

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 22, 2017

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE August 1, 2017

DATE: August 15, 2017

TO: Public Utility Commission

FROM: Mitchell Moore *MPM*

THROUGH: *J* Jason Eisdorfer and *Sc for MHH* Marc Hellman

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1621(5)) 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 for the 12-month period beginning August 1, 2017.

**DISCUSSION:**

Issue

Whether the Commission should approve Idaho Power's request for reauthorization to defer costs related to intervenor funding grants for the 12-month period beginning August 1, 2017.

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.

ORS 757.072 is the statute that authorizes a utility to enter funding agreements with organizations that represent broad customer interests in Commission proceedings.

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.

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. 16-365.

### 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, 2017, will be as shown in the table below.

<b>8/1/17 – 7/31/18</b>	<b>Amount</b>
CUB Fund	\$31,500
Issue Fund	\$31,500
<b>Total</b>	<b>\$63,000</b>

*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’s application to defer the costs associated with intervenor funding grants for the 12-month period beginning August 1, 2017.