

ORDER NO. 24-258

ENTERED Aug 07 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2224(2)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer
Costs and Revenues Associated with the
Transportation Electrification Charge in
House Bill 2165.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on August 6, 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:



Alison Lackey

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. CA3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 6, 2024**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: June 27, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Caroline Moore and Michelle Scala **SIGNED**

SUBJECT: PACIFICORP:
(Dockets No. UM 2224(2))
PacifiCorp's Application for a Deferral Accounting for Costs and Revenues
Associated with the Transportation Electrification Charge.

STAFF RECOMMENDATION:

Staff recommends the Commission approve PacifiCorp's application to defer costs and revenues associated with the Transportation Electrification (TE) Charge for the 12 months beginning on January 7, 2024.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's application to defer costs and revenues associated with the TE Charge.

Applicable Law

PacifiCorp makes this filing in accordance with ORS 757.259, OAR 860-027-0300, and Oregon law requiring electric companies to collect funds to support transportation electrification, referred from hereunder as House Bill (HB) 2165.¹ This charge is known as the TE Charge or Monthly Meter Charge.

ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer identifiable utility expenses or revenues for later recovery in rates to minimize the frequency of rate

¹ Oregon Laws 2021, chapter 95, section 2, *compiled as a note after* ORS 757.357 (2021).

Dockets No. UM 2224(2)
June 27, 2024
Page 2

changes or to match appropriately the costs borne by and benefits received by ratepayers. OAR 860-027-0300(3) sets forth the requirements for application to defer, which include:

- (a) A description of the utility expense or revenue for which deferred accounting is requested;
- (b) The reason(s) deferred accounting is being requested and a reference to the section(s) of ORS 757.259 or 759.200 under which deferral may be authorized;
- (c) The account proposed for recording of the amounts to be deferred and the account which would be used for recording the amounts in the absence of approval of deferred accounting;
- (d) An estimate of the amounts to be recorded in the deferred account for the 12-month period subsequent to the application; and
- (e) A copy of the notice of application for deferred accounting and list of persons served with the notice.

HB 2165(2)(2)² states:

An electric company that makes sales of electricity to 25,000 or more retail electricity consumers in this state shall collect, through monthly meter charges, an amount from each retail electricity consumer served through the distribution system owned and operated by the electric company. The total amounts collected under this section must be set to one quarter of one percent of the total revenues collected by the electric company from all retail electricity consumers.

HB 2165(2)(3)³ states:

Funds collected under subsection (2) of this section must be expended by the electric company to support and integrate transportation electrification and must be consistent with a budget approved by the Public Utility Commission for use of funds collected under this section. Expenditures made by an electric company pursuant to this subsection must be made on elements contained within the electric company's transportation plan accepted by the commission pursuant to ORS 757.357.

² Oregon Laws 2021, chapter 95, section 2, compiled as a note after ORS 757.357 (2021).
Oregon Laws 2021, chapter 95, section 3, compiled as a note after ORS 757.357 (2021).

Dockets No. UM 2224(2)
June 27, 2024
Page 3

ORS 757.357(3)(a) requires utilities to develop a plan that integrates the Company's TE actions and submit such plan to the Commission for acceptance.

Analysis

Background

In May 2021, the Governor of Oregon signed into law HB 2165.⁴ The law went into effect on January 1, 2022. On November 15, 2021, PacifiCorp filed Advice Letter 21-022 to begin collecting the TE charge through the System Benefits Charge, Schedule 291, effective January 1, 2022.

On January 7, 2022, PacifiCorp filed an application requesting authorization to defer the TE Charge Costs for the 12-month period beginning January 7, 2022. The Commission approved the application on June 2, 2022, in Order No. 22-199. On January 6, 2023, PacifiCorp filed an application requesting authorization to defer the TE Charge Costs for the 12-month period beginning January 7, 2023. The Commission approved the application on August 9, 2023, in Order No. 23-288.

PacifiCorp filed a second reauthorization request on December 14, 2023, and seeks to continue deferring TE Charge Costs for the 12-month period beginning on January 7, 2024.

Reason for Deferral

The Company requests reauthorization to defer certain costs and revenues associated with implementing and administering the TE charge required by HB 2165.

PacifiCorp states that granting this application will minimize the frequency of rate changes or the fluctuation of rate levels and match appropriately the costs borne by and benefits received by customers.

Proposed Accounting

The Company proposes to record deferred amounts to Federal Energy Regulatory Commission account 182.3, Other Regulatory Assets. This account will accrue interest at the Commission-authorized rate for deferred accounts.

Description of Expense

HB 2165 Section 2 requires that the total amounts collected under this law be set to one quarter of one percent of the total revenues collected by the electric company from all retail electricity consumers.

⁴ Oregon Laws 2021, chapter 95, section 2, *compiled as a note after* ORS 757.357 (2021).

Dockets No. UM 2224(2)
June 27, 2024
Page 4

Section 3 requires that the funds collected must be expended by the electric company to support and integrate TE and must be consistent with a budget approved by the Commission.

Section 3 also requires that expenditures made by an electric company must be made on elements contained within the electric company's TE plan⁵ accepted by the Commission pursuant to ORS 757.357.

Estimate of Amounts

HB 2165 provides that the funding for transportation electrification programs will be one quarter of one percent of revenues. Schedule 291 is designed to collect approximately \$3.2 million annually for the TE charge.⁶

Information Related to Future Amortization

- Earnings Review – While an earnings review is required, Staff does not recommend an earnings test be applied given the purposes of these expenditures.
- Prudence Review – A prudence review will be performed when updating the amounts for amortization as part of the automatic adjustment clause.
- Sharing – All prudently incurred costs are recoverable by PacifiCorp with no sharing mechanism.
- Rate Spread/Design – Costs will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of revenue applied on a cents-per-kWh basis.
- Three Percent Test (ORS 757.259(6)) – Future amortization will be subject to the three percent test in accordance with ORS 757.259 (7) and (8)

Conclusion

Approval of this deferral is consistent with HB 2165 and past Commission activities regarding transportation electrification. Staff recommends that the Commission approve PacifiCorp's application to defer costs and revenues associated with the TE charge.

⁵ The Commission approved PacifiCorp's final 2023 TE Plan. *In the Matter of PacifiCorp, dba Pacific Power, Oregon Transportation Electrification Plan*, Docket No. UM 2056, Order No. 23-257 (July 13, 2023).

⁶ The current rate was approved in Advice No. 21-022/ADV 1344. PacifiCorp did not adjust the amount collected for the TE charge when it filed to update the rate for Schedule 291 in Advice No. 23-004.

Dockets No. UM 2224(2)
June 27, 2024
Page 5

The Company has reviewed this memo and has stated no objection.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's application to defer costs and revenues associated with the TE Charge for the 12 months beginning on January 7, 2024.

PAC UM 2224(2) HB 2165 TE Deferral