

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: April 29, 2014

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE April 30, 2014

DATE: April 22, 2014

TO: Public Utility Commission

FROM: George Compton *G/C* *NA for MG* *AA*

THROUGH: Jason Eisdorfer, Maury Galbraith, and Marc Hellman

SUBJECT: PACIFIC POWER: (Advice No. 14-005) Implements a pilot time-of-use rate program for irrigation customers.

**STAFF RECOMMENDATION:**

Staff recommends that Pacific Power's (PacifiCorp or Company) Advice No. 14-005 be approved and the associated Schedule 215 tariff sheets be allowed to go into effect on April 30, 2014.

**DISCUSSION:**

Pacific Power filed Advice No. 14-005 on March 26, 2014, proposing to institute Schedule 215, Irrigation Time-of-Use Pilot, to be effective on April 29, 2014. On April 4, 2014, PacifiCorp submitted a Request for Extension to add one day to the effective date to make it compatible with the fact that the public meeting pertinent to the approval of this application is on April 29.

Even though irrigation represents less than two percent of PacifiCorp's Oregon load, the Company made a commitment in its 2013 Integrated Resource Plan (IRP) to initiate an irrigation time-of-use pilot program for the 2014 irrigation season. The program proposed by this docket, in conjunction with the associated new Schedule 215, constitute PacifiCorp's fulfillment of that commitment. (Minor housekeeping note: A period at the end of the last line of Original Sheet No. 215-2 was inadvertently omitted. That period ended the sentence per se and the content of the Schedule itself.)

Schedule 215 time-of-use rates are to be in effect for the months of June, July, and August. On-peak rates will be charged on Monday through Friday for consumption between 2:00 p.m. and 6:00 p.m. Consumption during those hours will see a surcharge

of 17.951 cents per kilowatt hour. Consumption during all other hours will enjoy a billing credit of 2.479 cents per kilowatt hour. (Combining Schedules 41, 200, and 201, the agricultural base energy charges sum to about 9.6 cents per kilowatt hour.) While the surcharge and credit were constructed to be revenue neutral in the event of no behavioral adaptation, shifting from an average of twelve percent on-peak consumption to 100 percent off-peak consumption would allow for summer bill savings of 27 percent under Schedule 215 compared to the standard billing. The 20-cent on-peak/off-peak pricing spread in the proposed time-of-use schedule is sufficiently greater than that of the Schedule 210 Time-of-Use Portfolio Option (with 59 current agricultural participants) to provide the Company with information regarding how customers might perceive the relative attractiveness of the two time-of-use options.

The pilot is intended to be in effect for two summer seasons, 2014 and 2015. Two hundred irrigation customers, randomly selected, will be invited to join a pool from which 50 volunteers will be selected on a first-come/serve to participate in the program. To reduce the customers' risk of participation in the program, the Company proposes a guarantee to the effect that any amount by which the aggregate summer period bill exceeds by ten percent what would have been the billing under standard rates will be credited back to the affected customers. Selected customer participants may opt out of the pilot but only after the first season—with the understanding that they will not be allowed to return.

A strength in the structure of the PacifiCorp agricultural time-of-use pilot is its focus upon when those customers manifest their most likely peak consumption—i.e., June through August weekdays between 2:00 p.m. and 6:00 p.m. Concerns about pilot participants creating their own substantial “needle peak” immediately after 6:00 p.m. were allayed on the following bases: while the commonly regarded summertime system peak period extends to 8:00 p.m., overall system loads will have declined sufficiently by 6:00 p.m. from its mid-afternoon “super-peak” to eliminate serious concerns about a new super peak being created by incremental loads from a customer class as small as the Oregon agricultural cohort. Also adding potential flexibility to this program is the option of shrinking that Schedule's effective period to July and August in the event that such would make the program more attractive to agricultural customers. That action would cause the time-of-use pricing signal to more closely reflect underlying system costs in view of the fact that the June system load peak is substantially below the annual July/August peak.

To conclude, Staff finds PacifiCorp's agricultural time-of-use pilot proposal to be reasonable. Information will be provided regarding agricultural customers' willingness to modify their consumption behavior so that system peaks might be mitigated. That information will be contained in a formal report which the Company (represented by

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Joelle Steward, Director of Pricing, Cost of Service, and Regulatory Operations) has agreed to provide to the Oregon Public Utility Commission within ninety days following each irrigation season.

**PROPOSED COMMISSION MOTION:**

Pacific Power's Advice No. 14-005 be approved and the associated Schedule 215 tariff sheets be allowed to go into effect on April 30, 2014.

Pacific Power Advice No. 14-005