

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 9, 2024**

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

DATE: June 27, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Russell Beitzel **SIGNED**

SUBJECT: PACIFIC POWER:
Docket No. UM 1102(20)
Requests reauthorization of deferred accounting for costs related to the
Intervenor Funding Grants.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve PacifiCorp’s (PacifiCorp or Company) application for Reauthorization of Deferred Accounting Regarding Intervenor Funding Grants for the 12-month period beginning August 1, 2023.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp’s request for reauthorization of deferred accounting for costs related to Intervenor Funding Grants for the 12-month period beginning August 1, 2023.

Applicable Law

In accordance with ORS 757.259, ORS 757.072(4), and OAR 860-027-0300, PacifiCorp d/b/a Pacific Power filed this application (Application) with the Commission for an order reauthorizing PacifiCorp to record and defer, on an ongoing basis, the cost of intervenor funding grants under ORS 757.259(3).

ORS 757.072 authorizes the Commission to approve an agreement between an energy utility and a customer organization for intervenor funding. ORS 757.259(3) allows a utility to recover intervenor funding in rates through deferred accounting: “Upon request of the public utility, the commission by order shall allow deferral of amounts provided as financial assistance under an agreement entered into under ORS 757.072 for later incorporation in rates.”

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

Analysis

Background

On July 2, 2003, per section 2 of the Intervenor Funding Act, the Commission issued Order No. 03-388 in docket AR 462, which, among other things, approved the 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.

On December 19, 2007, the Commission issued Order No. 07-564 in docket UM 1357 approving the Amended and Restated Intervenor Funding Agreement that extended intervenor funding until December 31, 2012. On November 20, 2012, the Commission issued Order No. 12-452 in docket UM 1357 approving the Second Amended and Restated Intervenor Funding Agreement that extended intervenor funding until December 31, 2017.

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.

On October 20, 2016, the Commission issued Order No. 15-335 in docket UM 1357 approving the Third Amended and Restated Intervenor Funding Agreement that increased funding levels for certain Commission proceedings related to NW Natural and Avista Corporation (Avista).

On January 17, 2018, the Commission issued Order No. 18-017 in docket UM 1929 approving the Fourth Amended and Restated Intervenor Agreement that continues the

three funds from which intervenor funding grants can be made and modified the amounts in each fund.

On December 29, 2022, the Commission issued Order No. 22-506 in docket UM 2264 approving the Fifth Amended and Restated Intervenor Agreement which modified the amounts in the existing three funds and created a new fund account as reflected in the table below.

| | PGE | Pacific Power | NW Natural | Cascade | Avista |
|-------------------------------------|-----------|---------------|------------|----------|----------|
| CUB Fund | \$116,294 | \$116,294 | \$116,294 | \$45,425 | \$51,175 |
| Preauthorized Matching Fund | \$81,868 | \$81,868 | \$81,868 | \$42,713 | \$42,713 |
| Issue Fund – General Account | \$165,313 | \$165,313 | \$165,313 | \$39,675 | \$80,500 |
| Issue Fund – Case-Certified Account | \$10,000 | \$10,000 | \$10,000 | \$2,500 | \$5,000 |

The Fifth Amended and Restated Intervenor Agreement also provides an annual increase of three percent for the CUB Fund and Issue Fund – General Account each calendar year after 2023 for the term of the agreement.

The most recent Commission action on this deferral for PacifiCorp was the Commission adopting the Staff recommendation to approve PacifiCorp’s deferral request in UM 1102(19) in Order 23-028.

Reason for Deferral

As discussed above, PacifiCorp requests reauthorization to defer the costs of intervenor funding grants under ORS 757.259(3).

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

¹ Exhibit B. application file.

Estimate of Amounts

PacifiCorp anticipates in its July 27, 2023, filing that the maximum amounts to be deferred during the 12-month period beginning August 1, 2023, is \$141,667, with the breakdown as shown below.

| | |
|--|-----------|
| <u>Intervenor Funding Agreement</u> | |
| CUB Fund | \$116,294 |
| Preauthorized Matching Fund | \$ 81,868 |
| Issue Fund – General Account | \$165,313 |
| 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 review be conducted.
- 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.

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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.

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

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, 2023.

PAC UM 1102 (20)