

ORDER NO. 23-114

ENTERED Mar 23 2023

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2222(1)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer
Costs and Revenues Associated with Section
6 of House Bill 2021 and the Establishment of
the Utility Community Benefits and Impacts
Advisory Group.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on March 21, 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: March 21, 2023**

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

DATE: March 7, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 2222(1))
Application for Deferral of Costs and Revenues Associated with Section 6 of House Bill 2021 and the Establishment of the Utility Community Benefits and Impacts Advisory Group.

STAFF RECOMMENDATION:

Approve Pacific Power (PacifiCorp, PAC or Company) application for reauthorization to defer costs and revenues associated with Section 6 of House Bill (HB) 2021 and the establishment of the Utility Community Benefits and Impacts Advisory Group (UCBIAG or Community Advisory Group) for the 12 months beginning January 6, 2023.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's application for reauthorization to defer costs and revenues associated with Section 6 of HB 2021 and the establishment of the UCBIAG.

Applicable Rule or Law

ORS 757.259 authorizes the Commission to allow a utility to defer, for later recovery in rates, expenses or revenues in order to minimize frequency of rate changes or to match appropriately the costs borne by and benefits received by customers. Specific amounts

Docket No. UM 2222(1)
February 28, 2023
Page 2

eligible for deferred accounting treatment with interest authorized by the Commission include the following:

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 or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

ORS 757.259(2)(e).

In OAR 860-027-0300(3), the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must include that information along with a description and explanation of the entries in the deferred account to the date of the application for reauthorization and the reason for continuation of deferred accounting. OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

In Order No. 05-1070, Docket No. UM 1147, the Commission determined that interest may accrue on deferred accounts at the authorized rate of return until amortization. Subsequent orders in Docket No. UM 1147 establish the rate during amortization. See Order Nos. 08-263 and 10-279.

Section 6 of HB 2021, effective September 25, 2021, and codified at ORS 469A.425, requires electric companies filing a clean energy plan under ORS 469A.415, to convene a Community Benefits and Impacts Advisory Group with input from stakeholders that represent the interests of customers or affected entities within the electric company's service territory. ORS 469A.425 further stipulates reporting requirements and provides examples of intended issues on which the Community Advisory Group may provide input. Under ORS 469A.425(3), the legislature directs the Commission to "establish a process for an electric company to contemporaneously recover the cost associated with the development of biennial reports and the costs associated with compensation or reimbursement for time and travel of members of a Community Benefits and Impacts Advisory Group."

Analysis

Background

On January 6, 2022, PacifiCorp filed an application requesting authorization to defer the incremental costs and revenues associated with implementation and administration of Section 6 of HB 2021. The Commission approved the Company's deferral application on March 24, 2022, in Order No. 22-100, for the 12 months beginning January 6, 2022.

Docket No. UM 2222(1)
February 28, 2023
Page 3

PacifiCorp has made a subsequent filing in 2023 for approval of a rate schedule and automatic adjustment clause to begin recovery of these costs, ADV 1490. In this application, PacifiCorp requests reauthorization to continue deferral of the incremental costs and revenues associated with implementation and administration of Section 6 of HB 2021 for the 12 months beginning January 6, 2023.

Furthermore, HB 2021 centers on clean energy targets in Oregon and put forth language to transition the state's electricity to 100 percent clean energy by 2040. The legislation further adds provisions to ensure direct and indirect benefits to environmental justice communities, including communities of color, communities experiencing lower incomes, tribal communities, rural communities, coastal communities, communities with limited infrastructure and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards.

As part of the effort to ensure adequate representation from a diverse group of stakeholders, Section 6 of HB 2021 requires electric utilities proposing a clean energy plan to convene a Community Advisory Group with input from stakeholders on whom and how to best represent the interests of customers and affected entities, including environmental justice communities.

Reason for Deferral

In accordance with ORS 757.259(2)(e) this deferral would help to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne and benefits received by customers.

In addition, prudence review is required prior to amortization and a separate Commission approval will be needed prior to the use of an automatic adjustment clause and associated balancing account, but authorization of deferred accounting will allow the utility to first track the costs and revenues from the program separate from PacifiCorp's other costs and revenues.

Proposed Accounting

PacifiCorp would continue to record deferred amounts to Federal Energy Regulatory Commission account 182.3, Other Regulatory Assets.

Description of Expense

PacifiCorp plans to file a proposal in 2023 for recovery of the incremental costs operating and administering the efforts described in Section 6 of HB 2021. PacifiCorp plans to track the incremental costs for operating and administering this work in the deferral account along with the revenue received to fund the program.

Docket No. UM 2222(1)
 February 28, 2023
 Page 4

Deferral Account During Past 12 Months Activity

Period	Beginning Balance	Deferred Costs	Accrued Interest	Ending Balance
May-22	\$ -	\$ 108.93	\$ 0.33	\$ 109.26
Jun-22	\$ 109.26	\$ 3,575.77	\$ 11.28	\$ 3,696.31
Jul-22	\$ 3,696.31	\$ 5,166.57	\$ 37.35	\$ 8,900.23
Aug-22	\$ 8,900.23	\$ 4,560.99	\$ 66.50	\$ 13,527.72
Sep-22	\$ 13,527.72	\$ 1,644.29	\$ 85.35	\$ 15,257.35
Oct-22	\$ 15,257.35	\$ 1,253.17	\$ 94.47	\$ 16,604.99
Nov-22	\$ 16,604.99	\$ 60,718.01	\$ 279.32	\$ 77,602.32
YTD TOTAL		\$ 77,027.73	\$ 574.59	

Estimate of Amounts

PacifiCorp's estimated budget amount of \$510,893.28 has been calculated to include the following:

- Member Reimbursement
- Member Participation Compensation
- Third-Party Facilitation
- Language and Accessibility services and travel, and
- Oregon Tribal Nations engagement estimates have yet to be determined.

Conclusion

Staff supports these efforts and acknowledges the challenges and unknowns related to organizing an effective Advisory Group that provides adequate representation for various communities across a diverse service territory.

Staff also agrees that having the deferral in place gives the Company the ability to move forward with development and have an accounting structure set up for costs associated with this effort.

Finally, Staff notes that Subsection (3) of ORS 469A.425 specifies that the Commission establish a mechanism for contemporaneous recovery related to the UCBIAG and that this also aligns with the Company's pending advice filing for an AAC for these purposes.

Based on Staff's review of the application and discussions with PacifiCorp as outlined above, Staff recommends the Commission approve the Company's application for

Docket No. UM 2222(1)
February 28, 2023
Page 5

reauthorization to defer costs and revenues associated with Section 6 of HB 2021 and the establishment of the Community Advisory Group.

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

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's application for reauthorization to defer costs and revenues associated with Section 6 of HB 2021 and the establishment of the Utility Community Benefits and Impacts Advisory Group for the 12 months beginning January 6, 2023.

PAC UM 2222(1) HB 2021 Deferral