BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 399, UM 1964, UM 2134, UM 2142, UM 2167, UM 2185, UM 2186, UM 2201

In the Matters of PACIFICORP, dba PACIFIC POWER Request for a General Rate Revision (UE 399), Application for Approval of Deferred Accounting for a Balancing Account Related to the Transportation Electrification Program (UM 1964), Application to Defer Costs Relating to Cedar Springs II (UM 2134), Application for Approval of Deferred Accounting for Cholla Unit 4-Related Property Tax Expense (UM 2142), Application for Approval of Deferred Accounting for Revenues Associated with Renewable Energy Credits from Pryor Mountain (UM 2167), Application for Approval of Deferred Accounting and Accounting Order Related to Non-Contributory Defined Benefit Pension Plans (UM 2185), Application for Approval of Deferred Accounting for Costs Relating to a Renewable Resource Pursuant to ORS 469A.120 (UM 2186), and Alliance of Western Energy Consumers, Application for an Accounting Order Requiring PacifiCorp to Defer Fly Ash Revenues (UM 2201).	STAFF'S OPENING BRIEF

In this docket, PacifiCorp requests a general rate revision. The Alliance of Western Energy Consumers (AWEC), the Oregon Citizens' Utility Board (CUB), the Small Business Utilities Advocates (SBUA), Calpine Energy Solutions LLC (Calpine Solutions), Northwest and

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Intermountain Power Producers Coalition (NIPPC), NewSun Energy LLC (NewSun), Oregon Farm Bureau Federation, Klamath Water Users Association, Fred Meyer Stores and Quality Food Centers, Divisions of The Kroger Co. (Fred Meyer), Walmart Inc. and Vitesse LLC have intervened in this docket. Three separate partial stipulations have been entered into by various parties to this docket, without objection from other parties, which resolve all but two issues. One of those issues is PacifiCorp's proposed voluntary renewable energy tariff (VRET) for nonresidential customers, which is the subject of the Fourth Partial Stipulation. The remaining issue is Calpine Solutions' recommendation that the Commission should determine that a direct access customer participating in a three-year opt-out program may commence service in the five-year opt-out program prior to the end of the customer's three-year opt-out program without paying penalties.

Staff is a party to the first three partial stipulations filed in this docket, which if approved will result in what Staff believes to be just and reasonable rates. Staff is also a party to the Fourth Partial Stipulation, which will be addressed based on a separate schedule, as the proceedings have been bifurcated under a ruling of the Administrative Law Judge issued on October 6, 2022. In this brief, Staff addresses Calpine Solutions' recommendation regarding customers participating in the three-year opt-out program.

DISCUSSION

Under PacifiCorp's Schedule 201, nonresidential customers on a direct access schedule may return to cost-based service after making a "Returning Service Payment".[1] The Returning Service Payment is a payment that "compensates for the increased cost of serving such returning" consumers based on an increase in market price compared to the market priced used to determine the transition credit under Schedule 294."[2] The payment is calculated as:[3]

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[1] Exhibit Calpine Solutions/204.
[2] Exhibit Calpine Solutions/204.
[3] Exhibit Calpine Solutions/204.

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> the result of multiplying the expected remaining monthly usage times the difference between the forward market price at the time of the Consumer's request to return to Cost-Based Supply Service and the forward market price used for determining the Schedule 294 Transition Adjustment, times 110 percent.

The direct access schedules for a three-year opt-out, Schedule 295, and the five-year opt-out, Schedule 296, are available to nonresidential customers currently on a cost-of-service rate schedule.[4]

Staff supports the recommendation of Calpine Solutions that the Commission clarify that a three-year direct access customer that elects service under the five-year option shall not be subject to the Returning Service Payment under PacifiCorp's Schedule 201.[5] Calpine Solutions' testimony asserts that a three-year opt-out customer switching to the five-year program is not increasing the cost of returning to service, but rather extending the term of their opt-out.[6] Staff agrees that if a three-year opt-out customer must briefly return to cost-of-service rates to be eligible to opt into the five-year program, that is not the circumstance for which the Returning Service Payment was intended. It is designed to compensation PacifiCorp for the increased cost of serving a returning customer, based on the remaining term of the opt-out period. A three-year opt-out customer switching to the five-year program will not be returning to cost-of-service for the remaining term and will pay the applicable transition charges under the five-year program.

PacifiCorp, in its surrebuttal testimony, argues that this recommendation raises a policy issue better addressed in rulemaking Docket AR 651.[7] The Commission recently approved issuing a notice of proposed rulemaking in Docket AR 651, and the proposed rule changes in OAR Chapter 860, Division 038 do not address this issue.[8] This specific concern with the Returning Service Payment may not be within the scope of the proposed rules in AR 651.[9]

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4 Exhibits Calpine Solutions/206, 207.
5 Exhibit Calpine Solutions/100, Higgins/11-12.
6 Exhibit Calpine Solutions/100, Higgins/13-14.
7 Exhibit PAC/3000, Meredith/11.
8 *In the Matter of Rulemaking Regarding Direct Access*, Docket AR 651, Order No. 22-364, Appendix A (September 26, 2022).
9 See ORS 183.335(2)(a)(B).

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Moreover, a general rate case is an appropriate forum in which to raise a concern with application of a penalty under Schedule 201.

Substantively, PacifiCorp, in its surrebuttal testimony, takes the position that a three-year opt-out customer that chooses to leave the three-year program must return to cost of service (and pay the Returning Service Payment required upon return) before it can participate in any other direct access program.[10] The company states that transition charges can change significantly from year to year and may result in negative credit values paid to direct access customers. PacifiCorp asserts in its surrebuttal testimony that a customer that selects a three-year program should be required to complete the entire three years or be subject to the Returning Service Payment in order to prevent "cherry-pick[ing] when more advantageous transition adjustments or consumer opt-out charges were available in the five-year program."[11]

Staff does not share PacifiCorp's concern. The Returning Service Payment was not intended to deter customers from switching from one direct access program to another. It was, as noted above, intended to compensate PacifiCorp for the increased cost of serving returning customers. For this reason alone, Staff does not find it an appropriate assessment against a customer seeking to switch from the three-year opt-out to the five-year opt-out. Nor does the fact that a three-year direct access consumer may find it advantageous to switch to the five-year program after one or two years mean that cost-of-service customers will be at a disadvantage. The direct access customer will pay transition charges for an additional five years. And, as noted in the rebuttal testimony of Calpine Solutions,[12] a customer in the three-year opt-out program, seeking to switch after one or two years, has paid transition charges for the same time or longer than a customer in the one-year program, who may opt for the five-year opt-out after twelve months, without penalty.

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[10] Exhibit PAC/3000, Meredith/11.
[11] Exhibit PAC/3000, Meredith/12.
[12] Exhibit Calpine Solutions/100, Higgins/15.

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CONCLUSION

Based on the foregoing, Staff recommends that the Commission adopt Calpine Solutions' recommendation that customers participating in the three-year opt-out program be allowed to switch to the five-year opt-out program without being subject to the Returning Service Payment.

DATED this 13th day of October 2022.

Respectfully submitted,

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