

ORDER NO. 18 316

ENTERED AUG 28 2018

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1103(15)

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Application for Reauthorization to Defer  
Intervenor Funding Costs.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on August 28, 2018, 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:



A handwritten signature in blue ink, appearing to read "Michael Grant", is written over a horizontal line.

**Michael Grant**  
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.

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 28, 2018**

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE July 1, 2018

DATE: August 20, 2018

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Jason Eisdorfer and John Crider

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1103(15)) Requests Reauthorization to Defer Intervenor Funding Grants.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric Company's (PGE or Company) request for reauthorization to defer costs related to Intervenor Funding Grants for the 12-month period beginning July 1, 2018.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's request for reauthorization to defer costs related to Intervenor Funding Grants for the 12-month period beginning July 1, 2018.

Applicable Law

PGE submitted its deferral application on June 27, 2018, pursuant to ORS 757.072, ORS 757.259(3) and OAR 860-027-0300. ORS 757.259 is the statute that authorizes deferred accounting and OAR 860-027-0300 is the Commission's rule related to such applications.

ORS 757.072 is the statute that 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-

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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.

Deferral of these costs was originally granted by the Commission in Order No. 03-561 and has been annually reauthorized, most recently in Order No. 17-349.

### Analysis

#### *Background:*

In its Order No. 03-388, the Commission approved an Intervenor Funding Agreement (IFA) between various utilities including PGE, and several intervenors including the Citizens' Utility Board of Oregon (CUB), and Industrial Customers of Northwest Utilities (ICNU). The IFA sets forth the funding amount to be contributed by each utility, the procedures for budget submittals by intervenors, Commission approval of budgets, and the payment of grants by utilities. It authorizes three funds with different qualification requirements for each. They are the CUB Fund, the Preauthorized Matching Fund, and the Issue Fund.

The IFA also requires the costs of each fund to be allocated to the appropriate customer class. The CUB fund is generated from residential rates, and industrial customers' rates include an increment to support the Preauthorized Matching Fund (Matching Fund). The Commission allocates amounts related to the Issue Fund to align the costs of advocacy with the intended beneficiaries of the advocacy.

In its subsequent Order No. 07-564, the Commission approved an amended and restated IFA that extends intervenor funding through December 31, 2012.

Most recently, by Order No. 18-017, the Commission approved an amended and restated IFA that extends intervenor funding through December 2022. This IFA also provides authority for intervenors to request an increase in annual funding.

#### *Reason for Deferral:*

In accordance with OAR 860-027-0300(4)(b), the Company requests continuation of deferred accounting to recover amounts approved pursuant to Order No. 18-017.

#### *Proposed Accounting:*

Amounts are to be debited to deferred accounts only as the utility disburses funding to a qualifying intervenor. The proposed funding grant deferrals would be recorded in separate subaccounts of FERC Account 182.3 (Other Regulatory Assets). The Company would not normally incur the cost of intervenor funding grants without deferral

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approval. However, if such costs were incurred they would be recorded in FERC Account 928 (Regulatory Commission Expenses).

*Current Deferral Activity:*

Compliant with OAR 860-027-0300(4)(a), PGE provided the following information regarding the deferral activity during the current deferral period, up to the date of this application:

<b>New CUB Funding Grants Paid</b>	<b>Date</b>	<b>Amount</b>	<b>Docket/ Commission Order</b>
Issue Fund	7/20/2017	14,000	AR 603/ 17-278
Issue Fund	9/14/2017	9,929	UM 1811/ 17-352
Issue Fund	10/24/2017	5,548	UM 1716/ 17-430
Issue Fund	10/27/2017	6,000	UE 319/ 17-439
CUB Fund	1/18/2018	101,125	UM 1929/ 18-020
<b>Total CUB</b>		<b>\$136,602</b>	

<b>New ICNU Funding Grants Paid</b>	<b>Date</b>	<b>Amount</b>	<b>Docket/Commission Order</b>
Issue Fund	8/31/2017	46,000	UE 319/17-335
Issue Fund	9/14/2017	26,566	LC 66/17-354
<b>Total ICNU</b>		<b>72,566</b>	

*Estimated Deferrals in Authorization Period:*

At the time of its application, PGE estimated that the maximum deferred amounts during the 12-month period beginning July 1, 2018, will be as shown in the table below.

<b>Fund</b>	<b>Amount</b>
CUB Fund	\$101,125
Preauthorized Matching Fund	\$72,738
Issue Fund	\$143,750
<b>Total</b>	<b>\$317,613</b>

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*Information Related to Future Amortization:*

- Earnings Review – Pursuant to Commission Order 18-017, Appendix A, page 28, paragraph 7.9:

If a Participating Public Utility seeks rate recovery through a deferred account, the account and amortization of the account shall be exempt from the amortization caps and earnings test set forth in subsections 5,6,7,8 and 10 of ORS 757.259, as such subsections may be amended from time to time, and shall not be included in any calculation of the amortization cap for other deferred accounts.

- 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 per Order No. 18-017, Appendix A, page 27, paragraph 7.7(b).
- 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 PGE’s application.

**PROPOSED COMMISSION MOTION:**

Approve PGE’s application to defer the costs associated with intervenor funding grants for the 12-month period, beginning July 1, 2018.

PGE UM 1103(15) Intervenor Funding