

ORDER NO. 24-010

ENTERED Jan 10 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2270

In the Matter of

IDAHO POWER COMPANY,

Application for Deferred Accounting of
Costs Associated with Wildfire Mitigation
Activities.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on January 9, 2024, 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: January 9, 2024**

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

DATE: December 19, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: IDAHO POWER:
(Docket No. UM 2270)
Authorization of deferral accounting for costs related to Wildfire Risk Mitigation.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Idaho Power’s (Idaho Power, or Company) request to defer costs associated with Wildfire Risk Mitigation for the 12-month period beginning December 29, 2022, and ending December 28, 2023.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power’s request to defer costs related to Wildfire Risk Mitigation.

Applicable Law

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates to minimize the frequency of rate changes or to appropriately match customer benefits and costs.

The Company also is requesting the Commission’s approval to defer the Oregon jurisdictional share of incremental operation and maintenance (“O&M”) expenses until identified expenses can be included in base rates or another acceptable collection method as envisioned by OAR 860-300-0003.

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Analysis

Background

The Commission adopted rules related to utility risk-based wildfire plans and wildfire mitigation activities in Oregon Administrative Rules (“OAR”) within Division 24 and Division 300. These rules implement Senate Bill (“SB”) 762 from 2021, which directed Oregon utilities to file inaugural wildfire mitigation plans (“WMP”) with specified elements by December 31, 2021.

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates to minimize the frequency of rate changes or to appropriately match customer benefits and costs.

OAR 860-027-0300(4) requires the utility to provide certain information in an application to defer including, reason for the deferral and the estimated amount of the deferral.

Estimated 2023 Costs.

In 2023, Idaho Power estimates incremental wildfire O&M expenses in Oregon of \$714,000.

Description of expenses

Idaho Power has identified new and incremental wildfire-related O&M expenditures in the following categories:

- a) quantifying wildland fire risk;
- b) situational awareness;
- c) field personnel practices;
- d) transmission and distribution (“T&D”) mitigation programs;
- e) enhanced vegetation management;
- f) communications; and,
- g) information technology.

Reason for Deferral

ORS 757.259(2)(e) allows the deferral of identifiable utility expenses 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.

Proposed Accounting

Idaho Power will record Deferred Amounts at Federal Energy Regulatory Commission (FERC) Account 182.3 – Other Regulatory Assets.

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Information Related to Future Amortization

- Earnings review – Staff proposes that the Commission will not apply an earnings test consistent with Order 23-173, that was issued for Portland General Electric and Pacific Power.¹
- Prudence Review – Will be conducted prior to amortization and should include a verification of the accounting methodology used to determine the final amortization balance.
- Sharing – Staff is not recommending an overall sharing mechanism consistent with Order 23-173.
- Rate Spread/Design – The deferred amortization amount will be spread based on distribution and transmission revenues in proportion to the components for which costs are incurred.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. 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 Power is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit.

Conclusion

Staff reviewed the Company's application and identified no concerns at this time. Accordingly, Staff recommends the application be approved.

The Company has reviewed a draft of this memo and voiced no concerns.

¹ Staff recognizes that Order No. 23-173 did not make decisions related to Idaho Power, but believes it is appropriate to treat the earnings review and cost sharing mechanisms for wildfire expense deferrals the same across electric utilities unless otherwise directed by the Commission.

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PROPOSED COMMISSION MOTION:

Approve Idaho Power's application to defer costs associated with Wildfire Risk Mitigation for the 12-month period beginning December 29, 2022 and ending December 28, 2023.

PAC UM 2270 Wildfire Risk Mitigation