

ORDER NO. 19-314

ENTERED Sep 26 2019

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1621(7)

In the Matter of

IDAHO POWER COMPANY,

Application for Reauthorization for Deferral
of Costs Associated with Intervenor Funding
Grants.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 24, 2019, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



A handwritten signature in blue ink, appearing to read "Nolan Moser".

Nolan Moser
Chief Administrative Law Judge

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 24, 2019**

REGULAR CONSENT EFFECTIVE DATE _____

DATE: August 12, 2019

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Jason Eisdorfer and John Crider **SIGNED**

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1621 (7)) 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, 2019.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's request for reauthorization to record and defer costs related to intervenor funding grants for the 12-month period beginning August 1, 2019.

Applicable Rule or 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.

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

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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. 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.

Analysis

Background

On February 5, 2016, the Commission Issued Order No. 16-028 in docket 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.

The Commission allocates amounts related to the issue fund to align the costs of advocacy with the intended beneficiaries of the advocacy. Most recently, by Order No. 18-333, the Commission approved continued deferred accounting treatment for three Intervenor funds and restated Intervenor Funding Agreement that extends Intervenor funding through December 2022.

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 ORS 757.072 and 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 funding grant deferrals would be recorded in separate subaccounts of FERC Account 182.3. Absent the Commission's authorization

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of deferred accounting, the Company would incur the cost of an Intervenor funding grant.

Current Deferral Activity

In accordance with OAR 860-027-0300(4) (a), Idaho Power provided the following information regarding the deferral activity to the date of this application. Idaho Power will seek recovery of these deferred amounts concurrent with its upcoming purchased gas cost adjustment filing.

| Order No | CUB Fund (191720) | Approval Date |
|-----------------------|-------------------|---------------|
| 10-396 | | 10/13/10 |
| 10-483 | | 12/20/10 |
| 12-378 | | 10/08/12 |
| 13-323 | | 09/03/13 |
| 14-298 | | 09/02/14 |
| 15-371 | | 11/17/15 |
| 16-365 | | 09/27/16 |
| 17-315 | | 08/23/17 |
| 18-377 | | 10/11/18 |
| Balance at 06-30-2019 | \$3,529.18 | |

In addition, deferral amounts will accrue interest at Idaho Power's authorized rate of return. Based on this estimate for August 1, 2019, through July 31, 2020.

Estimated Deferral 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, 2019, would be as shown in the table below.

| Fund | Amount |
|--------------|-----------------|
| CUB Fund | \$31,500 |
| Issues 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:

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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 are to be spread to the appropriate customer classes per Order No. 07-564, Appendix A, page 26, paragraph 7.7(b).
- Three Percent Test (ORS 757.259(6)) "The three percent test does not apply to amortization of this deferral. See "Earnings Review" above.

Conclusion

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, 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, 2019.

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