

ORDER NO. 25-145

ENTERED Apr 16 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1981(6)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer
Costs Related to the Oregon Community
Solar Program.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on April 15, 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. CA10

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 15, 2025**

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

DATE: February 18, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PACIFIC POWER:
(Docket No. UM 1981(6))
Requests reauthorization of deferred accounting for costs related to the Oregon Community Solar Program.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp or Company) application, as amended, for reauthorization of deferred accounting of costs related to the Oregon Community Solar Program (CSP) for the 12-month period beginning September 29, 2024, and ending September 28, 2025.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's application to defer for later ratemaking treatment of expenses related to the development of Community Solar.

Applicable Law

ORS 757.386 and OAR 860-088-0160 permit utilities to recover all start-up costs prudently incurred during the development or modification of the CSP in electric company rates. Further, the rules specify that these costs include both: start-up Program Administrator (PA) and Low-Income Facilitator (LIF) costs; and Utilities' prudently incurred start-up costs.

Docket No. UM 1981(6)
February 18, 2025
Page 2

OAR 860-027-0300(4)(a)-(b) includes the requirements for an application of reauthorization of deferred accounting. PacifiCorp must include the requirements required for its initial application, as well as: (a) a description and explanation of the entries in the deferred account to the date of the application for the reauthorization; and (b) the reason for continuation of deferred accounting.

ORS 757.386 permits the utilities to recover costs associated with a Community Solar Program Power Purchase Agreement.

In Order No. 22-310, the Commission approved PAC's methodology for calculating the incremental cost of Subscribed Energy in the Community Solar Program as well as the Company's approach of recovering costs through a deferral.

Analysis

Background

The Company seeks reauthorization under ORS 757.259(2)(e) to establish and maintain a balancing account to record costs related to the CSP, along with related interest at the Modified Blended Treasury Rate, consistent with the treatment of interest rates described in Order No. 08-263 as modified by Order No. 10-279, for the Deferral Period.

The last reauthorization was approved on May 20, 2024, through Order No. 24-145.

This current PacifiCorp reauthorization request was filed on September 23, 2024. The Company filed an amended reauthorization request on January 22, 2025. In the amended request, PacifiCorp states that:

On December 12, 2024, PacifiCorp met with Staff to review the Company's workpaper supporting the application. During this meeting, the Company realized the incremental subscribed energy costs were miscalculated. Additionally, it was discovered that these costs had not been booked to the deferral account and were not included in Exhibit B. This Amended Application corrects the incremental subscribed energy costs and ensures they are reflected in Exhibit B.

Description of the Expenses

PacifiCorp anticipates its costs including:

- Capital costs consisting of billing system upgrade costs that were not otherwise captured in PacifiCorp's general rate case;

Docket No. UM 1981(6)
February 18, 2025
Page 3

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

Reason for Deferral

The Company states that this deferral is required in order minimize the frequency of rate changes, the fluctuation of rate levels, or to match appropriately the costs borne and benefits received by customers.

Proposed Accounting

The Company will record deferred Community Solar costs by crediting Federal Energy Regulatory Commission (FERC) Account 906, Customer Service and Informational Expenses, and other relevant FERC expense accounts, and debiting the Community Solar Start-Up Costs balancing account, in FERC Account 182.3, Other Regulatory Assets. The deferral balance will be reduced monthly by the amount collected under Schedule 207, Community Solar Start-Up Cost Recovery Adjustment. A carrying charge calculated at the current Modified Blended Treasury rate will be recorded each month on the deferral balance.

Estimate of Amounts

The Company estimates that its internal administration costs for Community Solar will be \$150,000 for the Deferral Period and does not anticipate any billing system upgrade (capital) costs during the Deferral Period.

The Company also estimates Program Administration team costs to be \$1,080,000 over the Deferral Period based on its share (39.5 percent) of the State of Oregon's contract with Energy Solutions, the Program Administrator.¹

Some portion of these costs will be paid by Community Solar Participants and Project Managers once community solar projects come online and begin billing, but the timing and magnitude of that contribution is uncertain at this time.

¹ See, Community Solar Start-Up Cost Recovery and Remittance of Funds to the Program Administrator, Order No. 19-122, Appendix A at 4 (Apr. 11, 2019).

Docket No. UM 1981(6)
February 18, 2025
Page 4

The company estimates incremental subscribed energy costs for the Deferral Period to be \$3,464,945.² This amount reflects 29 operational CSP projects and approximately 42.3 megawatts of capacity that fall within the Deferral Period.

The amounts recorded include the expenses for the program and the revenue received through Schedule 207.

Information Related to Future Amortization

- Earnings Review – Cost recovery associated with the CSP start-up may be subject to an earnings review; however, Staff is not recommending an earnings test be applied in this instance.
- Prudence Review – The prudence review should include verification of the accounting methodology used to determine the final amortization balance.
- Sharing Percentages – All prudently incurred costs are to be recoverable by PAC with no sharing mechanism.
- Rate Spread/Design – Applicable costs will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent generation revenue applied on a cents-per-kilowatt hour basis.
- Three Percent Test (ORS 757.259(7) and (8)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. This test limits 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. The amortization of the CSP start-up costs will be subject to the three percent test.

Conclusion

Staff concludes that PacifiCorp's reauthorization request meets the requirements of ORS 757.259 and OAR 860-027-0300 and is consistent with the Company's initial application for deferral.

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

² See, Pacific Power Exhibit B provides the entries in the deferral account to date.

Docket No. UM 1981(6)
February 18, 2025
Page 5

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's, dba Pacific Power, application for reauthorization of deferred accounting of costs related to the Oregon Community Solar Program for the 12-month period beginning September 29, 2024.