

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 27, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE September 28, 2016

DATE: September 20, 2016

TO: Public Utility Commission

FROM: George Compton *GRC*

THROUGH: *I* Jason Eisdorfer, *M* Marc Hellman, and *M* Michael Dougherty

SUBJECT: PACIFIC POWER: (Docket ADV 363/Advice No. 16-010) Revises time-of-use language in multiple rate schedules accommodating the reprogramming of customer meters to the current Daylight Saving Time.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve, with less than statutory notice, Pacific Power's (PAC or Company) Advice No. 16-010 that adds new language to large-customer schedules informing them that their particular on-peak price period is to be shifted by one hour to the referenced standard period as the Company reprograms their meters to accommodate the year 2005 expansion of the days in which Daylight Saving Time (DST) is to be in effect.

DISCUSSION:

Issue

Whether the Commission should approve Advice No. 16-010, effective September 28, 2016, whereby new language will be added to all large-customer tariffs¹ stating that, as customer meters are individually reprogrammed to comply with the post-2005 DST expansion, the Time-of-Use (TOU) on-peak price interval will reflect the standard 6 a.m. to 10 p.m. interval.

¹ The tariff pages are associated with Tariff P.U.C. OR No. 36 and include Schedules 47, 48, 200, 201, 205, 210, 220, 230, 247, 276R, 747 and 748.

Applicable Law

The Company's filing involves tariff sheets that are governed by ORS 757.205, ORS 757.210, and OAR 860-022-0025. Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the changes, or the utility must submit an application requesting to make the tariff or rate schedule effective on less than statutory notice. ORS 757.220; OAR 860-022-0020.

Background

All of PacifiCorp's large (1 MW of demand and above) general service customers pay a slightly higher rate during "on-peak" hours, which are defined as 6 a.m. to 10 p.m. Pacific, Monday through Saturday, excluding North American Electric Reliability Corporation (NERC) holidays.² In the year 2005, DST was expanded by several weeks in the spring and fall. Rather than commence the time-consuming process of reprogramming all customers' meters to reflect the new DST period, the Company announced in its tariff³ that during the weeks of DST expansion, the on-peak period would be shifted by one hour, i.e., be in effect from 7 a.m. to 11 p.m. Further, because the DST expansion was instituted on a Congressional "right to revert" basis, the Company decided not to immediately proceed to reprogram meters to accommodate the new DST period.

More than ten years have elapsed since 2005 and the expanded hours can be assumed to be permanent. The Company has now chosen to reprogram meters so that the affected customers will pay the higher on-peak rate during the standard 6 a.m. to 10 p.m. interval primarily because Advanced Metering Infrastructure (AMI) installation will soon commence and these smart meters will automatically be programmed to be compatible with the current DST period. For those customers that don't receive AMI, the Company will reprogram the existing, old meters so that all customers, regardless of type of meter, will be billed according to the standard 6 a.m. to 10 p.m. on-peak interval. Given that reprogramming can't be performed instantaneously for all affected customers, the 7 a.m. to 11 p.m. interval will remain in effect until such time that the customers, on an individual basis, have their meters reprogrammed. According to the proposed tariff language, when the customer's meter is reprogrammed, the customer will be notified.

² Taking Schedule 47/48 Primary Voltage as an example, the on-peak price is 2.28 cents per kWh while the off-peak price is 2.23 cents per kWh.

³ See Advice No. 06-017.

Discussion and Analysis

On August 19, 2016, PAC filed an application seeking approval to make changes to the language in the Company's large-customer rate schedules to add language accommodating the reprogramming of customer meters to the current DST, specifically: "At such time as updated DST programming is available and has been applied to a Consumer meter, the time period shown above [6:00 am to 10:00 pm] will apply on all days for that Consumer."

The 6 a.m. to 10 p.m. on-peak interval corresponds to a standard wholesale market pricing period. Staff agrees that retail rates should reflect that period in the presence of TOU metering. Achieving such an objective is impossible if many customers' meters are programmed in a way that the on-peak price does not apply to all of the on-peak hours. Thus, the Company will be rectifying that deficiency over time by reprogramming large customers' TOU meters.

Additionally, while this advice filing does not involve a rate increase per se, if (as expected) more higher-priced sales are picked up between 6 and 7 a.m. than are lost between 10 and 11 p.m., then there will be a slight revenue increase as kilowatt hours are shifted from the off-peak "bucket" to the on-peak "bucket."⁴ But those revenues will only increase as customers meters are reprogrammed, which PacifiCorp says will take "several years." By the same token, if projected revenues were "inaccurately" based upon projected on-peak 6 am to 10 pm sales, but much of the on-peak prices were only applied from 7 a.m. to 11 p.m., then the Company has been losing potential revenues since 2005. The reprogramming merely allows revenues to properly align with the sales that have been projected to take place in the unadjusted 6 a.m. to 10 p.m. period.⁵ On September 13, 2016, PAC filed a supplemental application that included additional tariff language requested by Staff (i.e., "Customers will be notified of their change to

⁴ To understand this, consider what has happened in the March-to-April transition period, where the Company has yet to advance its large customers' meters/clocks to the post 2005 DST. During that period, the Company has still charged the on-peak rate for the 6 a.m. to 10 p.m. period *on its clock*. But "the customer-world" has advanced its clocks (and behavior), so *on its clock* the on-peak rate hasn't begun until 7 a.m. As a result, the Company has been missing out on charging the higher rate for the increased electricity demand that normally starts at 6 a.m., i.e., that doesn't wait until 7 a.m. It is true that the Company has been able to charge the higher rate for another hour in the evening, i.e., from 10 p.m. to 11 p.m. But by the presumptive definition of what are the "on-peak" hours, there are more kilowatt hours consumed by customers between 6 a.m. and 10 p.m. than between 7 a.m. and 11 p.m., so shifting the on-peak billing interval to the 6 a.m. to 10 p.m. interval, as proposed, will allow more kilowatt hours to be priced at the higher, on-peak rate rather than at the lower, off-peak rate.

⁵ Based upon discussions with a PacifiCorp representative, Staff confirmed that the billing determinants that separated kWh sales into on-peak and off-peak periods as they were used in establishing the tariff prices did in fact employ the 6 a.m. to 10 p.m. period *as it would appear to customers*, and not as it appeared on a meter that had not been reprogrammed to mesh with the then-current definition of DST.

updated DST programming in a timely manner”) to ensure that customers are aware of their meter reprogramming. Because of this addition to the proposed language, the supplemental filing was filed with less than statutory notice. Thus, the Company included an application for waiver of the 30-day statutory notice requirement. Staff supports granting the waiver given that the recent supplemental filing is the result of conversations and cooperation with Staff to add the additional notice assurance for customers.

In reviewing the Company’s filing, Staff also observed that the effective date for tariff Schedule 48 was stated as September 28, 2014 rather than September 28, 2016. On September 19, 2016, the Company submitted a second supplemental filing that included Schedule 48 with the corrected effective date, along with a request that the tariff be effective on less than statutory notice. Staff does not object to the second supplemental filing as it is made simply to correct the Schedule 48 effective date from year 2014 to 2016.

Conclusion

Staff concludes that PAC’s application to add language to its TOU rate schedules indicating that after meters are reprogramed, the DST period specified in the TOU tariff will apply on all days and customers will be noticed of the reprogramming, results in fair and reasonable rates.

PROPOSED COMMISSION MOTION:

Approve Pacific Power’s Advice No. 16-010 and application to waive statutory notice, effective for service on and after September 28, 2016.