

ITEM NO. CA1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 28, 2009**

REGULAR CONSENT EFFECTIVE DATE August 1, 2009

DATE: July 13, 2009

TO: Public Utility Commission

FROM: Lisa Gorsuch

THROUGH: Lee Sparling and Ed Busch

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UM 1102(6)) Reauthorizes deferral of intervenor funding grants.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Pacific Power & Light's (PP&L or Company) request for reauthorization to defer costs related to Intervenor Funding Grants effective August 1, 2009. Staff further recommends that the Commission require PP&L to use a separate subaccount for each grant.

DISCUSSION:

Pursuant to ORS 757.259 and OAR 860-027-0300, PPL requests reauthorization to record and defer for a 12-month period beginning August 1, 2009, the cost of intervenor funding grants as allowed under ORS 757.072.

Deferral of these costs was originally granted by the Commission in Order No. 03-560 and has been annually reauthorized, most recently in Order No. 08-324.

Summary Background

In its Order No. 03-388, the Commission approved an Intervenor Funding Agreement (IFA) between various utilities including PP&L, and various intervenors including 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 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. 07-564, the Commission approved an amended and restated IFA that extends intervenor funding until December 31, 2012.

Proposed Accounting

Accounts are to be debited to deferred accounts only as the utility disperses funding to a qualifying intervenor. The proposed deferrals would be recorded in separate subaccounts of FERC Account 182.3 (Miscellaneous Deferred Debits). 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 subaccounts of FERC Account 930 (Miscellaneous General Expenses).

Estimated Deferrals in Authorization Period

PP&L anticipates that the maximum deferred amounts during the 12-month period beginning August 1, 2009 will be:

Fund	Amount
CUB Fund	\$ 57,500
Preauthorized Matching Fund	\$ 57,500
Issue Fund	\$125,000
Total	\$240,000

PROPOSED COMMISSION MOTION:

PP&L's application, as filed on June 1, 2009, be approved with the condition that each grant be recorded in a separate account.