

ORDER NO. 24-315

ENTERED Sep 23 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2050(4)

In the Matter of

IDAHO POWER COMPANY,

Application for Reauthorization to Defer  
the Oregon Annual Regulatory Fees  
Expense.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on September 19, 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:



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**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. CA7

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 19, 2024**

REGULAR  CONSENT  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

**DATE:** September 9, 2024

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

**THROUGH:** Caroline Moore, Scott Gibbens, and Michelle Scala **SIGNED**

**SUBJECT:** IDAHO POWER:  
(Docket No. UM 2050(4))  
Application for Deferred Accounting of the Oregon Annual Regulatory Fee Expense

**STAFF RECOMMENDATION:**

Staff recommends approval of the request in UM 2050(4) for the 12-month period beginning January 1, 2024, for Reauthorization of Deferred Accounting of the Oregon Annual Regulatory Fee Expense.

**DISCUSSION:**

Issue

Whether the Commission should approve the Company's requests for reauthorization to defer costs associated with the Oregon Annual Regulatory Fee Expense.

Applicable Law

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include:

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.

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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).

Amounts deferred under ORS 757.259(5) and OAR 860-027-0300 are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review.

A review of the utility's earnings is required, unless subject to an automatic adjustment clause. With some exceptions, a company's amortization of amounts deferred cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. ORS 757.259(6).

### Analysis

#### *Background*

On May 24, 2019, Oregon Governor Kate Brown signed Senate Bill 68, increasing the annual fee imposed on public utilities and telecommunications providers for the purpose of defraying costs of the Commission.

The bill allows the Commission to set the annual regulatory fee amount established in ORS 757.310(3) to an amount not to exceed 0.45 percent, an increase from the then current amount of 0.30 percent.

By March 1 of each year the Commission will issue an order establishing the annual regulatory fee for gross operating revenue derived from electric utility operations in Oregon during the previous calendar year.

On February 22, 2024, the Commission issued Order No. 24-054, setting the annual fee rate for 2024 at 0.45 percent of 2023 gross operating revenues.

The fee is due to the Commission April 1 of the year after the calendar year upon which the fee is based.

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*Reason for Deferral*

The Company's deferral request in this case is filed pursuant to ORS 757.259(2)(e) and is intended to minimize the frequency of rate changes or the fluctuation of rate levels.

*Proposed Accounting*

The Company proposed record amounts that would be subject to the deferral order in accordance with the Code of Federal Regulations to the Federal Energy Regulatory Commission ("FERC") Account 182 – Regulatory Assets with the corresponding entry recorded to FERC Account 131 – Cash.

*Description of Expenses*

The Company requests reauthorization to defer incremental costs associated with the increase in the Oregon annual regulatory fee, as compared to the annual regulatory fees paid prior to the enactment of Senate Bill 68, effective January 1, 2024.

*Estimate of Amounts*

The Oregon annual regulatory fee prior to the enactment of Senate Bill 68 was 0.30 percent and recently increased the fee to 0.45 percent of the Company's gross operating revenue in Oregon.

Prior to the raising of the fee to 0.45 percent, the Company estimated an increase in costs of approximately \$115,000 based on the fees assessed following the enactment of Senate Bill 68.

In accordance with Order No. 05-1070, the Company will accrue interest on the unamortized balance at a rate equal to its authorized weighted average cost of capital most recently approved by the Commission.

*Information Related to Future Amortization*

- Earnings Review (ORS 757.259(5)) – No earnings review is recommended to be applied given this deferral relates to Commission funding.
- Prudence Review – Should be performed by the OPUC Staff after Idaho Power files for amortization but 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/Rate Design – Costs will be recovered through later incorporation into rates.

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- Three Percent Test (OAR 757.259 (6)) – The amortization of the deferral costs will be subject to the three percent test except as provided in ORS 757.259(7) and (8), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

### Conclusion

Based on Staff's review of Idaho Power's application, Staff concludes that the deferral applications represent an appropriate use of deferred accounting under ORS 757.259.

Further, the Company's applications for deferred accounting meets the requirements of ORS 757.259 and OAR 860-027-0300. For these reasons, and because the reason for deferral is valid, Staff recommends Idaho Power's deferral applications be approved.

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

### **PROPOSED COMMISSION MOTION:**

Approve the reauthorization request in UM 2050(4) for the 12-month period beginning January 1, 2024.

IPC UM 2050(4) OR Regulatory Fee Deferral