



The deferral of PGE's intervenor funding costs was originally granted by the Commission in Order No. 03-561 and has been annually reauthorized, most recently in Order No. 21-255.

## Analysis

### *Background*

PGE requests reauthorization to defer intervenor funding costs as described below, for the 12-month period July 1, 2022, through June 30, 2023. 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.

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 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.

In addition to the IFA, Section 3 of HB 2475 amended ORS 757.072 to allow for intervenor funding 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, Order No. 22-043, approved the interim funding for environmental justice and low-income organizations.

PGE filed its most recent reauthorization request on June 29, 2022, with a supplemental filing made on October 31, 2022, to include this additional interim funding language consistent with HB 2475.

*Description of Expense*

During the 12-month deferral period, July 1, 2022, through June 30, 2023, PGE will continue recording, in a deferred account, all amounts it is required to pay through the CUB Fund, the Pre-Authorized Matching Fund, the Issue Fund, and interim funding approved in Commission Order No. 22-043.

*Reason for Deferral*

The use of deferred accounting will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by customers.

PGE also seeks approval to continue the IFA Deferral pursuant to the latest Commission Order No. 21-255 as described in Section (II)(b) above, and the latest IFA Agreement through December 2022.

*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.

*Estimate of Amounts for the Next 12 Months*

PGE anticipates the maximum amounts to be deferred, during the 12-month period subsequent to the filing of this application, are shown in Table below:

<b>Amounts to be Deferred</b>		
<b>CUB FUND</b>	<b>MATCHING FUND</b>	<b>ISSUE FUND</b>
\$101,125	\$81,867	\$143,750

In addition, based on this, PGE estimates the intervenor funding account balances will be as shown in the table on the following page.

**Table Account Balances**

<b>Fund Description</b>	<b>Balance May 2022</b>	<b>Forecasted Deferral 2022</b>	<b>Estimated Balance 2023*</b>
<b>CUB</b>	\$394,048.65	101,125.00	\$495,173.65
<b>Matching</b>	\$219,916.13	81,867.26	\$301,783.39
<b>ISSUE</b>	\$516,386.38	143,750.00	\$660,136.38
<b>Estimated Total Balance</b>			<b>\$1,457,093.42</b>

*\* does not include amortization and interest*

Pursuant to the terms of the IFA, individual fund costs will be allocated to the appropriate customer class: the CUB Fund will be charged to residential customers; the Pre-authorized Matching Fund will be charged to industrial customers, and the Issue Fund costs will be aligned and allocated to the intended beneficiaries of the advocacy undertaken on their behalf.

In addition to the IFA funds, 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 will not exceed \$500,000 annually.

*Information Related to Future Amortization:*

- **Earnings Review: None Required.** The deferral is made in accordance with Commission Order No. 03-388, which states: “The Commission shall allow the Participating Public Utilities to recover in rates all amounts paid for Intervenor Funding Grants under this Agreement. 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.” The IFA’s term was renewed through Commission Order No. 18-017 and expires in December 2022.
- **Prudence:** A prudence review should be performed prior to amortization.
- **Sharing:** For amortization, the prudence review should be limited to verification of the accounting methodology used to determine the final amortization balance.

- Rate Spread/Rate Design: Rates are spread on a cents per kilowatt-hour basis to the appropriate customer classes per Commission Order No. 18-017, Appendix A, page 27.
- Three Percent Test (ORS 757.259(6)): The three percent test does not apply to amortization of this deferral.

### Conclusion

Staff recommends approval of PGEs request for authorization to defer costs associated to 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.

PGE has reviewed this memo and agrees with its contents.

### **PROPOSED COMMISSION MOTION:**

Approve PGE's request for authorization to defer costs associated with Intervenor Funding for the 12-month period beginning July 1, 2022, through June 30, 2023.