

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 28, 2018

REGULAR CONSENT EFFECTIVE DATE September 1, 2018

DATE: August 14, 2018

TO: Public Utility Commission

FROM: Scott Gibbens *SG*

THROUGH: *EP for* Jason Eisdorfer and *JPB for JC* John Crider

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 811/ Advice No. 18-08) Updates Three to Five Year Transition Adjustment Schedule 129 prior to the September 2018 Election Window.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Portland General Electric's (PGE or Company) annual tariff update for service rendered on and after effective date September 1, 2018.

DISCUSSION:

Issue

Whether the Public Utility Commission should approve PGE's annual direct access tariff update for service rendered on and after September 1, 2018.

Applicable Rule or Law

Portland General Electric's request involves changes to tariff sheets governed by ORS 757.205, ORS 757.210 and OAR 860-022-0025. Filings that make any change in rates, tolls, or charges must be filed with the Commission at least 30 days before the effective date of the changes.

Analysis

Background

PGE's multi-year opt-out filing implements the requirements of OAR 860-038-0275(5) to "offer customers a multi-year direct access program with an associated fixed transition adjustment." These options include the following:

Five-year Cost of Service Opt-out: Provides a fixed transition adjustment rate for each year of the opt-out term.¹ Following the five-year term, the customer can return to the Company's cost of service tariff, subsequent to providing PGE with a three-year notice.² Alternatively, the customer may remain with an Electricity Service Supplier (ESS) without being subject to any additional Schedule 129 transition adjustments.

Three-year Cost of Service Opt-out: Provides a fixed transition adjustment rate for each year of the opt-out term. At the end of the three-year term, customers must select service under any other applicable rate schedule.

Customers selecting a cost of service opt-out under Schedules 485, 489, 490, 491, 492 or 495 for service in 2018 will be subject to the applicable Schedule 129 transition adjustment rates. PGE calculates these rates as the difference between the cost of energy provided by its owned and contracted resources and the market value of that energy.

Order No. 13-459 filed in the PGE general rate case UE 262 addressed long-term direct access issues commencing with service beginning January 2015. Consistent with the terms of this stipulation, PGE continues the transition adjustments methodology for Enrollment Period Q, including the following:

- Five-year Cost of Service Opt-out:
 1. Transition adjustment components related to net variable power costs, applicable adjustments and estimated market power prices are calculated in advance, levelized over the five year opt-out period, and not subject to updates;

¹ The transition adjustment for the five-year option was subject to fixed generation cost adjustments beginning with enrollment period M; see page 2.

² The notice period changed from two years to three years for eligible schedules effective January 1, 2014.

2. Initial transition adjustments reflect "current Commission-approved fixed generation costs," and will not be levelized over the five year opt-out period;³ and,
3. During the five-year opt-out period, fixed generation costs will be "updated consistent with Commission orders related to general rate cases or Renewable Resource Automatic Adjustment Clause proceedings."⁴

▪ Three-year Cost-of-Service Opt-out:

Transition adjustments include the projected revenue requirements of new and existing resources, if any, that are expected to begin providing service during the three-year period (prorated to the expected date(s) of service), and are levelized. The three-year transition adjustments are not subject to update.

PGE's June 29, 2018 filing for Enrollment Period Q

PGE's application sets rates for customers electing direct access in the 2019 election window beginning September 1, 2018. Staff analyzed workpapers provided by PGE showing the calculation of rates for three- and five-year opt-out customers.

Staff requested and received electronic versions, with formulae intact, of the Company's workpapers associated with PGE's tariff filing. Staff reviewed the workpapers to establish consistency among the model inputs, outputs, and the actual tariff entries.

Advice No. 18-08 is an indicative advice filing demonstrating the methodology behind the direct access rate calculation, and PGE expects to file a compliance filing with updated power costs, loads, and forward market prices for enrollment period Q direct access customers on August 31, 2018.

Effect on Ratepayers

This tariff will impact only those direct access customers who choose to leave cost-of-service during the option window. However, the number of such customers who will make this election is unknown and, under these circumstances, the revenue change is similarly unknown.

Conclusion

Staff has reviewed the methodology used to calculate direct access rates and verified that they are in alignment with the stipulations from UE 262. The rates are fair and reasonable and will not cause harm to cost of service customers.

³ Order No. 13-459, Appendix B, p. 3.

⁴ Id.

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PROPOSED COMMISSION MOTION:

Approve the Company's request to update its tariff, effective with service rendered on and after September 1, 2018.

Portland General Electric Advice No. 18-08