

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: May 23, 2006**

REGULAR  CONSENT  EFFECTIVE DATE July 1, 2006

DATE: May 15, 2006

TO: Public Utility Commission

FROM: Ed Durrenberger

THROUGH: Lee Sparling, Ed Busch and Judy Johnson

SUBJECT: PACIFIC POWER & LIGHT COMPANY: (Docket No. UM 1102(3))  
Request for reauthorization for deferral of Intervenor Funding Grants.

**STAFF RECOMMENDATION:**

I recommend the Commission approve Pacific Power & Light Company's (PacifiCorp or company) request for reauthorization, under ORS 757.259, to defer costs related to Intervenor Funding Grants until June 30, 2007. I further recommend that the Commission instruct Pacific Power & Light Company to account for the grants using separate subaccounts for each type of grant in order to facilitate recovery of costs from the appropriate customer class.

**DISCUSSION:**

On April 26, 2006, PacifiCorp requested reauthorization to defer costs related to Intervenor Funding Grants for later incorporation in rates. The Commission originally authorized deferral of these costs beginning September 17, 2003, under ORS 757.259, in Order No. 03-560 (Docket UM 1102).

Pursuant to 757.072(4) and 757.259(3), the Commission shall allow a public utility that provides financial assistance to organizations representing broad customer interests to defer inclusion of such amounts in rates, if the public utility elects to do so. Such grants would be used by these qualifying organizations when participating in certain types of regulatory proceedings before the Commission. Deferred amounts under ORS 757.259(3) are not subject to the percentage of gross revenue limitation or other provisions of subsections (5), (6), (7), and (8) of the amended section.

On July 2, 2003, the Commission issued Order No. 03-388, which, among other things, approved an agreement (Intervenor Funding Agreement) between PacifiCorp, Portland General Electric Company, Northwest Natural Gas Company, Northwest Industrial Gas Users, Citizens' Utility Board of Oregon (CUB) and Industrial Customers of Northwest Utilities (ICNU). The Intervenor Funding Agreement sets forth the amount of funding 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 separate funds, with different requirements to be met to qualify for each fund. The funds are as follows:

1. CUB Fund;
2. Preauthorized Matching Fund; and
3. Issue Fund.

The Intervenor Funding Agreement also required the costs of the fund be allocated to the appropriate customer class. CUB funds would be generated from residential rates and industrial customers would fund the amounts for the Preauthorized Matching Fund (Matching Fund). The Commission will allocate amounts from the Issue Fund to align the costs of advocacy with the intended beneficiaries of the advocacy.

In its subsequent Order No. 03-405, entered July 14, 2003, the Commission directed each of the participating utilities to pay the amounts made available for the CUB Fund Grants no later than 30 days after receipt of the order. In the Intervenor Funding Agreement, CUB was designated to receive \$50,000 each (calendar) year<sup>1</sup> from each of the three participating public utilities: PacifiCorp, PGE and Northwest Natural Gas. Accounts will be debited to deferred accounts only as the utility disperses funding to a qualifying intervenor.

PacifiCorp reported a total balance of \$551,413.60 in the Intervenor Funding Grants deferred account as of April 27, 2006. On a calendar year basis, PacifiCorp has provided funding in the following amounts for the various accounts:

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<sup>1</sup> The deferral period for each of the categories of grants shall begin on July 1 of each year and end on June 30. However, in the Intervenor Funding Agreement the payment times are considered on a calendar year basis.

<u>Fund</u>	<u>CY 2003</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>
CUB Fund	\$ 50,000	\$50,000	\$50,000	\$50,000
ICNU Preauthorized Matching Fund	\$ 50,000			
Issue Fund CUB	\$3,788	\$8,888	\$29,757	
Issue Fund ICNU		\$25,675	\$233,306	
<b>Total</b>	\$103,788	\$84,563	\$313,063	\$50,000

Proposed Accounting

The proposed deferrals would be recorded in separate subaccounts of account 182.3 (Other Regulatory Assets). In the absence of deferral approval, the company would record the amounts in the subaccounts of FERC account 930 (Miscellaneous General Expenses).

Estimated Deferrals in Authorization Period

PacifiCorp anticipates that the maximum amounts to be deferred during the deferral period are:

<u>Fund</u>	<u>CY 2006</u>
CUB Fund	\$ 50,000
Preauthorized Matching Fund	\$ 50,000
Issue Fund	\$125,000
<b>Total</b>	\$225,000

**PROPOSED COMMISSION MOTION:**

PacifiCorp's request for authorization, under ORS 757.259, to defer costs related to Intervenor Funding Grants from July 1, 2006 until June 30, 2007, be approved. PacifiCorp is directed to account for the grants using separate subaccounts for each type of grant in order to facilitate recovery of costs from the appropriate customer class.