

ORDER NO. 25-064

ENTERED Feb 19 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2336

In the Matter of

IDAHO POWER COMPANY,

Application for Deferral of Costs
Associated with Declared Emergencies.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 18, 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:



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. CA14

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 18, 2025**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: January 25, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Scott Gibbens and Michelle Scala **SIGNED**

SUBJECT: IDAHO POWER:
(Docket No. UM 2336)
Idaho Power Company's Application for Deferral of Costs Associated with Declared Emergencies.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (the Commission) approve Idaho Power's application to establish a pre-filed emergency deferral account for costs associated with declared emergencies beginning July 24, 2024.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's applications for deferred of Costs Associated with Declared Emergencies.

Applicable Law

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates to minimize the frequency of rate changes or to appropriately match customer benefits and costs. The Commission's final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility.

OAR 860-027-0300 is the Commission's rule governing the use of deferred accounting by energy and large telecommunications utilities and requires the utility to provide

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certain information in an application to defer, such as the reason for the deferral and the estimated amount of the deferral.

Commission Order No. 21-259 invites energy utilities in Oregon to file applications for pre-filed emergency deferral accounts and states:

The actual deferral in an Oregon pre-established emergency deferral account would be triggered by a federal or state emergency declaration. If a deferral is triggered, the deferring utility would be required to file a Notice of Deferral with the Commission within 30 days of the declaration of the emergency that states the utility is recording amounts in the pre-filed emergency deferral account; identifies the pertinent state of emergency declaration; and that describes the emergency, the impact on facilities, anticipated expenses, and other relevant details.

Order No. 21-259 further notes, “The utility could then request to amortize these expenses into rates prior to or during the next general rate proceeding. Review of the expenses and the ultimate determination regarding amortization into rates would be subject to the same standards of review for all other deferrals.”

Analysis

Background

Idaho Power Company (“Idaho Power” or “Company”) requests an order authorizing the Company to establish a pre-filed emergency deferral account (Emergency Deferral Account) and defer for later ratemaking treatment the recovery of costs associated with declared emergencies.

The Emergency Deferral Account will track expenses proximately caused by an emergency that is the subject of a state or federal declaration. After establishment of the Emergency Deferral Account, within 30-days following an actual state of declared emergency the Company would file a letter notifying the Commission that it is activating the deferral by describing the emergency event, the general impacts to utility systems as a result of the event and estimates of expenses.

Description of the Expenses

Idaho Power seeks authorization from the Commission to defer, for future amortization, actual costs related to declared emergencies in Oregon to streamline recovery efforts after emergency events, natural disasters, and extreme weather that may create significant impacts to utility systems. Idaho Power Company’s Emergency Deferral

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Account will only track expenses proximately caused by an emergency that is the subject of a state or federal declaration.

Reason for Deferral

Idaho Power requests this deferral under ORS 757.259(2)(e). Establishing this emergency Deferral Account will minimize the frequency of rate changes and match appropriately the costs borne and benefits received by customers.

Proposed Accounting

Idaho Power proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets), crediting the appropriate FERC accounts as identified in the Code of Federal Regulations for each circumstance.

Estimate of Amounts

Idaho Power cannot estimate the potential amounts to be deferred at this time. To the extent it is available, an estimate of the amounts associated with a particular emergency would be included in Idaho Power's letter notifying the Commission that it is activating the Emergency Deferral Account filed within 30 days of the declaration.

Information Related to Future Amortization

- Earnings Review – The Commission will review earnings in accordance with ORS 757.259(5) at the time of amortization.
- Prudence Review – A prudence review will be conducted prior to amortization and should include a verification of the accounting methodology used to determine the final amortization balance.
- Sharing – A costs sharing mechanism was not adopted.
- Rate Spread/Design – Review of the expenses and the ultimate determination regarding amortization into rates would be subject to the standards of review. Idaho Power will seek amortization of the deferred costs in the Emergency Deferral Account in a future Commission proceeding.
- 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. Because Idaho Power is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit.

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Conclusion

Staff recommends the Commission approve Idaho Power 's request for the initial authorization and reauthorization of deferred accounts for Deferral of Costs Associated with Declared Emergencies is reasonable.

The Company has had the opportunity to review this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve Idaho Power's application to establish a pre-filed emergency deferral account for costs associated with declared emergencies beginning July 24, 2024.

Idaho Power Company UM 2336