

ORDER NO. 23-028

ENTERED Feb 08 2023

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1102(19)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer
Costs Related to Intervenor Funding Grants.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 7, 2023, 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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 7, 2023**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: January 23, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 1102(19))
Reauthorization of Deferred Accounting Regarding Intervenor Funding Grants.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Pacific Power's (PacifiCorp, PAC, or Company) application for Reauthorization of Deferred Accounting Regarding Intervenor Funding Grants for the 12-month period beginning August 1, 2022.

DISCUSSION:

Issue

Whether the Commission should approve Pacific's request for reauthorization of deferred accounting for costs related to Intervenor Funding Grants for the 12-month period beginning August 1, 2022, ending July 31, 2023.

Applicable Rule or Law

In accordance with ORS 757.259, ORS 757.072(4), and OAR 860-027-0300, PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company) files this application (Application) with the Public Utility Commission of Oregon (Commission) for an order reauthorizing PacifiCorp to record and defer, on an ongoing basis, the cost of intervenor funding grants under ORS 757.259(3). PacifiCorp would include the latest approved House Bill (HB) 2475 Interim Funding Agreements in this deferral.

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ORS 757.072 authorizes the Commission to approve an agreement between an energy utility and a customer organization for intervenor funding. ORS 757.259(3) allows a utility to recover intervenor funding in rates through deferred accounting:

Upon request of the public utility, the commission by order shall allow deferral of amounts provided as financial assistance under an agreement entered into under ORS 757.072 for later incorporation in rates.

Deferred amounts under ORS 757.259(3) are not subject to the percentage of gross revenues limitation on amortization or other provisions of subsections (5), (6), (7), and (8) of ORS 757.259.

Analysis

Background

On July 2, 2003, per Section 2 of the Intervenor Funding Act, the Commission issued Order No. 03-388 in Docket No. AR 462, which, among other things, approved the Intervenor Funding Agreement among PacifiCorp, Portland General Electric Company (PGE), Northwest Natural Gas Company (NW Natural), Northwest Industrial Gas Users, Oregon Citizens' Utility Board (CUB), and Industrial Customers of Northwest Utilities (ICNU), dated February 5, 2003.

On December 19, 2007, the Commission issued Order No. 07-564 in Docket No. UM 1357 approving the Amended and Restated Intervenor Funding Agreement that extended intervenor funding until December 31, 2012. On November 20, 2012, the Commission issued Order No. 12-452 in Docket No. UM 1357 approving the Second Amended and Restated Intervenor Funding Agreement that extended intervenor funding until December 31, 2017.

The Intervenor Funding Agreement sets forth the amount of funding to be contributed by each utility and the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities. Additionally, the Intervenor Funding Agreement allows intervenors to request grants at any time during the calendar year.

On January 17, 2018, the Commission issued Order No. 18-017 in Docket No. UM 1929 approving the Fourth Amended and Restated Intervenor Agreement that continues the three funds from which intervenor funding grants can be made and modified the amounts in each fund as reflected in the table below:

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	AVA	CNG	NWN	PAC	PGE
CUB Fund	44,500	39,500	101,125	101,125	101,125
Preauthorized Matching Fund	37,950	37,950	72,738	72,738	72,738
Issue Fund	70,000	34,500	143,750	143,750	143,750

AVA	Avista Corporation
CNG	Cascade Natural Gas Corp.
NWN	Northwest Natural Gas Company
PAC	PacifiCorp
PGE	Portland General Electric Company

This was done most recently in Order No. 21-419, which reauthorized the deferral through July 31, 2022. PacifiCorp seeks reauthorization of this deferral for a 12-month period beginning August 1, 2022. On May 24, 2021, HB 2475 was enacted, which provided intervenor funding to two additional groups of advocates, specifically those representing “environmental justice communities” and “low-income communities.”

On February 8, 2022, the Commission approved a form HB 2475 Interim Funding Agreement for the utilities and the expanded group of stakeholders and to authorize \$141,667 in funding for these groups for PacifiCorp in 2022.

Reason for Deferral

PacifiCorp requests reauthorization to defer the costs the cost of intervenor funding grants under ORS 757.259(3).

Proposed Accounting

PacifiCorp proposes to record payment of Intervenor Funding Grants in Account 182.3 – Other Regulatory Assets. In the absence of approval of deferred accounting, PacifiCorp would expense the amounts through FERC account 928 – Regulatory Commission Expenses.

Estimated Deferrals in Authorization Period

PacifiCorp anticipates that the maximum amounts to be deferred during the 12-month period beginning August 1, 2022, will be as shown below.

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<u>Intervenor Funding Agreement</u>	
CUB Fund	\$101,125
Preauthorized Matching Fund	\$ 72,738
Issue Fund	<u>\$143,750</u>
Total	\$317,613
<u>MSP Funding Agreement</u>	
CUB	\$ 45,000
AWEC	<u>\$ 45,000</u>
Total	\$ 90,000
<u>HB 2475 Interim Funding Agreement</u>	
Total	\$141,667

Information Related to Future Amortization

- Earnings Review – Pursuant to Commission Order 18-017, Appendix A, Page 28, Paragraph 7.9:

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. 18-017, Appendix A, Page 27, 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

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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 Pacific's application

The Company has reviewed this memo and agrees with its contents.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's request for reauthorization to defer costs related to Intervenor Funding Grants for the 12-month period beginning August 1, 2022.

PAC UM 1102(19) Intervenor Funding Deferral