

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 11, 2021**

REGULAR  CONSENT  EFFECTIVE DATE November 28, 2020

**DATE:** January 29, 2021

**TO:** Public Utility Commission

**FROM:** Mitchell Moore and Kacia Brockman

**THROUGH:** Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

**SUBJECT:** PACIFIC POWER:  
(Docket No. UM 1981(2))  
Requests reauthorization of deferred accounting for costs related to the Oregon Community Solar Program.

**STAFF RECOMMENDATION:**

The Commission should approve Pacific Power's (PacifiCorp, PAC, or Company) application for reauthorization of deferred accounting of costs related to the Oregon Community Solar Program (CSP) for the 12-month period starting November 28, 2020.

**DISCUSSION:**

Issue

Whether the Commission should approve PacifiCorp's application to defer for later rate-making treatment of O&M start-up costs related to the development of Community Solar.

Applicable Rule or Law

ORS 757.386 and OAR 860-088-0160 permit utilities to recover all start-up costs prudently incurred during the development or modification of the CSP in electric company rates. Further, the rules specify that these costs include both:

- Start-up Program Administrator (PA) and Low Income Facilitator (LIF) costs; and

- Utilities' prudently-incurred start-up costs.<sup>1</sup>

OAR 860-027-0300(4)(a)-(b) includes the requirements for an application of reauthorization of deferred accounting. PacifiCorp must include the requirements required for its initial application, as well as (a) a description and explanation of the entries in the deferred account to the date of the application for the reauthorization; and (b) the reason for continuation of deferred accounting.

The Commission most recently approved the PacifiCorp's application for deferred accounting in Order No. 20-057.

### Analysis

#### *Background*

The Community Solar program enables utility customers to subscribe to or purchase the output of solar photovoltaic energy projects across Oregon. The rules governing the program require the utilities to conduct activities in support of the program. As the CSP is still in the start-up phase, the utility activities largely include program development.

ORS 757.386(7)(c) and OAR 860-088-0160(1) authorize utilities to recover costs from ratepayers that are prudently incurred during the start-up phase of the CSP. As the CSP becomes operational, the ongoing costs related to the program will be collected from program Participants. PacifiCorp filed an initial application for approval to defer costs related to the CSP in 2018, and the Commission approved PacifiCorp's application in Order No. 18-478. In this docket, PacifiCorp requests reauthorization to continue to defer costs related to the CSP as it continues in the start-up phase.

#### *Description of Amounts*

OAR 860-088-0160(1) defines the start-up costs for the CSP as:

- Costs associated with the Program Administrator (PA) and the Low-Income Facilitator (LIF);
- Any of the utility's prudently incurred start-up costs associated with implementing the CSP, which include but are not limited to:
  - Costs associated with customer account information transfer;
  - Costs associated with on-bill crediting and payment.
- The start-up cost definition excludes any costs associated with the utility developing a CSP project, as well as any capital investments the utility makes to implement the program.<sup>2</sup>

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<sup>1</sup> OAR 860-088-0160(1).

<sup>2</sup> Order No. 18-423.

PacifiCorp included the following costs in its initial deferral application:

- Funding for the CSP PA
- Funding for the CSP LIF
- Internal Administrative Costs
  - Program Management
  - Billing System Operating Costs
  - Customer Representative Training and Support

In its reauthorization filing, PacifiCorp included the same description of amounts for deferral. Staff finds that these cost descriptions appropriately fall under the definition of start-up costs for the CSP.

#### *Reasons for Continued Deferral*

PacifiCorp is authorized under ORS 757.386(7)(c) to recover costs incurred for CSP start-up from ratepayers. PacifiCorp seeks to use deferred accounting to facilitate that recovery and to “match the costs borne and benefits received by customers.”<sup>3</sup> PacifiCorp explains in its Application that the CSP is still in the start-up phase of development.

#### *Proposed Accounting*

If this application is approved, PacifiCorp will record deferred CSP start-up costs by crediting FERC Account 906, Customer Service and Informational Expenses, and other relevant FERC expense accounts, and debiting the Community Solar Start-Up Costs balancing account, in FERC Account 182.3, Other Regulatory Assets. The deferral balance will be reduced monthly by the amount collected under Schedule 207, Community Solar Start-Up Cost Recovery Adjustment. A carrying charge calculated at the current Modified Blended Treasury rate will be recorded each month on the deferral balance. If this application is denied, CSP start-up costs will remain in FERC Account 906 and other relevant FERC expense accounts.<sup>4</sup>

#### *Estimate of Amounts*

At this time, PacifiCorp has a debit balance in its deferral account for fiscal year 2020 of approximately \$1.2 million, and estimates that its administration costs for Community Solar start-up will be \$143,000 for 2021. Information Technology costs are estimated to be \$317,000. PacifiCorp estimates Program Administration team costs to be \$926,000 in 2021, based on its share (39.5 percent) of the State of Oregon’s contract with Energy Solutions, the Program Administrator.

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<sup>3</sup> See Docket No. UM 1981(2), PacifiCorp dba Pacific Power Application for Approval to Defer Accounting Costs Related to the Oregon Community Solar Program, November 27, 2020 at P 3.

<sup>4</sup> *Id.* at P 4.

PacifiCorp anticipates that some of these costs will be paid by Community Solar Participants and Project Managers, but that contribution is uncertain at this time.

PacifiCorp has reviewed this memo and has stated no objection.

### Conclusion

Staff concludes that PacifiCorp's reauthorization request meets the requirements of ORS 757.259 and OAR 860-027-0300, and is consistent with PacifiCorp's initial application for deferral. Additionally, the CSP is still in the start-up phase, and cost deferral continues to be appropriate. Based on the Commission's approval of the deferral in Order No. 18-478, and seeing no significant changes between the filings, the Commission should reauthorize PacifiCorp to defer the start-up costs associated with the CSP.

### **PROPOSED COMMISSION MOTION:**

Approve PacifiCorp's Application for Reauthorization of Deferred Accounting of Costs Related to the Oregon Community Solar Program for the 12-month period starting November 28, 2020.