

ORDER NO. 24-430

ENTERED Nov 27 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1795(7)

In the Matter of

IDAHO POWER COMPANY,

Application for Reauthorization to Defer
Start-up Expenses Associated with a
Community Solar Program.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 26, 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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 26, 2024**

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

DATE: October 30, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: IDAHO POWER:
(Docket No. UM 1795(7))
Approving reauthorization to defer of start-up expenses associated with
Community Solar Program.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Idaho Power Company’s (Idaho Power or Company) request for reauthorization to defer start-up costs associated with the development of a Community Solar Program for the 12-month period, beginning March 1, 2024, ending February 28, 2025.

DISCUSSION:

Issue

Whether the Commission should approve the Company's request for reauthorization to defer for later ratemaking treatment start-up costs related to the development of a Community Solar Program (CSP or Program).

Applicable Law

Senate Bill 1547 requires the Commission to establish a program for the creation of community solar projects under which electric companies purchase the electricity produced by community solar projects or provide bill credits to project owners and subscribers for energy provided by community solar projects. Section 22(7)(c) of SB 1547, later codified under ORS 757.386 and OAR 860-088-0160, allows electric companies to recover in rates all the start-up costs prudently incurred during the

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development of a community solar program.

The Commission may authorize the deferral of the start-up costs in accordance with ORS 757.259(2)(e) and OAR 860-088-0160. ORS 757.259(2)(e) authorizes the Commission to allow a utility to defer expenses or revenues for alter recovery in rates in order to minimize the frequency of rate changes or to appropriately match the costs and benefits to customers. OAR 860-027-0300 sets requirements for deferral applications for energy utilities. OAR 860-027-0300(4) requires the utility to provide certain information in an application to defer, such as the reason for the deferral, estimated amount of the deferral.

Analysis

Background

The Company, on February 29, 2024, submitted a filing to reauthorize a deferral, for future amortization, costs associated with the development of CSP
OAR 860-088-0160(1) defines start-up costs as:

1. Costs associated with the Program Administrator (PA) and Low-Income Facilitator (LIF); and
2. Each electric utility's prudently incurred start-up costs associated with Implementing Community Solar. These costs include, but are not limited to, costs associated with the customer account information transfer and on-bill crediting and payment, but exclude any costs associated with the electric utility developing a Community Solar project.

Description of Expense

The Company seeks reauthorization from the Commission to continue to defer, for future amortization, costs associated with the development of CSP.

The Company also anticipates its start-up costs consisting of:

1. Internal administration costs, which include internal program management, billing system operating costs, training and support for customer support representatives, and customer outreach costs;
2. External administration costs, which include funding of the Program Administrator and Low-Income Facilitator;
3. Incremental subscribed energy costs, which represent the difference in energy costs between the bill credit rate and the cost of energy Idaho Power would otherwise purchase; and

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4. Unsubscribed energy costs, which include the costs paid for energy delivered for which the project has no subscriber or owner and is purchased by the Company.

Reason for Deferral

Pursuant to ORS 757.259(2)(e), the Company requests reauthorization to defer the start-up costs associated with Community Solar which will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by, customers.

In addition, SB 1547 requires the implementation of Community Solar, and the start-up costs for Community Solar are recoverable in electric company rates but not currently included in the Company's rates. To limit the number of rate adjustments for customers, Idaho Power will propose cost recovery of Community Solar start-up costs at a future point in time.

In Order No. 22-310, the Company proposed and the Commission approved recovery of the incremental cost of subscribed energy costs through the PCAM. "IPC's proposed method forgoes a separate deferral and instead tracks the incremental costs of the subscribed energy through IPC's PCAM." While a deferral is necessary under most circumstances in order to do retroactive ratemaking, Staff does not support including the subscribed energy as part of this authorization with the understanding that subscribed energy will be incorporated in the PCAM consistent with the discussion in Order No. 22-310. Staff communicated with the Company and the Company agrees that the incremental costs of subscribed energy should not be included within the Oregon Community Solar deferral.

Proposed Accounting

The Company proposes to record the deferred amount as a regulatory asset in FERC Account 182.3, Other Regulatory Assets. The Company will record amortization of the deferred amount to FERC Account 407.3, Regulatory Debits.

Estimate of Amounts

Idaho Power estimates that its internal administration costs for Community Solar start-up will be \$17,000 for the deferral period. Program Administration costs are estimated to be \$50,000 based on the Company's share (1.9 percent) of the State of Oregon's contract with Energy Solutions, the Program Administrator.

Information Related to Future Amortization

- Earnings Review – ORS 757.259 (5) requires an earnings review prior to amortization of amounts deferred under ORS 757.259 (2)(e). Staff does not propose an earnings test be applied for this deferral due to the basis of the costs.

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- Prudence Review – Prudence review should be performed at the time of deferral amortization. The review should also include 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 – The allocation basis for the prudently incurred start-up costs will be recovered through the Company's Net Variable Power Costs Schedule 56. Rate spread among the different customer classes is still to be determined.
- Three Percent Test (OAR 757.259 (6)) – The amortization of the deferral costs will be subject to the three percent test in accordance with 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 the Company's application, Staff concludes that the proposal represents an appropriate use of deferred accounting under ORS 757.259, the Company's application for deferred accounting meets the requirements of ORS 757.259 and OAR 860-027-0300.

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

PROPOSED COMMISSION MOTION:

Approve Idaho Power Company's (Idaho Power or Company) request for reauthorization to defer start-up costs associated with the development of a Community Solar Program for the 12-month period, beginning March 1, 2024, ending February 28, 2025, inclusive of unsubscribed energy.

IPC UM 1795(7) Community Solar Deferral