

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 2, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE August 1, 2014

DATE: August 6, 2014

TO: Public Utility Commission

FROM: Judy Johnson *JJ*

THROUGH: Jason Eisdorfer, Maury Galbraith, and Marc Hellman *MEG* *HA*

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1621(2)) Requests reauthorization to defer Intervenor Funding costs.

STAFF RECOMMENDATION:

I recommend the Commission approve Idaho Power Company's (IPC or Company) application requesting reauthorization to defer costs related to Intervenor Funding Grants effective August 1, 2014.

DISCUSSION:

Pursuant to ORS 757.259 and OAR 860-027-0300, IPC requests reauthorization to record and defer for a 12-month period beginning August 1, 2014, the cost of intervenor funding grants as allowed under ORS 757.072 and ORS 757.259(3).

Deferral of these costs was originally granted by the Commission in Order No. 10-483 (UM 1507). Subsequent approval was granted most recently in the docket, UM 1621(1), by Order No. 13-323.

Summary Background

In its Order No. 10-396 (Docket No. UM 1504), the Commission approved an Intervenor Funding Agreement (IFA) between IPC and the Citizens' Utility Board of Oregon (CUB). The IFA sets forth the funding amount, budget submittal procedures for CUB, Commission approval of budgets, and the Company's payment of grants. It authorizes two funds, the CUB Fund and Issue Fund, with different qualification requirements for each.

Generally, the IFA requires the costs of the CUB Fund to be allocated to residential customers, and the Issue Fund to be allocated to the appropriate customer class. The Commission will allocate Issue Fund costs to align the costs of advocacy with the intended beneficiaries of the advocacy.

This IFA is set to expire December 31, 2015.

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.10-396.

Proposed Accounting

Amounts are to be debited to deferred accounts only as the utility disburses funding to CUB. The proposed deferrals would be recorded in separate subaccounts of FERC Account 182.3 (Other Regulatory Assets). The Company would not normally incur the cost of intervenor funding grants without deferral approval. However, if such costs were incurred they would be recorded in FERC Account 928.3 (Regulatory Commission Expenses).

Current Deferral Activity

In accordance with OAR 860-027-0300(4)(a) IPC provided the following information regarding the deferral activity to the date of this application.

New CUB Funding Grants Paid	Date	Amount	Docket/ Commission Order
CUB Fund	2/28/14	30,000	UM 1504(5)/14-010
Issue Fund	7/31/14	11,401	LC 58/14-228
Issue Fund	6/30/14	8,334	UM 1633/14-172
Issue Fund	2/28/14	8,334	UM 1633/14-011
Issue Fund	1/31/14	4,840	UM 1653/13-468
Issue Fund	9/30/13	2,356	UM 1182/13-313
Issue Fund	8/31/13	7,088	UM 1562/13-289
Total		\$72,353	

Estimated Deferrals in Authorization Period

At the time of its application, IPC estimated that the maximum deferred amounts during the 12-month period beginning August 1, 2014, will be as shown in the table below:

Fund	Amount
CUB Fund	\$30,000
Issue Fund	\$30,000
Total	\$60,000

Information Related to Future Amortization

- Earnings Review – Pursuant to Commission Order 10-396, Appendix A, page 18, paragraph 7.8:

If Idaho Power 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 – In each proceeding, the Commission will determine how account balances are to be spread to the appropriate customer classes pursuant to Order No. 10-396, Appendix A, page 17, paragraph 7.6.
- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply to amortization of this deferral. See “Earnings Review” above.

Staff Analysis

As 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, I recommend the Commission approve the Company’s application.

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PROPOSED COMMISSION MOTION:

Idaho Power Company's application to defer the costs associated with intervenor funding grants for the 12-month period beginning August 1, 2014, be approved.

IPCo UM 1621(2) Intervenor Funding