

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1483(12)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization for Deferred
Accounting of Costs Associated with the
Oregon Solar Incentive Program.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on December 13, 2022, 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: December 13, 2022**

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

DATE: December 5, 2022

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 1483(12))
Requests reauthorization to defer costs associated with the Oregon Solar Incentive Program.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp, PAC or Company) request for reauthorization to defer costs associated with the Oregon Solar Incentive Program (OSIP) for the 12-month period beginning May 19, 2022.

DISCUSSION:

Issue

Whether Commission should reauthorize deferral of costs associated with the OSIP.

Applicable Law

Pursuant to ORS 757.365(10), all prudently incurred costs associated with compliance with ORS 757.365 (pilot program for small solar energy systems) are recoverable in the utility's rates. Under ORS 469A.120(1) and (3), all prudently incurred costs associated with the renewable portfolio standards are recovered through an automatic adjustment clause. ORS 757.259 and OAR 860-027-0300 are the laws that concern deferrals and the automatic adjustment mechanism. The Company makes this filing pursuant to ORS 757.365(10), 469A.120(1) and (3), ORS 757.259, and OAR 860-027-0300. Deferral of these OSIP costs was originally granted by the Commission in Order No. 11-021 and has been annually reauthorized, most recently by Order No. 20-196.

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Analysis

Background

In Docket No. AR 538, the Commission adopted rules to establish a solar photovoltaic feed-in tariff pilot program, as required by ORS 757.365.

In Docket No. UM 1452, the Commission established volumetric incentive rates for solar photovoltaic energy systems. PacifiCorp is implementing the solar photovoltaic feed-in tariff program (for PacifiCorp, the program is known as the Oregon Solar Incentive Program) through Schedules 136 and 137.

Additionally, the Commission has approved PacifiCorp's Schedule 204 for recovery of the costs authorized under the deferral approved in the docket.

Description of Expense

The expense to be deferred includes the prudently incurred incremental costs to administer the program, including payments to participants in the program.

Reasons for Deferral

Reauthorization of deferred accounting will allow PacifiCorp to continue to match the benefits that customers will be receiving with the costs to the Company of providing those benefits.

The renewable energy certificates associated with generation sold to the utility under ORS 757.365 may be used to comply with the Oregon RPS, which also requires cost recovery of prudently incurred costs associated with compliance.

Proposed Accounting

PacifiCorp states it will account for the deferred costs of the Oregon Solar Incentive Program by recording the deferral in Account 182.3, Other Regulatory Assets. In the absence of the Commission's approval of this Application, PacifiCorp would not incur the cost for the program. Were such costs incurred, however, they would be recorded in Account 908, Customer Assistance Expenses.

Estimate of Amounts

For this program year through April 2022, PacifiCorp has deferred approximately \$1.7 million of costs associated with the Oregon Solar Incentive Program.

PacifiCorp estimates that the costs may range from \$4.6 million to \$4.8 million during the May 19, 2022 through May 18, 2023, deferral period.

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Information Related to Future Amortization

- Earnings Review – No earnings test is applied before amortization of this deferral under Schedule 204.
- Prudence Review – A review to determine that costs were prudently incurred must be done prior to amortization. The costs to be deferred would include any administrative, marketing, metering, incentive payments and any other costs incurred by PacifiCorp for the purpose of implementing the pilot program, consistent with this agreement.
- Sharing – This deferral is not subject to a sharing mechanism.
- Rate Spread/Design – Staff proposes that during amortization, that the costs be spread on an equal percent of generation basis.
- Three Percent Test – The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year. Because Pacific is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit. The limit for these deferrals will be determined at the time of amortization.

Conclusion

As Pacific Power's application to defer is appropriately made under the statutes, and the application meets the requirements of OAR 860-027-0300, Staff recommends approval.

The Company has reviewed this memo and agrees with Staff's recommendation.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's request for reauthorization to defer costs associated with the Oregon Solar Incentive Program for the 12-month period beginning May 19, 2022.

PAC UM 1483(12) OSIP Deferral