



Oregon

Kate Brown, Governor

Public Utility Commission

201 High St SE Suite 100

Salem, OR 97301-3398

Mailing Address: PO Box 1088

Salem, OR 97308-1088

503-373-7394

September 24, 2019



BY EMAIL

PacifiCorp, dba Pacific Power

etta.lockey@pacificorp.com

cathie.allen@pacificorp.com

RE: Advice No. 19-009

At the public meeting on September 24, 2019, the Commission adopted Staff's recommendation in this matter docketed as ADV 1004. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 24, 2019**

REGULAR CONSENT EFFECTIVE DATE October 1, 2019

DATE: September 16, 2019

TO: Public Utility Commission

FROM: Moya Enright

THROUGH: Jason Eisdorfer and John Crider **SIGNED**

SUBJECT: PACIFIC POWER: (Docket No. ADV 1004/Advice No. 19-009)
Updates Schedule 98 pursuant to the Pacific Northwest Electric Power
Planning and Conservation Act (Residential Exchange Program).

STAFF RECOMMENDATION:

Staff recommends that the Commission approve PacifiCorp's proposed revisions to Residential Exchange Program (REP) credits in Schedule 98 - Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act, and allow the associated tariff revisions to take effect on October 1, 2019.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's proposed revisions to REP credits in Schedule 98.

Applicable Law

ORS 757.205(1) states that 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 reviews tariffs filed under ORS 757.205 and 757.210 to determine whether they are fair, just and reasonable.

OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.

ORS 757.220 requires that filings that make any change in rates, tolls, charges, rules or regulations be filed with the Commission at least 30 days before the effective date of the change.

ORS 757.663 provides the Commission authority to require electric companies to enter into agreements with Bonneville Power Administration (BPA). PacifiCorp and BPA are acting under the terms of the contract previously approved by the Commission in Order Nos. 11-113, 11-170, and 11-467, Docket UM 926.

Background

The Pacific Northwest Electric Power Planning and Conservation Act enacted the REP to provide residential and farm customers of Pacific Northwest utilities a form of access to low-cost Federal power.

The value of the REP credit to IOUs was set in advance for the period 2012 – 2028, according to the 2012 REP Settlement Agreement with BPA. The total approved REP benefit for IOUs in the 2020 – 2021 rate period is \$245.20 million per annum.¹

The distribution of the REP credit amongst the eligible IOUs is subject to change bi-annually through the Average System Cost Review Process, which takes place concurrently with BPA's rate case.² Consequently, PacifiCorp has filed Advice No. 19-009, to update the REP credit values for the fiscal year 2020 – 2021 rate period, in-line with changes to the value of the REP credit it is due to receive.³

Analysis

The total approved REP benefit for IOUs in the 2020 – 2021 rate period is \$245.20 million per annum, of which \$63.72 million per annum has been allocated to PacifiCorp's customers.⁴ This represents a decrease of six percent compared with the credit received in the 2018 – 2019 rate period.⁵

¹ See Bonneville Power Administration:
www.bpa.gov/Finance/ResidentialExchangeProgram/Pages/default.aspx.

² Ibid.

³ BPA's 2020 – 2021 rate period runs from October 2019 through September 2021.

⁴ Value net of passed-through IOU allocation adjustments. See Bonneville Power Administration:
www.bpa.gov/Finance/ResidentialExchangeProgram/FY20182019UtilityFilings/Table%202.4.11.pdf

⁵ Ibid.

PacifiCorp passes through the value of REP credits to its Oregon customers under Schedule 98. The Company holds these funds in a balancing account, which can have a positive or negative balance. At the time of filing, PacifiCorp recorded a negative balance of minus \$7.69 million due to customers being over-credited in prior years.

PacifiCorp proposes to divide the REP credit between its state territories according to the historic qualifying kWh in each territory, as it has done in previous years. PacifiCorp’s customers in Oregon will be allocated a 67.85 percent share of the IOU’s REP credit in the 2020 – 2021 rate period. This amounts to \$43.88 million per annum, and represents a slight increase on the last rate period when Oregon customers received a 67.42 percent share of the IOU’s allocated REP credit.⁶

The 2020 – 2021 credit of \$43.88 million per annum, less the negative account balance of minus \$7.69 million to be recouped, leaves approximately \$40 million available to customers in each year of the 2020 – 2021 rate period.

PacifiCorp proposes to further divide the REP benefit between its Oregon customers according to their forecasted qualifying load, as it has done in previous years. Forecasted qualifying load by customer type is shown in the table below. Residential customers make up the largest portion of qualifying load, accounting for 93.4 percent of qualifying MWh.

Customer Type	Forecasted qualifying load (MWh)	Forecasted qualifying load (%)	Proposed REP credit (¢/kWh)
Residential <=1,000 kWh	4,004,325	93.4%	0.934¢
Residential > 1,000 kWh	1,412,585		0.000¢
Commercial & Industrial	380,615	6.6%	0.691¢
Lighting	3,435	0.1%	0.691¢

PacifiCorp proposes to allocate the residential REP credit only to the first 1,000 kWh of a residential customer’s qualifying load; and to allocate the credit equally between all qualifying load from Lighting, and Commercial and Industrial customers. This is the same method of allocation that was used in previous years. The proposed REP credits are summarized in the table above.

⁶ ADV 621, Advice No. 17-004, Appendix A.

Staff notes that as 1,000 kWh is close to the average usage of a residential customer,⁷ this approach ensures the average residential customer will receive a larger REP credit than if the residential REP credit was allocated according to qualifying load alone.

Conclusion

The approval of PacifiCorp's proposed Schedule 98 will result in a 12 percent decrease in the value of REP credits per kWh to customers. This decrease is driven by a lower REP credit allocation from BPA for the rate period, and a negative balance in the balancing account for Oregon customers.

Staff has reviewed the methodology used in this filing, and notes that there has been no change to the methodology used since ADV 621/Advice No. 15-011, the most recent approved filing.

Staff has also confirmed the accuracy of the REP credit and IOU allocation adjustment values.

Finally, Staff has verified the accuracy of the calculations performed by PacifiCorp to spread the credit among its state territories and customers.

Staff has found no issues with PacifiCorp's proposed Schedule 98, and consequently recommends that it is approved with an effective date of October 1, 2019.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's proposed revisions to the Residential Exchange Program (REP) credits in Schedule 98 - Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act, and allow the associated tariff revisions to take effect on October 1, 2019.

ADV 1004 – Final memo

⁷ UE 215, Staff/1100, Compton/4 line 23 and Compton/5 lines 1 – 3.

**ADJUSTMENT ASSOCIATED WITH THE PACIFIC NORTHWEST
ELECTRIC POWER PLANNING AND CONSERVATION ACT**

All bills of qualifying residential customers on Schedule 4 and Schedule 5 shall have deducted an amount equal to the product of kilowatt-hours of use multiplied by the following cents per kilowatt-hour:

0-1000 kWh	0.934¢ per kWh	(R)
> 1000 kWh	0.000¢ per kWh	

For Schedules 4 and 5, the kilowatt-hour blocks listed above are based on an average month of approximately 30.42 days. Residential kilowatt-hour blocks shall be prorated to the nearest whole kilowatt-hour based upon the number of whole days in the billing period (See Rule 10 for details).

All bills to qualifying nonresidential customers shall have deducted an amount equal to the product of all kilowatt-hours of use multiplied by the following cents per kilowatt-hour:

0.691¢ per kWh (R)

Condition of Service

The eligibility of affected Customers for the rate credit specified in this tariff is as provided by the Pacific Northwest electric Power Planning and Conservation Act, Public Law 96-501.

Eligible Customers with usage at or above 100,000 kWh per year must complete and submit to the Company a certificate verifying eligibility in order to receive the rate credit. Certificate forms are available on the Company's website at www.pacificpower.net under Oregon Regulatory Information. Consistent with the requirements of the Bonneville Power Administration, a federal agency, customers using electricity to aid in growing one or more Cannabis plants are not eligible for the rate credit specified in this tariff. If, in the course of doing business, a utility discovers that one of its existing customers is not eligible for the rate credit specified in this tariff, the customer will no longer receive the credit.

Special Conditions

In no instance shall a farm's total qualifying irrigation load for any billing period exceed 222,000 kWh. Under the Northwest Power Act, any farm may receive REP benefits for up to a maximum of 400 horsepower (HP)/month (222,000 kWh/month) of qualified irrigation/pumping load (the "REP Benefits Qualified Irrigation/Pumping Load Cap" or "Irrigation/Pumping Load Cap").

Received by OPUC
Filing Center