

ORDER NO. 24-468

ENTERED Dec 31 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1483(14)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization for
Deferred Accounting of Costs Associated
with the Oregon Solar Incentive Program.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on December 31, 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. CA9

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 31, 2024**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: December 11, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 1483(14))
Request Reauthorization of Deferral Accounting.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power’s (PacifiCorp or Company) request for reauthorization to defer costs associated with the Oregon Solar Incentive Program (OSIP) for the 12-month period beginning May 19, 2024.

DISCUSSION:

Issue

Whether Commission should reauthorize deferral of costs associated with the Oregon Solar Incentive Program.

Applicable Rule or Law

The Company makes this filing pursuant to ORS 757.365(10), ORS 469A.120(1) and (3), ORS 757.259, and OAR 860-027-0300. Pursuant to ORS 757.365(10), all prudently incurred costs associated with compliance with ORS 757.365 (pilot program for small solar energy systems) are recoverable in the utility's rates. Under ORS 469A.120(1) and (3), all prudently incurred costs associated with the renewable portfolio standards are recovered through an automatic adjustment clause. ORS 757.259 and OAR 860-027-0300 concern deferrals. Deferral of OSIP costs were originally granted by the Commission in Order No. 11-021 and has been annually reauthorized, most recently by Order No. 22-486.

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Analysis

Background

In Docket No. AR 538, the Commission adopted rules to establish a solar photovoltaic feed-in tariff pilot program, as required by ORS 757.365.¹

In Docket No. UM 1452, the Commission established volumetric incentive rates for solar photovoltaic energy systems.²

The Company is implementing the solar photovoltaic feed-in tariff program (for PacifiCorp, the program is known as the Oregon Solar Incentive Program) through Schedules 136 and 137.

Additionally, Schedule 204 has been adopted for recovery of the costs authorized under the deferral approved in the docket³.

Reason for Deferral

ORS 757.365 requires the implementation and administration of the Oregon Solar Incentive Program. The statute also provides that prudently incurred costs associated with compliance with the statute are recoverable in rates.

The renewable energy certificates associated with generation sold to the utility under ORS 757.365 may be used to comply with the Oregon RPS, which also requires cost recovery of prudently incurred costs associated with compliance.

Proposed Accounting

During the period of deferral, PacifiCorp proposes to account for the deferred costs of the Oregon Solar Incentive Program by recording the deferral in Account 182.3.

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1. See, In the Matter of a Rulemaking Regarding Solar Photovoltaic Energy Systems (HB 3039), Order No. 10-200 (May 28, 2010).
 2. See, In the Matter of Public Utility Commission of Oregon Investigation into Pilot Programs to demonstrate the use and effectiveness of Volumetric Incentive Rates for Solar Photovoltaic Energy Systems, Order No. 10-198 (May 28, 2010), amended, In the Matter of Public Utility Commission of Oregon Investigation into Pilot Programs to demonstrate the use and effectiveness of Volumetric Incentive Rates for Solar Photovoltaic Energy Systems, Order No. 10-304 (Aug. 9, 2010); and In the Matter of Public Utility Commission of Oregon Solar Photovoltaic Program Draft Report Comments and Recommendations, Order No. 11-089 (Mar. 17, 2011).
 3. See, In the matter of PacifiCorp, dba Pacific Power, Application to amortize Oregon Solar Incentive Program Deferred Costs (Schedule 204), Order No. 17-516 (Dec. 18, 2017).

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Estimated Deferrals in Authorization Period

The Company estimated for this program year through April 2024, PacifiCorp has deferred approximately \$1.37 million of costs associated with the Oregon Solar Incentive Program.⁴

Description of Expenses

The Company is requesting to defer costs and expenses of the Oregon Solar Incentive Program, which include the payment of volumetric incentive rates and program administration costs to implement and administer the program.⁵

The Company also estimates that the costs may range from \$4.4 million to \$4.7 million during the May 19, 2024 through May 18, 2025, deferral period.

Additionally, changes in the incentive rate established by the Commission, as well as differences between actual and projected generation due to weather conditions, may impact this estimate.

Information Related to Future Amortization

- Earnings Review – Staff recommends no earnings test be applied on this deferral given the type of costs being deferred.
- Prudence Review – A review to determine that costs were prudently incurred must be done prior to amortization. The costs to be deferred would include any administrative, marketing, metering, incentive payments and any other costs incurred by PacifiCorp for the purpose of implementing the pilot program, consistent with this agreement.
- Sharing – This deferral is not subject to a sharing mechanism. Staff proposes that during amortization, that the costs be spread on an equal percent of generation basis.
- Three Percent Test – 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 PacifiCorp is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit. The limit for these deferrals will be determined at the time of amortization.

4. See, Exhibit B for the entries in the deferred account to date.

5. See, Attachment 2 to PacifiCorp's Advice No. 10-02210 contains a description of the types of incremental costs, by cost category, to be included in the deferral

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Conclusion

Approve Pacific Power's application to defer is appropriately made under the statutes, and the application meets the requirements of OAR 860-027-0300, Staff recommends approval.

The Company has reviewed this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve Pacific Power's request for reauthorization to defer costs associated with the Oregon Solar Incentive Program for the 12-month period beginning May 19, 2024 through May 18, 2025.

PAC UM 1483(14)