

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT

PUBLIC MEETING DATE: June 11, 2024

REGULAR ___ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: June 1, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1103(20))
Requests reauthorization of deferred Costs Related to Intervenor Funding.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) request for reauthorization to defer costs associated with Intervenor Funding for the 12-month period beginning July 1, 2023.

DISCUSSION:

Issue

Whether the Commission should approve PGE's application to defer costs related to Intervenor Funding.

Applicable Law

ORS 757.072 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 860-001-0120.

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.

OAR 860-027-0300(4) articulates the requirements for an application for reauthorization of a deferral.

The deferral of PGE's intervenor funding costs was originally granted by the Commission in Order No. 03-561 and has been annually reauthorized.

PGE most recently received authorization to continue to defer Intervenor Funding costs, Docket No. UM 1103(19), through Commission Order No. 22-451.

Analysis

Background

Commission Order No. 03-388 approved an Intervenor Funding Agreement (IFA), pursuant to the Intervenor Funding Act, between PGE, Pacific Power and Light (PacifiCorp), Northwest Natural Gas Company, Northwest Industrial Gas Users, the Oregon Citizens' Utility Board (CUB), and Industrial Customers of Northwest Utilities (ICNU), dated February 3, 2003.

This agreement specified the terms and conditions for intervenor funding grants, funding amounts to be contributed by each utility, and the payment of grants by utilities into three funds, which include the CUB Fund, the Pre-authorized Matching Fund, and the Issue Fund. Amended and restated IFAs were subsequently approved, with the Fifth Amended and Restated Intervenor Funding Agreement, approved in Order No. 22-506, Docket No. UM 2264, currently in effect.

In addition, House Bill (HB) 2475 was enacted into state law on September 25, 2021, and took effect on January 1, 2022. Section 3 of HB 2475 amended ORS 757.072 to allow for an expansion of intervenor funding for a broader set of interest groups.

As a result of this amendment to ORS 757.072, on February 10, 2022, through Order No. 22-043, the Commission approved an interim agreement for interim funding for environmental justice and low-income organizations that included provisions for the deferral and amortization of intervenor funding made available under interim intervenor funding agreements ("Interim Intervenor Funding Agreements"). Almost a year later, on February 8, 2023, through Order No. 23-033, the Commission approved a justice funding agreement (JFA) for environmental justice and low-income organizations consistent with HB 2475, which will expire in December 2024.

Cost recovery and any associated deferral of any intervenor funding made available under the JFA are authorized by Order No. 23-033 and under OAR 860-001-0900.

Description of Expenses

For the 12-month period of July 1, 2023, through June 30, 2024, the Company seeks reauthorization to continue recording, in a deferred account, all amounts PGE is required to pay through the CUB Fund, the Pre-Authorized Matching Fund, the Issue Fund (General Account and Case-Certified Account), the Interim Intervenor Funding Agreements, and the JFA.

Reason for Deferral

The Company requests to continue to use the deferral mechanism as approved in Order No. 22-451, including any expenses accrued, under the fifth amendment of the IFA, Interim Intervenor Funding Agreements, and the JFA.

Moreover, the Company requests that the additional amounts it is required to pay to the six funds during the period of July 1, 2023, through June 30, 2024, be treated similarly.

The Company will continue to incur IFA expenses until December 31, 2027, pursuant to the Fifth Amended and Restated IFA, approved by the Commission through Order No. 22-506.

Also, the Company will continue to incur intervenor funding expenses until December 31, 2024, pursuant to the JFA, approved by the Commission through Order No. 23-033.

Proposed Accounting

PGE proposes to record all deferred costs in FERC Account 182.3, Other Regulatory Assets, with a credit to FERC Account 456, Other Revenue.

Estimate of Amounts

The Company estimates the following amounts could be deferred, during the 12-month period (See in table next page).

Note: The estimated total balance does not include amortization and interest.

| Fund | Amounts to be Deferred |
|-------------------------------------|-------------------------------|
| CUB Fund | \$116,294 |
| Pre-Authorized Matching Fund | \$81,868 |
| Issue Fund (General Account) | \$165,313 |
| Issue Fund (Case-Certified Account) | \$10,000 |
| JFA Interim | \$0 ² |
| JFA Pre-Certification Fund | \$154,861 ³ |
| JFA Case Fund | \$56,667 |

In addition, the intervenor funding made available under the IFA for environmental justice and low-income organizations has a total aggregate financial assistance limit not to exceed \$500,000 annually.

Information Related to Future Amortization

- Earnings Review – Given the nature of this deferral, Staff recommends no earnings test be applied.
- Prudence Review – The review should be performed prior to amortization.
- Sharing Percentages – Intervenor funding costs are not subject to a sharing mechanism.
- Rate Spread/Design – Rate are spread on a cents per Kilowatt-hour basis to the appropriate customer classes per Commission Order No. 22-506.
- Three Percent Test (ORS 757.259(7) and (8)) – The three percent does not apply to amortization of this deferral.

Conclusion

Staff recommends approval of PGE’s request for authorization to defer costs associated with the Intervenor Funding because 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.

Docket No. UM 1103(20)
June 1, 2024
Page 5

The Company has reviewed this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve PGE's request for authorization to defer costs associated with Intervenor Funding for the 12-month period beginning July 1, 2023.

UM 1103 Intervenor Funding Deferrals