> The EJC Agreement was between the Company, Rogue Climate, Verde, and Community Energy Project (“CEP”) and established two funds from which grants could be made (Pre-certification Fund and Case Fund).<sup>7</sup>

#### *Reason for Deferral*

This request is made in accordance with ORS 757.259(3) that allows for the deferral of Intervenor funds, which directs the Company to pay to intervenors the amounts made available as defined and provided for in the Agreement.

#### *Description of Expense*

The Intervenor Funding Agreement provides that pre-certified intervenors must submit a proposed fund budget to the Commission that contains the following information:

- A statement of the work to be performed by the applicant for which the applicant is seeking an Issue Fund Grant.
- A description of the areas to be investigated by the intervenor.
- A description of the customer class(es) that will benefit from the intervenor’s participation.
- Identification of the specific account or accounts from which the intervenor is seeking an Issue Fund Grant and an estimate of the amount of available funds in that account;
- A budget showing estimated attorney fees, which may include the cost for appropriate support staff and operational support;
- A budget showing estimated consultant fees and expert witness fees, which may include the cost for appropriate support staff and operational support; and

---

<sup>5</sup> *Id.* Appendix A, at 89.

<sup>6</sup> Commission Order No. 23-033, Docket No. UM 2211, *In the Matter of Public Utility Commission of Oregon, Implementation of House Bill 2475*, February 8, 2023, accessed at <https://apps.puc.state.or.us/orders/2023ords/23-033.pdf>.

<sup>7</sup> *Id.*

- A representation that the intervenor will use matching funds from either in-house resources or outside funding to account for or pay at least 20 percent of the “Eligible Expenses” for the work to be performed for which the intervenor is seeking an Issue Fund Grant.

*Proposed Accounting*

The Company proposes Sub-accounts of FERC Account No. 191 are used to record the grant payments, specifically Account Nos. 191725, 191720, 191721, and 191722.

*Current Deferral Activity*

In accordance with Order No. 22-396 the Company deferred expenses as described in the table below.

	CUB Fund <u>(191720)</u>	Preauthorized Matching Fund <u>(191721)</u>	Issues Fund <u>(191722)</u>
Per Order No. 22-355			\$32,668
Per Order No. 22-417		\$1,958	
Per Order No. 22-449			\$8,572
Per Order No. 23-090	\$51,175		
Per Order No. 23-091			\$13,960
Interest	\$1,793	\$372	\$2,542
Balance at 06-30-2023	<u>\$52,968</u>	<u>\$2,330</u>	<u>\$57,742</u>

*Amortization*

the Company began amortizing the Intervenor Funding deferrals through Schedule 476. Effective October 31, 2023.

*Future Estimated Deferral in Authorization Period*

The Company estimates that the following amounts may be deferred during the 12-month period subsequent to this application (November 1, 2023, through October 31, 2024):

- CUB Fund \$44,500
- Preauthorized Matching Fund \$43,780
- Issues Fund \$70,000
- Interim Agreement Fund \$ 0
- E J C Agreement Fund \$ 0

*Information Related to Future Amortization*

- Earnings Review – Pursuant to Commission Order No. 18-017, Appendix A, page 28, paragraph 7.9, these costs are exempt from the amortization caps and earnings test:

If a Participating Public Utility seeks rate recovery through a deferred account, the account and amortization of the account shall be, exempt from the amortization caps and earnings test set forth in Subsections 5,6,7,8 and 10 of ORS 757.259, as such subsections may be amended from time to time and shall not be included in any calculation of the amortization cap for other deferred accounts.

- Prudence Review – For amortization, the prudence review should be limited to verification of the accounting methodology used to determine the final amortization balance.
- Sharing – This deferral is not subject to a sharing mechanism.
- Rate Spread/Design – Account balances are to be spread to the appropriate customer classes per Order No. 18-017, Appendix A, page 27, paragraph 7.7(b).
- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply to amortization of this deferral. See “Earnings Review” above.

Conclusion

The Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300 for deferred accounting, and the reason for the deferral—costs related to intervenor funding grants—is still valid. Therefore, Staff recommends the Commission approve Avista's application.

Avista has reviewed this memo and agrees with its contents.

**PROPOSED COMMISSION MOTION:**

Approve Avista's application for reauthorization to defer the costs associated with intervenor funding grants for the 12-month period beginning November 1, 2023.