

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 27, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE August 1, 2016

DATE: September 12, 2016

TO: Public Utility Commission

FROM: Judy Johnson 

THROUGH: Jason Eisdorfer  and Marc Hellman 

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1621(4)) Requests reauthorization to defer costs related to Intervenor Funding Grants.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Idaho Power Company's (Idaho Power or Company) request for reauthorization to defer costs related to intervenor funding grants effective August 1, 2016.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's request for reauthorization to defer costs related to intervenor funding grants effective August 1, 2016.

Applicable Law

This request is made pursuant to ORS 757.259(3) and OAR 860-027-0300, which allows a deferral of expenses provided as financial assistance under an agreement entered into under ORS 757.072 for later incorporation in rates.

A deferral may be authorized under ORS 757.259(2) for a period not to exceed 12 months beginning on or after the date of application.

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.

Deferral of these costs was originally granted by the Commission in Order No. 10-396 and has been annually reauthorized, most recently by Order No. 15-371.

Discussion and Analysis

Background

On February 5, 2016, the Commission Issued Order No. 16-028 in UM 1757 approving the Intervenor Funding Agreement (Agreement) between Idaho Power and the Citizens' Utility Board of Oregon (CUB) dated January 1, 2016. Per its terms, the Agreement is effective from January 26, 2016, until December 31, 2020. The Agreement sets forth the amount available to CUB, the procedures for budget submittals and funding requests, and payment of the grants by Idaho Power. The Agreement provides that the Commission should allow Idaho Power to recover all amounts paid under the Agreement and provides for amortization of amounts deferred under the Agreement.

Reason for Deferral

In accordance with OAR 860-027-0300(4)(b), the Company requests continuation of deferred accounting to recover amounts approved pursuant to Order No. 16-028.

Proposed Accounting

Amounts are to be debited to deferred accounts only as the utility disburses funding to a qualifying intervenor. The proposed deferrals would be recorded in separate subaccounts of FERC Account 182.3. Absent the Commission's authorization of deferred accounting, the Company would incur the cost of an intervenor funding grant.

Estimated Deferrals in Authorization Period

At the time of its application, Idaho Power estimated that the maximum deferred amounts during the 12-month period beginning August 1, 2016, will be as shown in the table below.

8/1/16 – 7/31/17	Amount
CUB Fund	\$31,500
Issue Fund	\$31,500
Total	\$63,000

Information Related to Future Amortization

- Earnings Review – Pursuant to Commission Order 12-452, Appendix A, page 27, paragraph 7.9:

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 in the CUB Fund are to be assigned to the residential class per the Agreement.
- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply to amortization of this deferral. See “Earnings Review” above.

Conclusion

Because the Company’s application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is still valid, Staff recommends the Commission approve Idaho Power’s application.

PROPOSED COMMISSION MOTION:

Approve Idaho Power’ application to defer the costs associated with intervenor funding grants for the 12-month period, beginning August 1, 2016.