

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2017

REGULAR CONSENT EFFECTIVE DATE January 1, 2018

DATE: December 5, 2017

TO: Public Utility Commission

FROM: John Fox *JF*
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THROUGH: Jason Eisdorfer and John Crider *JEB for JC*

SUBJECT: PACIFIC POWER:(Docket No. ADV 664/Advice No. 17-008) Updates
Schedule 297—Energy Conservation Charge

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Pacific Power's (PacifiCorp or Company) Advice No. 17-008 that updates the Energy Conservation Charge, Schedule 297, to decrease annual rates by \$1.9 million in order to accommodate the Energy Trust of Oregon's (ETO) updated forecast of 2018 funding levels.

DISCUSSION:

Issue

Whether the Commission should approve Advice No. 17-008, effective with service rendered on and after January 1, 2018, whereby the Energy Conservation Charge, Schedule 297, is updated to decrease the revenues collected annually under that schedule by approximately 6 percent, or \$1.9 million, in order to accommodate the Energy Trust of Oregon's (ETO) updated forecast of 2018 funding levels.

Applicable Rule or Law

Under ORS 757.205(1), a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. The Commission may approve tariff changes if they are deemed to be fair, just and reasonable. ORS 757.210. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative

rules, including OAR 860-022-0005 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. ORS 757.220.

Analysis

Each year, and in collaboration with affected utilities, the Energy Trust of Oregon (ETO) sets energy efficiency targets and associated funding levels. The utilities then set rates to collect their contribution shares towards meeting those funding levels. PacifiCorp's proposed rate reflects the November 2017 ETO budget update and funding requirements forecast for 2018. The function of the Energy Conservation Charge, Schedule 297, is to produce revenues sufficient to meet PacifiCorp's contribution to the ETO funding target.

The Company's overall energy savings target has been reduced from 23.8 aMW to 22.6 aMW in 2018. In testimony before the Commission, ETO has cited a number of causes for the decline in expected savings including a cumulative increase in the market share of LEDs, declining retail pricing of LEDs, and decreasing energy savings per project.

Estimated funding for ETO's 2018 savings target combined with the estimated 2017 carry-over balance supports a rate decrease to Schedule 297. As such, PacifiCorp requests the Schedule 297 Energy Conservation Charge be decreased by approximately \$1.9 million annually. With this rate adjustment, PacifiCorp also proposes a slight adjustment to the percentage of funds retained by the Company from 3.2 percent to 3.1 percent of annual collections. This change will maintain the funding level needed to support ETO's activities.

This proposed rate change will affect approximately 606,000 customers and result in an overall rate decrease of approximately \$1.9 million or -0.2 percent. A typical residential customer using 900 kilowatt-hours per month will see a monthly bill decrease of \$0.19.

Staff has reviewed the work papers provided by the Company and determined that the rate spread and price change calculations are consistent with the methods used in prior years.

Conclusion

After a review of PacifiCorp's filing and accompanying work papers, Staff finds that the Company's proposed rates are reasonable. As this filing meets the requirements of

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ORS 757.205, ORS 757.210, and OAR 860-022-0025, Staff recommends the Commission approve it.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's Advice No. 17-008 and allow the updated Energy Conservation Charge, Schedule 297, to go into effect for service rendered on and after January 1, 2018.

ADV 664