

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(20), through Commission Order No. 24-182.

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 (dba 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.

Table 1 below, taken from page 2 of PGE's application, lists amendments to the IFA as well as the intervenor funding agreement pursuant to HB 2475 for environmental justice communities, and the associated Commission orders.

Table 1
Intervenor Funding Approval and Amendments

IFA	OPUC Order No.	Docket No.	Effective Date	Expiration Date
Original Agreement	03-388	AR 462	07/02/03	12/31/07
First Amendment	07-564	UM 1357	12/19/07	12/31/12
Second Amendment	12-452	UM 1357	01/01/13	12/31/17
Third Amendment	15-335	UM 1357	10/02/15	12/31/17
Fourth Amendment	18-017	UM 1929	01/17/18	12/31/22
Fifth Amendment	22-506	UM 2264	12/29/22	12/31/27
Justice Funding Agreement (JFA)	OPUC Order No.	Docket No.	Effective Date	Expiration Date
Interim Agreement	22-043	UM 2211	02/10/22	N/A
Agreement	23-033	UM 2211	02/08/23	12/31/24

These amended IFAs clarify the use of funds for dockets, modify terms and conditions, and change the funding amounts to be contributed by each utility.

In Order No. 22-506, the Commission approved the Fifth Amended and Restated Funding Agreement, which supersedes and replaces all previous IFA orders. The Fifth Agreement continues the three funds from which intervenor funding grants can be made while adding a separate account for the Issue Fund called the Case-Certified Account. This new account will ensure that a minimum level of funding will be available for case-certified entities even when an Issue Fund account might otherwise be depleted.

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 intervenor funding (in addition to the intervenor funding made available under the IFA) for environmental justice and low-income organizations with the total aggregate financial assistance to all organizations that represent low-income residential customers and/or residential customers that are members of environmental justice communities not to exceed \$500,000 annually.

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 was to expire in December 2024, but was extended to December 2025 in Order No. 24-337 in Docket UM 2211.

Cost recovery and any associated deferral of any intervenor funding made available under the JFA are authorized by Order No. 23-033 and by Commission rule adopted pursuant to Order No. 23-137 (AR 652, OAR 860-001-0900). PGE filed an application with the Commission for an order authorizing PGE to defer IFA costs, which was first approved and adopted by Commission Order No. 03-561.

PGE also filed an application with the Commission for an order authorizing PGE to defer both IFA costs and Interim Intervenor Funding Agreements costs, which was approved and adopted by Commission Order No. 24-182. PGE requests reauthorization to defer intervenor funding costs (inclusive of intervenor funding made available under both the IFA and JFA), as described below, for the 12-month period July 1, 2024, through June 30, 2025.

Reason for Deferral

Commission Order No. 03-561 authorized PGE's accounting process for the IFA grant funds. Commission Order No. 23-033 authorized PGE to defer for later amortization intervenor funding made available under the JFA. PGE has been deferring funds pursuant to the IFA since 2003, and the latest Commission Order No. 24-182, authorized deferrals through June 30, 2024.

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. In the absence of a deferred accounting order from the Commission, PGE would record costs associated with the intervenor funding costs to FERC Account 928 Regulatory Commission Expenses.

Description of Expense

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.

Estimate of Amounts

Funds and Amounts to be Deferred

Fund	Amounts to be Deferred
CUB Fund	\$119,783
Pre-Authorized Matching Fund	\$155,701
Issue Fund (General Account)	\$336,671
Issue Fund (Case-Certified Account)	\$10,000
JFA Pre-Certification Fund	\$235,097
JFA Case Fund	\$29,683

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 – Rates 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.

The Company has voiced no concern regarding the memo.

PROPOSED COMMISSION MOTION:

Approve PGE's request for authorization to defer costs associated with Intervenor Funding for the 12-month period beginning July 1, 2024.