

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 22, 2014**

REGULAR _____ CONSENT X EFFECTIVE DATE October 1, 2014

DATE: September 17, 2014

TO: Public Utility Commission

FROM: Suparna Bhattacharya^{SB} and Juliet Johnson^{JJ}

THROUGH: Jason Eisdorfer^J and Marc Hellman^{MH}

SUBJECT: PORTLAND GENERAL ELECTRIC: (Advice No. 14-14) Schedule 320
Meter Information Services Tariff.

STAFF RECOMMENDATION:

Staff recommends, with conditions, the Commission approve Portland General Electric's (PGE or Company) Schedule 320 meter information services fee and conditions, as described in the supplemental filing of Advice 14-14, effective for service on and after October 1, 2014.

DISCUSSION:

Background

Portland General Electric initially filed its Advice Filing on August 6, 2014, pursuant to ORS 757.205 and 757.210, with an effective date of October 1, 2014. The filing updated Schedule 320 prices and conditions for meter information services offered to non-residential customers. The Schedule 320 meter information services currently provide an optional web-based software application for large nonresidential customers to monitor energy usage online. Advice Filing 14-14 expands the optional offering to include smaller-sized non-residential customers (beyond just large nonresidential as the tariff currently states) and with customer permission, to the Energy Trust of Oregon (ETO).

Based on Staff's recommendation, PGE filed a supplemental filing on August 19, 2014, pursuant to ORS 756.010(8) and 757.205. In particular, the supplemental filing to Advice 14-14 provides a revised schedule 320-2 tariff sheet incorporating Staff suggested language and a detailed explanation of the difference between the new and current meter services for the eligible customers (non-residential and ETO) based on Staff's queries. The supplemental filing also complies with OAR 860-022-0025(2) and

OAR 860-022-0030(1)¹ and updates the revenue estimates of the existing and proposed Schedule 320 meter information services.

Historically, PGE has previously provided two types of meter information services under Schedule 320 – standard and enhanced. Customers with standard service received weekly updates on their energy usage, while those with enhanced service were offered daily updates on their energy usage. Customers with daily enhanced services paid higher set up and monthly fees per meter, as indicated by the billing rates for Schedule 320.

Since 2007, PGE has been working with both large and small non-residential customers to enhance the meter service provided. Over time, most customers agreed to upgrade to daily usage information because weekly information was not as valued as daily information. Given changes in vendors providing the service and the declining lack of interest in weekly usage information, PGE informed customers beginning May 5, 2013, that it planned to terminate the weekly service offering and invited customers using that service to switch to the daily service by September 1, 2013, at which time the weekly service would no longer be offered.

In Advice 14-14, PGE files tariffs to eliminate the Schedule 320 weekly standard service and provides the prices and service information for the new standard package that offers energy usage updates on a daily basis. Currently, PGE contracts with a new vendor, Northwrite, to provide this service to the customers.

PGE has been offering the new standard package since September of 2013. The new standard package includes additional modeling features that allow the customers to receive an email alert when their energy usage is higher than their historical usage given the time and temperature. Along with this, the new service comes with built-in weather data that was offered previously with an additional fee.

The new package also provides service to all non-residential customers, not just the large customers, and to the ETO. (PGE is currently offering the service to smaller non-residential customers.) Thus the PGE tariff filing conforms to what PGE is currently offering.

ETO could use the service to both aggregate non-residential customers for tracking energy efficiency savings from installed measures and to support behavioral energy savings programs with these non-residential customers.

¹ OAR 860-022-0025 is "Requirements for Filing Tariffs or Schedules Changing Rates" and OAR 860-022-0030 is "Requirements for Filing Tariffs or Schedules Naming Increased Rates."

Currently, an estimated 95 customers (with a total of 528 installed meters) are Schedule 320 customers. Due to the advanced features of the new service, prices associated with this new service are higher than those under the previous standard and enhanced services. Compared to the fees adopted under previous standard package, the proposed set-up fee increased from \$250 to \$350 for the first meter, and from \$50 to \$150 for each additional meter. The monthly fee increased by \$20 and a new \$45 monthly fee is added for 50 meters or more. Monthly fees per meter have increased by \$10 under the new service. All customers that have already opted for this new standard package are currently paying the higher prices for the meter service.

The estimated annual revenue for 2014 under the new service is \$387,930. Thirty-four customers with approximately 123 meters opted out of the new service. In 2012, the revenue for Schedule 320 was \$451,419. The number of customers taking this service has declined by almost 18% and is the primary reason for the reduction in revenue under the revised service offerings that took place in early 2014.

Staff's Analysis

PGE's filing raises a number of legal/policy issues as well as standard cost-of-service issues. To reach its recommendation regarding PGE's filing, Staff examined Company's Advice Filing, revised sheet No. 320-2, and the accompanying work papers. Staff discusses the standard cost-of-service issues first in the discussion below.

As noted above, this filing complies with OAR 860-022-0025(2) and OAR 860-022-0030(1). Staff reviewed the language contained in revised sheet No. 320-2 and found no unusual terms or conditions. The revised tariff sheet 320-2 incorporates the language suggested by Staff.

Staff examined the categories of costs associated with set up fees and monthly fees per meter for the new service and also revenue and vendor costs for the old and new services. In its initial review, Staff found inconsistency in the revenue estimates as reported on the original filing. Staff suggested to PGE that it make a supplemental filing with corrected revenue estimates. The PGE supplemental filing shows the accurate amount of revenue estimates for the previous and new programs. With the 18% decline in the number of customers enrolled in the new service, revenue decreased for the new service, even with higher prices. The proposed tariff rates reasonably reflect the costs charged by third-party vendors for the service.

Staff supports PGE's changes to Schedule 320 meter Information Services Tariff. This tariff is optional for customers. Staff supports Energy Trust being able to use this Schedule. Staff believes Energy Trust having access to this information upon approval of customers, will support the Trust acquiring additional behavioral energy savings at non-residential customer sites.

There are two main legal/policy issues. The first legal/policy issue is that a utility should charge customers rates approved by the Commission (See ORS 757.225). In the review of the tariff filing and in conversations with PGE, it was evident that PGE was charging customers rates not yet approved by the Commission. On Sept 8, 2014, Staff and Staff's attorney Stephanie Andrus had a conference call with the company and confirmed that back in 2013, PGE started working with customers informing them of pricing changes that would become the new standard tariff offering. While PGE was undertaking these changes, PGE failed to file with the Commission requesting approval of the new standard rates. Under the existing tariff PGE does have pricing flexibility to work with the customers to reach agreement on alternative terms and services. However, by September 2013, most of the customers were paying a set rate for a standardized service offering that was higher than those approved by the Commission. Staff believes that PGE should have filed the revised rates for Commission approval prior to the time PGE modified the standard offering and the charges and that it was not appropriate to wait until all customers were enrolled under the new standard offering before modifying the standard rates in its tariff.

When Staff discussed the issue in the September 8 conference call, PGE understood the Staff concern and within a few days notified Staff that PGE would refund to Schedule 320 customers with interest, the difference in what the total bill would have been if PGE had charged the customers the rates approved by the Commission. For the rate of interest, PGE has used the blended Treasury rate of 1.77 percent. The period for which refunds would be calculated starts in September 2013, when the majority of PGE's Schedule 320 customers was being charged the revised tariff rates, and would end the effective date of Advice Filing 14-14. Staff appreciates PGE's actions including agreeing to refund the monies with interest to customers.

The second legal/policy issue connected with this filing is that PGE discontinued a tariffed service without obtaining Commission approval (See ORS. 757.220). PGE withdrew the weekly service offering in 2013 given lack of customer interest and a change in vendors. Customers were offered a choice to either end service or switch to the daily service offering. In discussions with PGE, the Company agrees that it was in error in not first obtaining Commission approval to withdraw the service. PGE has also sent a letter, dated September 17, 2014, to the Commission stating as such. Staff appreciates the Company's forthrightness.

Through this filing the Company took action to correct these "overbilling" and cancellation of service errors. The Company agrees to be more vigilant in ensuring it doesn't repeat these errors and or violate statutes and rules.

PGE will continue to customize offerings and prices to customers. Staff has asked the Company to send a report every six months containing a copy of any new custom

contracts entered into with under Schedule 320 or substantive amendment (terms and pricing changes) to an existing contract.²

The Company has reviewed this memo and has no areas of disagreement.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's (PGE or Company) Schedule 320 meter information services fee and conditions, as described in the supplemental filing of Advice 14-14, effective from October 1, 2014, with the following two conditions:

1. PGE is directed to provide a report to staff, every six months, beginning November 1, 2014, containing a copy of any new custom contracts entered into with the customers or substantive amendment (terms and pricing changes) to an existing contract.
2. PGE will refund to customers, with interest, the difference in billing to customers given the rates PGE charged to customers beginning September 2013 and what bill would have been under the Commission-approved rates, and ending with the effective date of Advice 14-14.

² Under Schedule 320, a customer may contract with PGE for a customized data service with a cost-based charge.