

ORDER NO. 25-087

ENTERED Mar 05 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2332

In the Matter of

IDAHO POWER COMPANY,

Application for Deferred Accounting of
Incremental Administrative Expenses
Associated with the Implementation and
Provision of a Bill Discount Program.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on March 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:



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. CA7

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 4, 2025**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: January 29, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: IDAHO POWER:
(Docket No. (UM 2332))
Idaho Power Company's Application for Deferred Accounting of Incremental Administrative Expenses Associated with the Implementation and Provision of a Bill Discount Program.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (the Commission) approve Idaho Power's application for deferred accounting of administrative expenses costs associated with the Implementation and Provision of its Bill Discount Program.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's applications for Deferred Accounting of Incremental Administrative Expenses Associated with the Implementation and Provision of a Bill Discount Program beginning June 5, 2024.

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.

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

Analysis

Background

The Company has previously requested a separate deferral to track and defer applicable non-administrative¹ House Bill (HB) 2475-related program exploration and implementation costs, which is currently comprised of only amounts associated with the Company's recently completed Low Income Needs Assessment ("LINA").

The Company in this application seek authorization for deferred the incremental administrative expenses associated with the implementation and provision of a Bill Discount Program, proposed as part of the Company's general rate case submitted in Docket No. UE 426.

Description of the Expenses

According to the Company the administrative expenses associated with the implementation and provision of a Bill Discount Program are the incremental costs related to training, marketing efforts, and reimbursement of partnering agencies' cost of enrolling customers.

Reason for Deferral

According to the Company, this deferral will allow Idaho Power to track, for later recovery, costs associated with the administration of any program or programs developed to assist qualifying customers while also minimizing the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

Proposed Accounting

The Company will record amounts that would be subject to the deferral order in accordance with the Code of Federal Regulations to Federal Energy Regulatory Commission ("FERC") Account 182.3 – Other Regulatory Assets.

In addition, in accordance with Order No. 05-1070, Idaho Power will accrue interest on the unamortized balance at a rate equal to its authorized weighted average cost of capital most recently approved by the Commission.

¹ See, Docket No. UM 2261, Idaho Power Deferral of HB 2475 Rate Mitigation Costs.

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Estimate of Amounts

Idaho Power cannot estimate the potential amounts to be deferred at this time. The Company states that it is in the process of developing an implementation plan for administering the proposed Bill Discount Program and includes that additional administrative costs from possible new HB 2475 programs and activities may impact the administrative expenses.

Information Related to Future Amortization²

- Earnings Review – Staff proposes an earnings review be conducted when amortization is requested of any deferred amounts

Earnings Test – Staff proposes this deferral be subject to an earnings test. Staff acknowledges its previous recommendation to exclude an earnings test for deferrals related to the administration of Income Qualified Bill Discount Programs and certain costs related to the implementation and administration of House Bill (HB) 2475 and HB 2021. However, given the recent increases in rates, Staff believes it is necessary to reassess this policy position.³

- Prudence Review – Should be performed by the Commission Staff as part of their review of this deferral's annual reauthorization filing.
- Rate Spread/Rate Design – Revenues will be allocated to each cost-of-service schedule with the basis to be determined prior to amortization.
- Sharing – This deferral is not subject to a sharing mechanism
- 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 (with exceptions) 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

² While Staff recommends these amortization conditions, they are subject to review and potential modification at the time of amortization.

³ See OPUC Docket No. UE 82, Order No. 93-257 at 11-12, Feb. 22, 1993, stating: [T]he [C]ommission intends to tailor earnings tests to fit the type of deferral...When such cases arise, the parties should analyze the specific circumstances surrounding the deferral, and the record should exhibit that analysis. Recommended earnings test treatments should be designed to further public policy goals related to the specific deferral.

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Conclusion

Due to the nature of this docket, Staff recommends approval of Idaho Power's application for deferred Accounting of Incremental Administrative Expenses Associated with the Implementation and Provision of a Bill Discount Program.

PROPOSED COMMISSION MOTION:

Approve Idaho Power Company's request for deferred Accounting of Incremental Administrative costs of a Bill Discount Program beginning June 5, 2024.

IPC UM 2332 Deferral