



# Oregon

Kate Brown, Governor

**Public Utility Commission**

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December 28, 2021



BY EMAIL

PacifiCorp

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RE: Advice No. 21-022

At the public meeting on December 28, 2021, the Commission adopted Staff's recommendation in this matter docketed as ADV 1344. 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: December 28, 2021**

REGULAR  CONSENT  EFFECTIVE DATE January 1, 2022

**DATE:** December 20, 2021

**TO:** Public Utility Commission

**FROM:** Mitchell Moore

**THROUGH:** Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

**SUBJECT:** PACIFIC POWER:  
(Docket No. ADV 1344/Advice No. 21-022)  
Tariff updates to implement House Bills 3141 and 2165 for Public Purpose, Energy Efficiency, and Transportation Electrification.

**STAFF RECOMMENDATION:**

Approve Pacific Power's (PacifiCorp or Company) Advice No. 21-022, revising Schedules 290 and creating Schedule 291, to adjust and implement rates for Public Purpose, Energy Efficiency and Transportation Electrification funds pursuant to HB 3141 and HB 2165, for service rendered on and after January 1, 2022.

**DISCUSSION:**

Issue

Whether the Commission should approve Advice No. 21-022, PacifiCorp's request to update its Schedule 290 (Public Purpose Charge) and create new Schedule 291 (System Benefits Charge) in accordance with House Bills 3141 and 2165.

Applicable Law

ORS 757.205 requires public utilities file to all rates, rules, and charges with the Commission.

ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just, and reasonable.

ORS 757.220 provides that no change shall be made in any schedule, except upon 30 days' notice to the Commission prior to the time the changes are to take effect.

OAR 860-022-0025 requires that filings revising tariffs include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.

### Analysis

#### *Background*

Senate Bill 1149 directed Oregon's two largest investor-owned electric utilities (Portland General Electric and PacifiCorp) to collect a public purpose charge from their customers equal to 3 percent of their revenues to fund energy efficiency, development of new renewable energy, and low-income weatherization projects throughout Oregon (Schedule 290). PacifiCorp currently collects energy efficiency funding through Schedule 297, Energy Conservation Charge. This schedule funds the acquisition of additional Energy Efficiency Measures (EEMs) for the benefit of the Company's customers pursuant to the Oregon Renewable Energy Act, Section 46, through programs administered by the ETO.

House Bill 3141, signed into law on July 27, 2021, reduces the public purpose charge (Schedule 290) for retail electricity consumers (including direct access) within service areas of electric companies and Oregon Community Power to 1.5 percent until January 1, 2036. The 1.5 percent is to be reallocated as follows:

Percentage	Purpose
0.30%	School districts located in the service territory
0.51%	Above-market costs of constructing and operating new renewable energy resources
	Customer investments in distribution system-connected technologies that support renewable energy resources
0.55%	New low-income weatherization
0.14%	Funding for the Housing and Community Services' Electricity Public Purpose Charge Fund for the purposes of providing grants
<b>1.50%</b>	

The legislation also stipulates, for the period beginning January 1, 2022, and ending December 31, 2025, consumers who use more than one average megawatt of electricity annually may not be charged more than 1.7 percent of the total revenue for

cost-effective energy efficiency measures. HB 3141 requires, for the period beginning January 1, 2026, and ending December 31, 2035, the following maximum combined amounts charged to retail electricity consumers that use certain megawatts of electricity:

1. Consumers that use more than one average megawatt and less than 10 average megawatts of electricity at any site in the prior year may not exceed \$250,000;
2. Consumers that use more than 10 average megawatts of electricity at any site in the prior year may not exceed \$4 million; and
3. Consumers that use more than 10 average megawatts of electricity at any site in the prior year may not exceed \$4.5 million.

House Bill 2165 provides that the funding for transportation electrification programs will be one quarter of one percent of revenues, which for PacifiCorp is approximately \$3.1 million.

#### Schedule 290 (Public Purpose Charge) proposed changes

PacifiCorp has reduced the PPC collection percentage to 1.5 percent of total revenues billed to the consumers for electricity services, distribution, ancillary services, metering, and billing. This charge will be kept separate from energy efficiency funding and will continue to be shown separately on customers' bills. The Company also proposes clarifying changes to the tariff layout and wording, and removal of special conditions eliminated as part of the House Bill 3141.

#### Schedule 297 (Energy Conservation Charge) cancellation

HB 3141 directs electric companies to pursue cost-effective energy efficiency resources, with costs to be collected in the rates of all retail consumers, including direct access customers or those receiving electricity from electricity service suppliers.

PacifiCorp currently collects energy efficiency funding through Schedule 297. The Company proposes to cancel Schedule 297 and create a new Schedule 291 (System Benefits Charge), which will collect funds for both energy efficiency and transportation electrification programs from all customers.

#### Schedule 291 (System Benefits Charge)

As noted above, PacifiCorp proposes cancelling Schedule 297 and consolidating the collection of energy efficiency and transportation electrification program funding into Schedule 291. Additionally, the Company proposes to incorporate demand response program funding into this schedule.

This consolidation of funds into a single tariff schedule allows for specific funding to each separate program while keeping a single line item on the customers' bills for all system beneficial program funding.

The total amount to be collected through Schedule 291 is approximately \$61.4 million. The Company proposes to allocate these funds to the customer schedules on a net revenue basis and collect the costs through per kilowatt-hour rates for most customers.

House Bill 3141 limits the collection for energy efficiency programs from sites with annual energy usage over one average megawatt to 1.7 percent of revenue. To meet this requirement, PacifiCorp proposes to collect a "Restricted System Benefits Charge" on a percentage basis for sites over one average megawatt where the energy efficiency portion of the rate is set at 1.7 percent.

#### *Staff Analysis of Filing*

PacifiCorp's proposed changes result in an annual increase of 0.4 percent for the approximately 642,000 (2022 forecasted) customers. The overall impact of both Schedule 290 and 291 changes result in an average monthly bill increase of \$0.42 for a residential consumer consuming 900 kWh's a month.

Staff's review of this filing and associated work papers finds that the updated rates in Schedule 290 and 291 are correctly calculated and costs included for recovery are appropriate and prudently incurred. As this filing meets applicable legal requirements, Staff recommends the Commission approve PacifiCorp's filing.

Staff is concerned, however, that Direct Access customers are not paying for cost-effective energy efficiency funding derived from energy charges from their respective ESS. The 1.7 percent charge on revenues related to energy charges is not collected from Direct Access customers because these amounts are unknown to PacifiCorp, as the service is provided by an ESS. Staff finds that this is likely contrary to the intended purpose of the bill, which sought to make cost-effective energy efficiency charges non-bypassable. This is an issue for both PGE and PacifiCorp, as no utility is able to correctly assess this charge due to similar lack of information.

Staff has discussed this concern with both PacifiCorp and PGE, who share the concern. Staff, PGE and PacifiCorp have agreed to explore additional options that would allow for Direct Access customers to pay the 1.7 percent for energy charges.

Conclusion

For the reasons stated above, Staff recommends that the Commission approve PacifiCorp's Advice No. 21- 022 for service rendered on and after January 1, 2022, with the understanding that Staff, PacifiCorp, and stakeholders will work together in early 2022 to address the issue and concern discussed above.

**PROPOSED COMMISSION MOTION:**

Approve PacifiCorp's Advice No. 21-022, revising Schedule 290 and creating Schedule 291 to adjust and implement rates for Public Purpose, Energy Efficiency and Transportation Electrification funds pursuant to HB 3141 and HB 2165, for service rendered on and after January 1, 2022.



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**SUMMARY OF EFFECTIVE RATE ADJUSTMENTS**

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The following summarizes the applicability of the Company's adjustment schedules

**SUMMARY OF EFFECTIVE RATE ADJUSTMENTS**

Schedule	205	206	207	290	291	293	294*	295*	296*	299
4	x	x	x	x	x					x
5	x	x	x	x	x					x
15	x	x	x	x	x		x			x
23	x	x	x	x	x		x			x
28	x	x	x	x	x		x			x
30	x	x	x	x	x		x			x
41	x	x	x	x	x		x			x
47	x	x	x	x	x		x			x
48	x	x	x	x	x		x			x
51	x	x	x	x	x		x			x
53	x	x	x	x	x		x			x
54	x	x	x	x	x		x			x
60				x						
723	x	x	x	x	x		x			x
728	x	x	x	x	x		x			x
730	x	x	x	x	x		x	x	x	x
741	x	x	x	x	x		x			x
747	x	x	x	x	x		x	x	x	x
748	x	x	x	x	x		x	x	x	x
751	x	x	x	x	x		x			x
753	x	x	x	x	x		x			x
754	x	x	x	x	x		x			x
848				x	x	x				

(N)(D)

(N)(D)

\*Not applicable to all consumers. See Schedule for details.

PILOT PROGRAM COST ADJUSTMENT

Page 1

All bills calculated in accordance with schedules contained in this Tariff shall have applied an amount equal to the product of all kilowatt-hours of use multiplied by the following cents per kilowatt-hour:

0.001¢ per kWh

This schedule will terminate at such time when approved costs have been fully recovered.

CANCELLED

**PUBLIC PURPOSE CHARGE**

Page 1

**Purpose**

To collect nonbypassable public purpose charges from retail electricity Consumers pursuant to Oregon Administrative Rule (OAR) 860-038-0480 and Oregon Revised Statute (ORS) 757.612.

**Applicable**

Based on ORS 757.612, this Schedule is applicable to all bills calculated under all tariffs and contracts for retail electric service to all Consumers located within the Company's service territory in Oregon, including retail electricity Consumers served by an Electricity Service Supplier (ESS).

**Monthly Billing**

The monthly charge shall be 1.5 percent of the total revenues billed to Consumers for electricity services, distribution services, ancillary services, metering and billing, transition charges, and other types of costs included in electric rates on July 23, 1999.

**Term**

The term of this Schedule shall be until January 1, 2036, pursuant to ORS 757.612.

(C)

(R)

(C)

(D)

(C)

**SYSTEM BENEFITS CHARGE**

Page 1

**Purpose**

To fund programs which provide a system benefit including planning and pursuit of cost-effective energy efficiency resources pursuant to Oregon Laws 2021, Ch. 547, §2, support and integrate transportation electrification pursuant to Oregon Laws 2021, Ch. 95, §2, and other programs approved by the Commission.

**Applicable**

To all Consumers located within Company's service territory in Oregon, including Consumers receiving electricity from an Electricity Service Supplier (ESS).

**Monthly Billing**

The applicable adjustment rates are listed below by Delivery Service Schedule:

<b>Delivery Service Schedule</b>	<b>Adjustment Rate</b>
4	0.588 cents per kWh
5	0.588 cents per kWh
15	0.788 cents per kWh
23, 723	0.600 cents per kWh
28, 728	0.469 cents per kWh
30, 730	0.420 cents per kWh
41, 741	0.545 cents per kWh
47, 747	0.333 cents per kWh
48, 748, 848	0.333 cents per kWh
51, 751	0.970 cents per kWh
53, 753	0.412 cents per kWh
54, 754	0.509 cents per kWh

(continued)



SYSTEM BENEFITS CHARGE

**Monthly Billing (continued)**

Certain Consumers may qualify for a Restricted System Benefits Charge as defined below in this Schedule. Instead of the standard System Benefits Charge above, these qualified consumers shall be charged under this tariff the total percentage rate below applied to the same charges on the Consumer's monthly bill to which the Schedule 290, Public Purpose Charge applies:

Energy Efficiency- Restricted	1.70%
Demand Response	0.01%
Transportation Electrification	0.25%
<hr/>	
Total Restricted System Benefits Charge	1.96%

**Allocation of Funds**

Funds collected under this schedule will be allocated as follows:

1. Funds collected under the standard rates will be allocated 92.6% to Energy Trust of Oregon energy efficiency programs, 2.6% to Company energy efficiency programs and administration, 0.2% to demand response programs, 4.6% to transportation electrification programs.
2. Funds collected under the restricted rate for qualifying consumers will be allocated 84.3% to Energy Trust of Oregon energy efficiency programs, 2.4% to Company energy efficiency programs and administration, 0.5% to demand response programs, 12.8% to transportation electrification programs.

**Qualification for the Restricted System Benefits Charge**

A retail electricity Consumer that uses more than one average megawatt of electricity at any Site, as defined below, in the prior year will be subject to the Restricted System Benefits Charge identified above in lieu of the standard System Benefits Charge. Pursuant to Oregon Laws 2021, Ch. 547, §3, a retail electricity Consumer that uses more than one average megawatt of electricity at any Site in the prior year may not be charged an amount for energy efficiency that exceeds 1.7 percent of the total revenue received from the sale of electricity services to the Site from any source.

Pursuant to Oregon Laws 2021, Ch. 547, §3:

(a) "Single contiguous area" includes an area of land crossed by a public or railroad right of way, but does not include infrastructure facilities located within the public or railroad right of way for purposes of determining whether the single contiguous area of land constitutes a Site.

(b) "Site" means:

(A) Buildings and related structures that are interconnected by facilities owned by a single retail electricity Consumer and that are served through a single electric meter;

(continued)



SYSTEM BENEFITS CHARGE

Page 3

**Qualification for the Restricted System Benefits Charge (continued)**

(B) A single contiguous area of land containing buildings or other structures within which each building or structure is no more than 1,000 feet from at least one other building or structure, if the buildings and structures and the land containing and connecting the buildings and structures are all owned by a single retail electricity Consumer, either directly or through a wholly owned subsidiary, that is billed for electricity use at the buildings and structures; or

(C) For any single retail electricity Consumer, each account of the retail electricity Consumer that has exceeded 4,000 kilowatts at least twice within the most recent 13-month period and for which the retail electricity Consumer maintains a load factor of 80 percent or greater, if the combined electricity usage across all of the accounts described in this subparagraph, in the aggregate, equals 100 average megawatts or more in a calendar year.

A Site shall be considered to have a load greater than one average megawatt if during a twelve-month review period the Site has registered usage for the period greater than or equal to 8,760 megawatt-hours.

The Company will review Sites served through a single electric meter and identify such Consumers qualifying for the Restricted System Benefits Charge annually.

A Consumer must declare to Company that it otherwise qualifies as a Site eligible for the Restricted System Benefits Charge. A Consumer making such a claim must provide certification to the Company. For the purpose of qualifying for the Restricted System Benefits Charge, the Consumer may take one of two approaches to be certified as a Site:

1. The Company will accept any Consumer that has completed an Oregon Department of Energy (ODOE) Site Eligibility Application and has been certified as a Site by the ODOE under its Large Electricity Consumer Self-Directed Public Purposes Program.
2. If a Consumer has not been certified by ODOE for self-direction of public purpose charges, the Company will certify the Consumer as a Site to qualify for the Restricted System Benefits Charge. The Consumer will be required to demonstrate it meets the criteria, by providing a list of accounts and account numbers and, if necessary, a map of the proposed facilities and surveyors' affidavit demonstrating it meets the criteria.

Once the Company has received this information and has certified the Consumer's accounts as a Site, the affected locations will be specified as a Site effective with service on and after the date of Company acceptance of certification. The Site's annual energy usage will be reviewed by the Company within a reasonable amount of time following certification and, if qualified, Site accounts will be placed on the restricted rate under this tariff within a reasonable amount of time after the date of review.

Any adjustments relating to Site qualification for the restricted rate will be paid from the System Benefit Charge collections.

**ENERGY CONSERVATION CHARGE**

Page 1

**Purpose**

To fund or implement cost-effective energy conservation measures pursuant to the Oregon Renewable Energy Act, SB 838 (2007), Section 46.

**Applicable**

To all consumers located within Company's service territory except as provided below under Exemptions. Exempted consumers will not be charged under this schedule nor directly benefit from energy conservation measures funded by this schedule.

**Exemptions**

A consumer with load greater than one average megawatt is exempted from this charge. A consumer shall be considered to have a load greater than one average megawatt if during a twelve month review period the consumer has registered usage for the period greater than or equal to 8,760 megawatt-hours. The Company will review accounts and identify exempt consumers annually in January.

Consumers that receive Oregon Department of Energy approval of a request for eligibility for self-direction for a specific site pursuant to OAR 330-140-0010 and 330-140-0030(6) are also exempted from this charge.

**Disbursement of Funds**

Funds collected under this schedule will be distributed as follows:

1. 95.8% of the funds collected for energy conservation - Energy Trust of Oregon.
2. 4.2% of the funds collected for energy conservation - Pacific Power with the following provisions:
  - a. Use of funds distributed under this provision shall be established collaboratively with the Energy Trust of Oregon prior to expenditure for a twelve (12) month period as defined in the supplemental energy efficiency funding agreement between the Energy Trust of Oregon and the Company.
  - b. Funds collected under this provision shall be included in the Energy Trust of Oregon's performance metrics as established by the Commission.
  - c. Use of funds distributed under this provision for advertising will not be used for advertising established as Class C or Class D under OAR 860-026-0022.

(continued)



ENERGY CONSERVATION CHARGE

Page 2

**Energy Conservation Charge**

The applicable adjustment rates are listed below by Delivery Service Schedule.

<u>Schedule</u>	<u>Adjustment Rate</u>
4	0.382 cents per kWh
5	0.382 cents per kWh
15	0.513 cents per kWh
23, 723	0.389 cents per kWh
28, 728	0.304 cents per kWh
30, 730	0.273 cents per kWh
41, 741	0.353 cents per kWh
47, 747	0.220 cents per kWh
48, 748	0.220 cents per kWh
51, 751	0.627 cents per kWh
53, 753	0.268 cents per kWh
54, 754	0.330 cents per kWh

CANCELLED