

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 16, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2015

DATE: December 8, 2014

TO: Public Utility Commission

FROM: Juliet Johnson 

THROUGH: Jason Eisdorfer and Aster Adams  

SUBJECT: PACIFICORP: (Advice No. 14-014) Adjustments to Schedule 297- Energy Conservation Charge.

STAFF RECOMMENDATION:

Staff recommends the Commission authorize PacifiCorp's (PAC or Company) Schedule 297 tariff revisions, as described in Advice 14-014, effective January 1, 2015.

DISCUSSION:

The purpose of this tariff adjustment is to update Schedule 297 to reflect an annual rate decrease of approximately \$3.5 million based on Energy Trust of Oregon's (Energy Trust or ETO) updated forecast of new funding needed for 2015 and 2016. With this new funding level, Energy Trust believes it will acquire enough energy efficiency savings to achieve or exceed PacifiCorp's Integrated Resource Plan (IRP) targets, while reducing the carryover of unspent funds. The rate adjustment proposed here will reduce the forecast carryover and is intended to align collections with expenditures.

PacifiCorp indicates Energy Trust and the Company will regularly monitor actual acquisition costs, revenues, and the targets generated by the Company's 2015 IRP to determine if additional rate adjustments are necessary.

The proposed rate change will affect approximately 588,000 customers and result in an overall rate decrease of approximately \$3.5 million or 0.3 percent. A typical residential customer using 900 kilowatt-hours per month will see a monthly bill decrease of \$0.34.

Staff reviewed the Company's work papers on the rate reduction and confirmed that the reduction is being spread evenly among all customers who pay into the Energy Conservation Charge.

As part of this filing PacifiCorp is also proposing to modify the percentage of Energy Conservation Charge funds that are retained by the Company to help support and drive customers to Energy Trust programs. PacifiCorp is proposing to increase the percentage of retained funds from 4 to 5 percent of annual collections. PacifiCorp is proposing this change because of the decrease in the Schedule 297 funding levels based on the ETO targets for 2015 and 2016 and the estimated 2014 carryover balance. PacifiCorp contends increasing the percentage from 4 to 5 percent would maintain the existing funding level needed to support ETO's activities.

Staff looked closely at this issue and requested additional information from the Company on how increasing the percentage from 4 to 5 percent "maintains existing funding levels" under the new tariff.

The Company points out that although the revenues collected through the Energy Conservation Charge are going down based on this tariff change, the actual amount of money Energy Trust plans to spend and the overall program activity will remain relatively constant, due to Energy Trust spending down their carryover. Thus, although the total projected spending and funding for 2015 and 2016 remains relatively comparable with 2014, the Company and ETO agreed to a rate decrease in Schedule 297 in order to reduce the forecast carryover and align collections with expenditures.

A reduction in the Schedule 297 funding levels directly reduces the disbursement of funds to the Company, despite the need to support the same level of ETO targets and programs.

Energy Trust reports the partnership between PacifiCorp and Energy Trust is increasingly effective in reaching customers and acquiring savings in rural parts of southern Oregon. The Company and Energy Trust seem to be working effectively and efficiently together.

The table below shows PacifiCorp's retained funds for 2013 based on Advice No. 12-020, effective January 1, 2013, were approximately \$1 million. The table also shows that for 2014 and 2015 under Advice No. 14-009, effective July 2014, PAC's retained funds were projected to remain at around \$1 million annually. Further, the table also shows that changing the disbursement rate from 4 percent to 5 percent under the tariff changes proposed in this filing maintains a funding level of approximately \$1 million for PacifiCorp. If the Company maintains a disbursement rate of 4 percent under the new tariff, retained funds would drop from around \$1 million to \$870,000.

Staff has reviewed these numbers and supports PacifiCorp's proposal to increase the disbursement percentage from 4 to 5 percent, to maintain funding levels needed to support Energy Trust's activities.

Year	Advice, effective date	Total Target Energy Conservation Charge	Retained %	Target Retained Dollars	
2013	Advice 12-020, effective 1/1/2013	\$26,974,916	4%	\$1,078,997	
2014/2015	Advice 14-009, effective 7/1/2014	\$25,596,523	4%	\$1,023,861	
2014 Estimated Collection:					
2014	Reflecting 12-020 & 14-090	\$26,246,523	4%	\$1,049,861	
2015 With Proposed 5% Change from 2014:					
2015-2016	Advice 14-014, proposed 1/1/2015	\$21,812,890	Proposed 5%	\$1,090,645	\$40,784
2015 Maintaining Current 4%					
2015-2016	Advice 14-014 Illustration	\$21,812,890	Current 4%	\$872,516	(\$177,345)

Staff supports the proposed changes to Schedule 297 as proposed in this filing.

PROPOSED COMMISSION MOTION:

PacifiCorp's revised Schedule 297 tariff, as described in Advice No. 14-021, go into effect January 1, 2015.