

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 12, 2017

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE July 1, 2017

DATE: September 5, 2017

TO: Public Utility Commission

FROM: Mitchell Moore *MPM*  
*J* *A*

THROUGH: Jason Eisdorfer and Marc Hellman

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1103(14)) Requests reauthorization to defer Intervenor Funding costs.

**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, 2017.

**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, 2017.

Applicable Law

PGE submitted its deferral application on June 14, 2017, 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-

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. 16-295.

### 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 until December 31, 2012.

Most recently, by Order No. 15-335, the Commission approved an amended and restated IFA that extends intervenor funding until December 31, 2017. This IFA also provides authority for intervenors to request an increase in annual funding. PGE expects that the expiring IFA will be renewed and the term extended, as the Commission is currently working with parties to get a new agreement in place by the end of the year.

#### *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. 15-335.

*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 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	7/29/2016	3,886	UM 1719/16-281
Issue Fund	7/29/2016	14,470	UM 1623/16-283
CUB Fund	1/5/2017	66,125	UM 1357/17-003
Issue Fund	10/20/2016	35,180	UE 308/16-407
Issue Fund	5/12/2017	40,000	LC 66/17-163
Issue Fund	5/23/2017	19,600	UM 1789/17-182
<b>Total CUB</b>		<b>\$179,261</b>	

<b>New ICNU Funding Grants Paid</b>	<b>Date</b>	<b>Amount</b>	<b>Docket/Commission Order</b>
Issue Fund	8/18/2016	18,587.47	UM 1623/16-312
Issue Fund	8/18/2016	6,996	UM 1755/16-313
Issue Fund	11/9/2016	32,494	UE 308/16-431
Issue Fund	11/17/2016	5,000	UM 1788/16-444
Matching Fund	3/17/2017	37,442	UM 1357/17-095
<b>Total ICNU</b>		<b>\$100,519</b>	

<b>New SBUA Funding Grants Paid</b>	<b>Date</b>	<b>Amount</b>	<b>Docket/Commission Order</b>
Issue Fund	9/21/2016	4,085	UM 1773/16-356
Issue Fund	1/4/2017	1,097	UM 1751/17-001
<b>Total SBUA</b>		<b>\$5,182</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, 2017, will be as shown in the table below. Depending on the Commission's decision regarding the extension of the IFA, these estimated amounts may change.

<b>Fund</b>	<b>Amount</b>
CUB Fund	66,125
Preauthorized Matching Fund	66,125
Issue Fund	143,750
<b>Total</b>	<b>\$276,000</b>

*Information Related to Future Amortization:*

- Earnings Review – Pursuant to Commission Order 12-452, Appendix A, page 27, 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. 07-564, Appendix A, page 26, 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 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, 2017.

PGE UM 1103(14) Intervenor Funding