

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1415

In the Matter of the

PUBLIC UTILITY COMMISSION OF
OREGON

Staff Investigation into Cost Methods for
Use in Developing Electric Rate Spreads.

MEMORANDUM

On September 27, 2011, the Public Utility Commission of Oregon (Commission) conducted a workshop in this docket. During the workshop, the Commission clarified a few elements of the straw proposal¹ and requested specific information from the parties in reply comments, currently due on October 20, 2011. This memorandum is intended to memorialize the key clarifications from the workshop and identify with more clarity the Commission's requests for comments.

Clarifications

During the workshop, the Commission made the following general clarifications:

First, the Commission will not impose mandatory time-varying rates. Neither the proposed factors nor directives are intended to force a utility or any other party to seek approval of any mandatory time-varying rate.

The factors in the straw proposal are intended to create a broad analytical framework for approving or rejecting a mandatory time-varying rate proposed by a party in a general rate case or other tariff filing.

The directives are distinct from the factors. They are intended to create a process by which the Commission is assured that electric utilities, with input from Staff and stakeholders, are systematically evaluating promising time-varying rate designs or programs, and the costs and benefits of those rates and programs. Just because a rate is evaluated does not mean it will be proposed by a party or approved by the Commission. The Commission also clarified that this evaluation process does not necessarily need to occur as part of the Integrated Resource Planning

¹ The straw proposal was issued in this docket on July 8, 2011 (Order No. 11-255).

(IRP) process. Moreover, the evaluation of time-varying rates need not be limited to mandatory rates.²

Request for Comments

During the workshop, the Commissioners asked the parties to address a number of issues in their reply comments. Those issues, and a few others, are identified below.

Factors

1. A number of parties proposed in their opening comments to add additional factors to the straw proposal. Please comment on whether the factors proposed by other parties should be added to the factors in the straw proposal. Why or why not?
2. Some parties argued that seasonal rates are fundamentally different from other time-varying rates, and should therefore be analyzed differently. Do you agree? If so, should the Commission use a different set of criteria for evaluating seasonal rates, or should the factors under consideration simply be weighed differently?
3. Should the factors under consideration in the straw proposal also apply to voluntary time-varying rates? Demand-response programs? Please explain. Are there additional or different factors that should be applied to evaluate voluntary time-varying rates and demand-response programs?

The parties are also invited propose wording changes to the factors in the straw proposal. Please explain the rationale behind any substantive wording changes.

Directives

1. Directive 1 (D-1) asks the utilities to provide the Commission with detailed information on the cost of serving Oregon customers during different time periods. In essence, the Commission is seeking an overview of the cost differentials of serving customers during different time periods in each utility's service territory. If a party believes that D-1, in its current form, is imperfect or unachievable, please provide an alternative method for providing the Commission with the type of overview it is seeking.
2. To the extent a party believes that the IRP process is not the right place for the proposed "systematic look" at time-varying rates, please describe, in much detail as possible, an alternative venue and process for achieving the Commission's stated goals.
3. The Commission intends to require utilities to work with Staff and stakeholders to periodically evaluate time-varying rates and programs. Please identify four or five

² A number of other clarifications were made with respect to specific factors and directives. Audio of the workshop can be found online at the following link:
<http://www.oregon.gov/PUC/meetings/pmemos/2011/092711/UM1415workshopagenda.shtml>


types of time-varying rates or demand-response programs that should be examined by the utilities. This list need not be limited to mandatory rates. It may also include voluntary programs, pilot programs, and demand-response programs that you believe to be promising and should be explored now. This list is not intended to be a final list.

The parties are welcome to provide any additional comments they deem appropriate addressing the straw proposal or the comments offered to date in this proceeding.

The Commission appreciates the parties' comments and their participation at the workshop. After the second round of comments is filed, the Commission will evaluate and revise the straw proposal, and adopt any additional procedural steps it deems appropriate.

The additional requested information is due October 20, 2011.

Dated at Salem, Oregon, this 30th day of September, 2011.



Lisa D. Hardie
Administrative Law Judge