

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 3, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2015

DATE: November 12, 2014

TO: Public Utility Commission

FROM: Judy Johnson  

THROUGH: Jason Eisdorfer and Marc Hellman

SUBJECT: PORTLAND GENERAL ELECTRIC: (Advice No. 14-18) Schedule 145 Boardman Power Plant Decommissioning Adjustment.

STAFF RECOMMENDATION:

I recommend that Portland General Electric's (PGE or Company) application to update Schedule 145 prices consistent with 2015 Boardman decommissioning revenue requirement be approved.

DISCUSSION:

In 2010, the Commission authorized PGE to use an automatic adjustment clause to recover from ratepayers incremental depreciation costs for the Boardman Power plant that resulted from accelerating the planned close of the plant from 2040 to 2020, as well as decommissioning costs.¹ (PGE Schedule 145.) Pursuant to Order No. 11-242, PGE must submit an annual information report reflecting the current balance of dollars collected for decommissioning and any relevant changes to PGE forecasts of future decommissioning costs, and must file an annual update to Schedule 145 no later than November 1 of each calendar year.

PGE's forecast of 2015 decommissioning costs reflect the incremental decommissioning costs from PGE's increased share of Boardman (from 80 percent to 90 percent) and the plant-focused safety and reliability plan for employees of the Boardman Power Plant during the years 2016 – 2020². The safety and reliability plan is similar to plans used at Coyote Springs and Port Westward, where union employees can earn additional compensation if they meet certain specific operational goals. The

¹ Order No. 10-478 at 4 and 12.

² Supplemental Filing of Advice No. 14-18, Schedule 145 Boardman Power Plant Operating Adjustment, November 3, 2014.

safety and reliability plan at Boardman, however, does not have any minimum company earnings threshold, and relates specifically to safety and reliability at Boardman as Boardman nears its 2020 closure date.

The total increase in expected decommissioning costs is \$14.9 million (\$8.0 million for the reliability plan and \$6.9 million for the increased share of Boardman). The \$14.9 million will be collected over Boardman's remaining life (i.e., through 2020), which translates into an increase in 2015 of approximately \$2.5 million. PGE notes that the reliability plan costs will be offset by approximately \$2 million in savings between 2016 and 2020 because PGE will remove from base rates other incentive costs for Boardman employees, leaving a net \$6.0 million in costs for the reliability plan.³

The Company, Staff, Citizens' Utility Board of Oregon (CUB), and Industrial Customers of Northwest Utilities (ICNU) met and discussed whether or not it was appropriate to add the plant-focused reliability plan to the Boardman decommissioning costs. Having reviewed the purpose and makeup of the plan, all parties agreed (except for ICNU, who is not taking a position) that the reliability plan was a good idea but some parties still voiced concern that ratepayers' maximum liability for the plan was unclear.

For this reason, PGE has confirmed that the maximum amount available to employees under the plan is approximately \$7.2 million (net) but the target is approximately \$6.0 million (net). PGE has agreed to a \$7.2 million (net) cap for the reliability plan, meaning that it will not seek recovery of amounts that exceed \$7.2 million (net) for the plan.⁴ With this assurance, CUB and Staff support PGE's requested update to Schedule 145. ICNU does not take a position on PGE's request.

The recovery of the updated decommissioning expenses results in an approximate 0.1 percent overall rate increase for the 846,000 applicable cost-of-service customers as of January 1, 2015.⁵

ICNU, CUB, and PGE have reviewed this memorandum. ICNU is not taking a position on the reliability plan.

³ UE 230/letter to Public Utility Commission of Oregon from PGE (November 6, 2014); Supplemental Filing of Advice No. 14-18, Schedule 145 Boardman Power Plant Operating Adjustment, November 3, 2014.

⁴ UE 230/Letter to Public Utility Commission of Oregon from PGE (November 6, 2014).

⁵ UE 230/letter to Public Utility Commission of Oregon from PGE (November 6, 2014); Supplemental Filing of Advice No. 14-18, Schedule 145 Boardman Power Plant Operating Adjustment, November 3, 2014.

PROPOSED COMMISSION MOTION:

PGE's request to amortize decommissioning costs associated with the Boardman Power Plant, which includes the incremental decommissioning costs from PGE's increased share of Boardman (from 80 percent to 90 percent) and the plant-focused safety and reliability plan for employees of the Boardman Power Plant during the years 2016 – 2020, be approved effective January 1, 2015.