

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2222(2)

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 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:



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. CA8

**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: PACIFIC POWER:
(Docket No. UM 2222(2))
Requests Reauthorization of Deferred Accounting for 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:

Staff recommends the Oregon Public Utility Commission (the Commission) approve Pacific Power's (PacifiCorp or Company) request to authorize the deferral of costs associated with Section 6 of House Bill 2021 and the Establishment of the Utility Community Benefits and Impacts Advisory Group for the 12-month period beginning January 6, 2024.

DISCUSSION

Issue

Whether the Commission should approve Pacific Power's request for reauthorization to defer costs associated with Section 6 of House Bill 2021 and the Establishment of the Utility Community Benefits and Impacts Advisory Group.

Applicable 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(2)
September 9, 2024
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.¹

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 the initial 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

¹ ORS 757.259(2)(e).

Docket No. UM 2222(2)
September 9, 2024
Page 3

deferral application on March 24, 2022, in Order No. 22-100, for the 12 months beginning January 6, 2022.

On January 6, 2023, PacifiCorp filed for 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. The Commission approved the Company's deferral application on March 23, 2023, in Order No. 23-114.

On February 17, 2023, PacifiCorp filed Advice No. 23-004 to update Schedule 291, System Benefits Charge (Schedule 291), to include recovery of the incremental costs associated with implementation and administration of the Company's Community Benefits and Impacts Advisory Group required in Section 6 of HB 2021. The Commission adopted Staff's recommendation to approve the filing at the March 21, 2023 public meeting.

This second reauthorization was filed on December 28, 2023.

Reason for Deferral

The Company request this reauthorization to minimize the frequency of rate changes to match appropriately the costs borne by, and benefits received by its customers.

Description for expenses

The expenses included in this deferral are the incremental costs for implementing and administering Section 6 of HB 2021 along with the revenue received to fund the program.

Proposed Accounting

The Company would continue 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.

In addition, the Company will support the continued use of an automatic adjustment clause and associated balancing account to track the costs and revenues from the program separate from PacifiCorp's other costs and revenues.

Estimate of Amounts

The Company estimated budget amount of \$510,893.28 has been calculated to include:

- Member Reimbursement,
- Member Participation Compensation,
- Third-Party Facilitation,

Docket No. UM 2222(2)
September 9, 2024
Page 4

- Language and Accessibility Services, and
- Travel.

The estimated budget also includes third party facilitation for Oregon Tribal Nations engagement.

Information Related to Future Amortization

- Earnings Review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5). Staff recommends no earnings test be applied given the purpose of this deferral.
- Prudence Review – A prudence review is required prior to amortization and should include the verification of the accounting methodology used to determine the final amortization balance.
- Sharing – One hundred percent of the deferred balance is subject to utility recovery, pending a prudence review.
- Rate Spread/Design – The costs are allocated among all PacifiCorp's Oregon customers on an equal percentage basis of the total bill consistent with their public purposes charge.
- 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. The amortization of the CBIAG deferred costs will be subject to the three percent test in accordance with ORS 757.259(6)

Conclusion

Staff continues to engage with the Company on the CBIAG, and remains interested in ways to optimize justice and equity driven input across community and advocate voices. 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 expects that as the group matures and process becomes more standardized, some clarity may emerge in terms of the categories of expense currently included in this deferral. That said, until such a time, Staff supports having the deferral in place to provide the Company the ability to move

Docket No. UM 2222(2)
September 9, 2024
Page 5

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 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 has stated no objection.

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, 2024.

PAC UM 2222(1) HB 2021 Deferral