

ORDER NO. 21-060

ENTERED Feb 25 2021

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2050(1)

In the Matter of

IDAHO POWER COMPANY,

Application for Reauthorization to Defer the
Oregon Annual Regulatory Fees Expense.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 23, 2021, 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:



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.

ITEM NO. CA1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 23, 2021**

REGULAR CONSENT EFFECTIVE DATE March 1, 2021

DATE: February 9, 2021

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: IDAHO POWER:
(Docket No. UM 2050(1))
Application for Deferred Accounting of the Oregon Annual Regulatory Fees Expenses.

STAFF RECOMMENDATION:

Approve Idaho Power Company's (Idaho Power, IPC, or Company) application for deferred accounting of costs associated with the Oregon Annual Regulatory Fees Expenses.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's application for deferred accounting of costs associated with the Oregon Annual Regulatory Fees Expenses.¹

Applicable Rule or Law

ORS 757.259 allows the Commission to authorize deferred accounting for later incorporation into rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include identifiable utility expenses or revenues, the recovery or refund of which the Commission finds should be deferred in order to minimize the frequency of rate changes for the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

¹ Senate Bill 68.

Idaho Power Docket No. UM 2050
February 9, 2021
Page 2

In OAR 860-027-0300(3), the Commission set forth the requirements for the contents of deferred accounting applications. Notice of the application must be provided pursuant to OAR 860-027-0300(6).

Unless subject to an automatic adjustment clause under ORS 757.201(1), amounts deferred under ORS 757.259(5) and OAR 860-027-0300 are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review and a review of the utility's earnings.

Analysis

Background

On May 24, 2019, Oregon Governor Kate Brown signed Senate Bill 68, increasing the annual fee imposed on public utilities and telecommunications providers for the purpose of defraying costs of the Commission.

In accordance with ORS 757.310(3), on February 26, 2020, the Commission issued Order No. 20-052 authorizing collection of the annual regulatory fee from the public utilities operating in Oregon subject to regulation by the Commission at 0.35 percent of 2019 gross operating revenues.

By March 1, 2021, the Commission will issue an order establishing the annual regulatory fee for gross operating revenue derived from electric utility operations in Oregon during the calendar year 2020. Senate Bill 68 allows for a fee level increase up to 0.45 percent of gross operating revenue.

On January 1, 2021, the Company filed a request for an accounting order reauthorizing the Company to defer for later ratemaking treatment costs associated with the Oregon annual regulatory fee beginning January 1, 2021, and allowed by ORS 756.310. Idaho Power seeks authorization for this deferral effective during the calendar year 2021.

Reason for Deferral

The Company states:

Idaho Power requested reauthorization to defer incremental costs associated with the increase in the Oregon annual regulatory fee, as compared to the annual regulatory fees paid prior to the enactment of Senate Bill 68, effective January 1, 2021.

Idaho Power stated that it has not implemented a mitigation plan associated with the Oregon Annual Regulatory Fee expenses for 2019 or

Idaho Power Docket No. UM 2050
February 9, 2021
Page 3

2020. The Company explains that this is because the change is directly related to Senate Bill 68, signed by Governor Kate Brown on May 24, 2019, which allowed for the fee level increase.²

Proposed Accounting

Idaho Power proposes to record the deferred amount as a regulatory asset in FERC Account 182.3 (Regulatory Asset) and credit FERC Account 131. Absent approval of the deferral, the Company would record the Oregon Annual Regulatory expenses to FERC Account 601 – Other Tax (Taxes Other Than Income Taxes) and FERC Account 131 – Cash.³

Estimated Deferral in Authorization Period

The company estimates the amount to be deferred during the 12-month period subsequent to the filing to be approximately \$100,000 dollars.

Information Related to Future Amortization

- Earnings Review – The Commission reviews earnings prior to amortization.
- Prudence Review – The prudence review should include verification of the taxes paid to determine the amortization balance.
- Sharing – One hundred percent of the deferred balance is subject to utility recovery, pending a prudence review and earnings review.
- Rate Spread/Design – Applicable costs will be allocated to the appropriate customer classes.

Conclusion

Staff concludes that approval of this deferral for calendar year 2021 is consistent with OAR 860-027-0300, and that deferral of these amounts reflect estimates of costs to be borne by and benefits to be received by ratepayers.

PROPOSED COMMISSION MOTION:

Approve Idaho Power's application to defer for later ratemaking treatment costs associated with the Oregon Annual Regulatory Fees Expenses.

IPC UM 2050(1) Deferral Oregon Annual Regulatory Fee Expense

² OPUC Staff's Data request No. 1.

³ OPUC Staff's Data Request No. 2.