

ORDER NO. 25-024

ENTERED Feb 05 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1102(21)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization of
Deferred Accounting Regarding Intervenor
Funding Grants.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 4, 2025, 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:



Katharine Mapes on behalf of
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: February 4, 2025**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: January 15, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 1102(21))
Request Reauthorization of Deferred Accounting of Costs Related to
Intervenor Funding.

STAFF RECOMMENDATION:

Staff recommends the Commission approve PacifiCorp's (PacifiCorp or Company) request for reauthorization to defer costs associated with Intervenor Funding for the 12-month period beginning August 1, 2024.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's application to defer costs related to Intervenor Funding.

Applicable Law

ORS 757.072 authorizes a utility to enter funding agreements with organizations that represent broad customer interests in Commission proceedings. Once a funding agreement is approved by the Commission, organizations eligible to receive grants under the funding agreement are identified pursuant to OAR 860-001-0120. When a public utility provides financial assistance under a funding agreement, ORS 757.072(4) states that the Commission must allow a public utility to defer inclusion of the funding provided in rates as provided in ORS 757.259.

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Deferred amounts under ORS 757.259(3) are generally not subject to the percentage of gross revenues limitation on amortization or other provisions of subsections (5), (6), (7), and (8) or (10) of ORS 757.259. See ORS 757.259(4).

The requirements for a deferral application are set forth in OAR 860-027-0300.

The Commission has issued a series of orders authorizing PacifiCorp's deferral of Intervenor Funding Agreement costs. The Commission originally authorized deferral of the Intervenor Funding Agreement costs beginning September 17, 2003, in Order No. 03-560. The Commission has reauthorized this deferral annually, most recently in Order No. 24-223 entered July 10, 2024, which reauthorized the deferral through July 31, 2024.

Analysis

Background

With Commission Order No. 03-388 in Docket AR 462, the Commission approved an Intervenor Funding Agreement among PacifiCorp, Portland General Electric Company (PGE), Northwest Natural Gas Company (NW Natural), Northwest Industrial Gas Users, Oregon Citizens' Utility Board of (CUB), and Industrial Customers of Northwest Utilities (ICNU), dated February 5, 2003.

The Intervenor Funding Agreement sets forth the amount of funding to be contributed by each utility and the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities. Additionally, the Intervenor Funding Agreement allows intervenors to request grants at any time during the calendar year. The original agreement has been amended and approved in a number of Commission Orders, including Order Nos. -07-564, 12-452, 15-335, 18-017, and 22-506.

The Commission issued Order No. 22-506 approving the Fifth Amended and Restated Funding Agreement, which supersedes and replaces all previous intervenor funding agreement orders. The Fifth Agreement continues the three funds from which intervenor funding grants can be made while adding a separate account for the Issue Fund called the Case-Certified Account. This new account will ensure that a minimum level of funding will be available for case-certified entities even when an Issue Fund account might otherwise be depleted.

In 2012, the Commission issued Order Nos. 12-110 and 12-122 in Docket No. UM 1586 approving the Multi-State Process Intervenor Funding Agreement (MSP Funding Agreement). This agreement provides funding for certain stakeholders' participation in

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ongoing efforts to address how system costs are apportioned among PacifiCorp's six-state territory. It was amended with Order Nos. 17-028, 19-013, and 20-189.

On June 16, 2020, the Commission issued Order No. 20-189 in Docket No. UM 1586, approving the Multi-State Process Fourth Amended and Restated Intervenor Funding Agreement. The MSP funding agreement provides the amount of funding to be provided (the amounts are reflected in the table below) and procedures for budgets, approvals and payment of intervenor funding grants that that can be made.

CUB	\$45,000
AWEC	\$45,000

House Bill (HB) 2475 was enacted in 2021, taking effect January 1, 2022. It amends ORS 757.072 and provides for intervenor funding to two additional groups of advocates, specifically those representing "environmental justice communities" and "low-income communities". Subsequently, the Commission approved an interim agreement for interim funding for environmental justice and low-income organizations that included provisions for the deferral and amortization of funds make available under interim agreements. On February 8, 2023, the Commission issued Order No. 23-033 approving the Environmental Justice Communities Funding Agreement. This agreement was to expire in December 2024 but was extended to December 2025 in Order No. 24-337 in Docket No. UM 2211.

Reason for Deferral

PacifiCorp requests reauthorization to defer the costs of intervenor funding under the Fifth Amended and Restated Funding Agreement, the current Multi-state funding agreement, and under Order No. 23-033, under ORS 757.259(3) for the 12 months beginning August 1, 2024.

Proposed Accounting

PacifiCorp proposes to record payment of Intervenor Funding Grants in Account 182.3 – Other Regulatory Assets.

Description of Expense

The deferral account includes expenses paid to the AWEC Issue Fund, CUB MSP Fund, AWEC Preauthorized Fund, AWEC MSP Fund, CUB Funding Grant, AWEC

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Pre-authorized Match, HB 2475 Interim Funding Agreement, HB 2475 Precertification Fund, and the HB 2475 Case Fund, among others¹.

Estimate of Amounts

<u>Intervenor Funding Agreement²</u>	
CUB Fund	\$119,783
Preauthorized Matching Fund	\$ 81,868
Issue Fund – General Account	\$170,272
Issue Fund – Case-Certified Account	\$ 10,000
Total	\$362,475
<u>MSP Funding Agreement</u>	
CUB	\$ 45,000
AWEC	\$ 45,000
Total	\$ 90,000
<u>HB 2475 Interim Funding Agreement</u>	
Total	\$141,667
<u>Environmental Justice Communities Funding Agreement</u>	
Pre-Certification Fund	\$85,000
Case Fund	\$56,667
Total	\$141,667

Information Related to Future Amortization

- Earnings Review – Staff recommends that no earnings test be applied given the purpose of this deferral.
- Prudence Review – For amortization, the prudence review 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/Design – Account balances are to be spread to the appropriate customer classes.
- Three Percent Test (ORS 757.259(6)) – The three percent test does not apply to amortization of this deferral. See “Earnings Review” above.

Conclusion

As the Company’s application meets the requirements of ORS 757.259 and OAR 860-027-0300, and the reason for the deferral is still valid, Staff recommends the Commission approve PacifiCorp’s application.

¹ More detail of the utility expense is provided in Exhibit B.

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The Company has voiced no concern regarding the memo.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's request for reauthorization to defer costs related to Intervenor Funding Grants for the 12-month period beginning August 1, 2024.

UM 1102(21) Intervenor Funding Deferral