

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 5, 2024**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: February 5, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 1964(5))
Reauthorization of Deferred Accounting for a Balancing Account Related
to PacifiCorp's Transportation Electrification Program

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp, PAC, or Company) request to Reauthorization of Deferred Accounting for a Balancing Account Related to PacifiCorp's Transportation Electrification Program for the 12-month period beginning March 24, 2023, and ending March 23, 2024.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's requests for reauthorization to defer costs accounting related to PacifiCorp's Transportation electrification program for the 12-month period.

Applicable Law

In accordance with OAR 860-087-0030:

An electric company must file an application with the Commission for each program to accelerate transportation electrification.

(1) Electric companies must file a TE Plan Report (Report) on or before May 1 of each year. The Commission reserves discretion to take any action on the Report, but Commission action is not required. The Report must include:

- All spending in the three-year period of the applicable TE Plan in the format of the approved TE Budget;
- All sources of funding for the TE Plan in the three-year period of the applicable TE Plan;
- An evaluation of each program or infrastructure measure in the company's portfolio of existing programs, conducted in accordance with third-party evaluation timelines as necessary;
- A discussion of how the TE Plan met the performance area categories described in OAR 860-087-0020(3)(c)(A)-(H) and key lessons learned. This discussion shall include, as appropriate, performance metrics consistent with performance areas that are developed with stakeholder and electric company input;
- A benefit-cost analysis of the TE Plan over the three-year period of the applicable TE Plan in the form of "cost tests;"
- Analysis of the estimated ratepayer impact of the TE Plan over the three-year period of the applicable TE Plan; and,
- Analysis of how TE Plan has impacted innovation, competition, and customer choice in Oregon.

(2) The Commission may request additional TE Plan updates at any time to assess whether to continue, discontinue, or modify approved programs and infrastructure measures.

Analysis

Background

On March 22, 2022, PacifiCorp d/b/a Pacific Power filed a motion requesting that the Public Utility Commission of Oregon consolidate six pending deferral applications with the Company's pending 2023 general rate case (GRC), Docket No. UE 399 for cost recovery. On April 11, 2022, the Commission agreed to consolidate Dockets UM 1964, UM 2134, UM 2142, UM 2185, UM 2186, UM 2167, and UM 2063 are consolidated in UE 399, with docket UE 399 being the lead docket.

In this application, the Company is requesting reauthorization to defer costs and credits related to the Company's TE Program, along with related interest consistent with the treatment of interest rates described in Order No. 08-263 as modified by Order No. 10-279, for the 12 months beginning March 24, 2023, ending March 23, 2024.

Estimated Costs.

By stipulating parties and approved by the Commission in docket UM 1810, Order No. 18-075, as modified by Order No. 19-087, the budget is capped at \$4.64 million during the three-year pilot period.

The Company is currently holding \$139,019 in grant funds for three outstanding projects. The Company expects the projects will be completed by the end of 2023.

Description of Expenses

PacifiCorp proposes to continue maintaining a balancing account to record the costs related to its TE Program, the collection of cost recovery, the collection of revenues from public charging stations established under the TE Program, the receipt of monetized credits from the Oregon Clean Fuels Program, and related interest. In Docket No. UE 399, PacifiCorp's last filed general rate case, the Commission authorized amortizing the amounts accrued through December 31, 2022. Amounts incurred in 2022 and thereafter will be recovered through Schedule 291.

Reason for Deferral

ORS 757.259(2)(e) allows the deferral of identifiable utility expenses to minimize the frequency of rate changes or fluctuation of rate levels or to match appropriately the costs borne and received by customers. In this application PacifiCorp seeks the use of a balancing account to match the costs borne and benefits received by customers.

Proposed Accounting

PacifiCorp will record deferred TE Program expense amounts by crediting FERC Account 906, Customer Service and Informational Expenses, and debiting the TE Program balancing account, in FERC Account 182.3, Other Regulatory Assets. The deferral balance will be reduced monthly by the amount collected under Schedule 291 recovering TE Program costs. In addition, revenues from public charging stations and monetized credits from the Oregon Clean Fuels Program related to the TE Program will be credited to the proposed TE Program balancing account. A carrying charge calculated at the Commission-authorized rate for deferred accounts will be recorded each month on the deferral balance.

Information Related to Future Amortization

- Earnings Review – Pursuant to ORS 757.259(5), deferred amounts will be allowed in rates to the extent authorized by the Commission following review of the utility's earnings at the time of application to amortize the deferral.
- Prudence Review – Prior to amortization, a prudence review will be conducted to ensure all costs were prudently incurred.
- Sharing – Staff recommends this deferral not be subject to sharing.
- Rate Spread/Design – The allocation basis for the prudently incurred costs will be discussed at the time of the amortization.

Conclusion

Staff reviewed the Company's application and in accordance with OAR 860-087-0030 and OAR 860-087-0030 (2) considered the application is reasonable.

The Company has reviewed a draft of this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's application and re-authorization to defer costs related to Balancing Account Related to PacifiCorp's Transportation Electrification Program for the 12-month period beginning March 24, 2023, and ending March 23, 2024.