



# 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

December 27, 2022



BY EMAIL

Portland General Electric Company

pge.opuc.filings@pgn.com

RE: Advice No. 22-32

At the public meeting on December 27, 2022, the Commission adopted Staff's recommendation in this matter docketed as ADV 1447. 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 27, 2022**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE** \_\_\_\_\_ **N/A** \_\_\_\_\_

**DATE:** December 19, 2022

**TO:** Public Utility Commission

**FROM:** Michelle Scala

**THROUGH:** Bryan Conway and Caroline Moore **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1447/Advice No. 22-32)  
Updates Schedule 118 Income-Qualified Bill Discount Cost Recovery Mechanism to include increased costs attributable to revised enrollment estimates.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) request to update Schedule 118 Income-Qualified Bill Discount Cost Recovery Mechanism, effective for service on and after January 1, 2023.

**DISCUSSION:**

Issue

Whether the Oregon Public Utility Commission (OPUC or Commission) should approve PGE's request to update Schedule 118 Income-Qualified Bill Discount Cost Recovery Mechanism, effective for service on and after January 1, 2023.

Applicable Rule or Law

ORS 757.205 requires public utilities file to all rates, rules, and charges with the Commission. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210.

ORS 757.220 requires utilities to file changes to any rates, tolls, charges, rules, or regulations with at least 30 days before the effective date of the changes. The Commission may approve tariff changes on less than 30 days' notice for good cause shown pursuant to ORS 757.220 and OAR 860-022-0020.

OAR 860-022-0025 requires that revised tariff filings 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.

2021's House Bill 2475 (HB 2475) amended ORS 757.230(1) to authorize the Commission to consider differential energy burdens on low-income customers and other economic, social equity, or environmental justice factors that affect affordability for certain classes of utility customers in authorizing rate classifications or schedules of rates applicable to individual customers or to groups of customers. HB 2475, as codified in ORS 757.695, clarifies that the Commission may address the mitigation of energy burdens through comprehensive classifications, tariff schedules, rates and bill credits, and bill reduction measures or programs, including demand response or weatherization. The cost of any such schedules, rates, credits, or discounts must be collected through charges paid by all retail electricity customers per ORS 757.695(2).

### Analysis

#### *Summary of Docket*

PGE's Advice No. 22-32 proposes to increase Schedule 118 rates to include upward revisions in IQBD enrollments and associated costs for 2023.

PGE's proposed 2023 Schedule 118 cost recovery includes 2023 IQBD program costs of approximately \$20 million and the 2022 balance carryover of \$992,960. The cost recovery mechanism is applicable to all PGE customers. Table 1 compares current Schedule 118 rates with those proposed in Advice No. 22-32.

*Table 1. Comparison of current and proposed Schedule 118 rates*

Schedule	Adjustment Rate	
	Current	Proposed
7 (residential)	\$0.23 per bill	\$1.14 per bill
All other Schedules	0.023¢ per kWh	0.114¢ per kWh

PGE cites the following reasons for the adjusted rates:

- Higher than anticipated 2022 enrollments, specifically into the largest discount tier, resulting in a carryover balance
- Completion of Oregon Housing and Community Services (OHCS) data sharing agreement to inform tier placement in auto-enrollment practices
- Revised program maturity timelines reflecting increased enrollment rates
- Distribution of customers across three discount tiers more concentrated in Tier 1
- Increase to residential prices beginning in January 2023
- 2023 is a 12-month program year, as compared to the 8.5-month 2022 program year

#### *Background*

Schedule 118 is PGE's bill adjustment to recover the costs of the Company's IQBD. The cost recovery mechanism was approved in Docket No. ADV 1365 at the April 5, 2022, public meeting; the same docket and proceeding which authorized the IQBD, a percentage of bill discount available to income qualified households across three eligibility tiers. Schedule 118 is only authorized to recover costs associated with direct benefits, and excludes concurrent administrative costs which are tracked in a separate deferral.

As initially filed, Schedule 118 prices reflected PGE's 2022 enrollment estimate of roughly 25,000, or 15 percent, of eligible customers, incurring approximately \$4.2 million in discounts. Prior to Schedule 118's approval, PGE increased the enrollment estimate to account for auto-enrollment of pre-qualified customers and decreased per-customer discount estimates to reflect an 8.5-month year instead of a 12-month year. These adjustments resulted a net-zero change to the overall direct cost estimate for 2022. The 2022 impacts of Schedule 118 on customer bills were approximately \$0.23 for a typical residential customer, \$0.32 for a typical small commercial customer, and \$33 for a typical large commercial customer. In recognition of the potential impacts for large industrial customers with a volumetric based charge, Schedule 118 also includes a cap of \$1,000 per month per site for cost recovery.

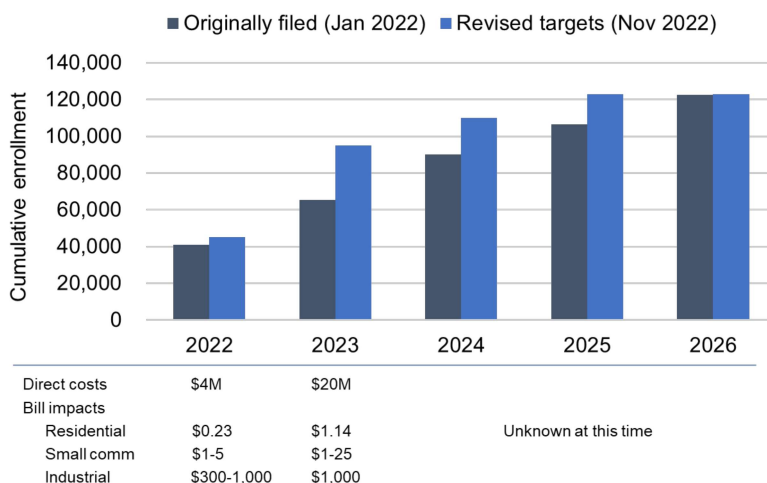
Since launching the IQBD in April of this year, customer enrollments for 2022 have increased at a faster rate than originally forecast and awareness of the program continues to grow. PGE also expects to complete the necessary memorandum of understanding (MOU) required for OHCS in early 2023, which will refine and expand automated enrollments to be tier-specific, potentially leading to greater discounts for eligible households. Additionally, incremental enrollments for 2023 are expected to exceed initial planning estimates by up to 50 percent. Together, these factors have led

PGE to project that nearly 60 percent of estimated eligible customers will be enrolled by the end of 2023.

**Staff Review**

Staff met with the Company on November 30, 2022, to discuss the work papers and cost drivers associated with the Schedule 118 adjustment proposed in Advice No. 22-23. In response to a Staff request for data visualization, the Company provided the graph shared below to help illustrate the revised forecast and accelerated program maturity timeline.

*Figure 1. PGE IQBD Enrollment Changes<sup>1</sup>*



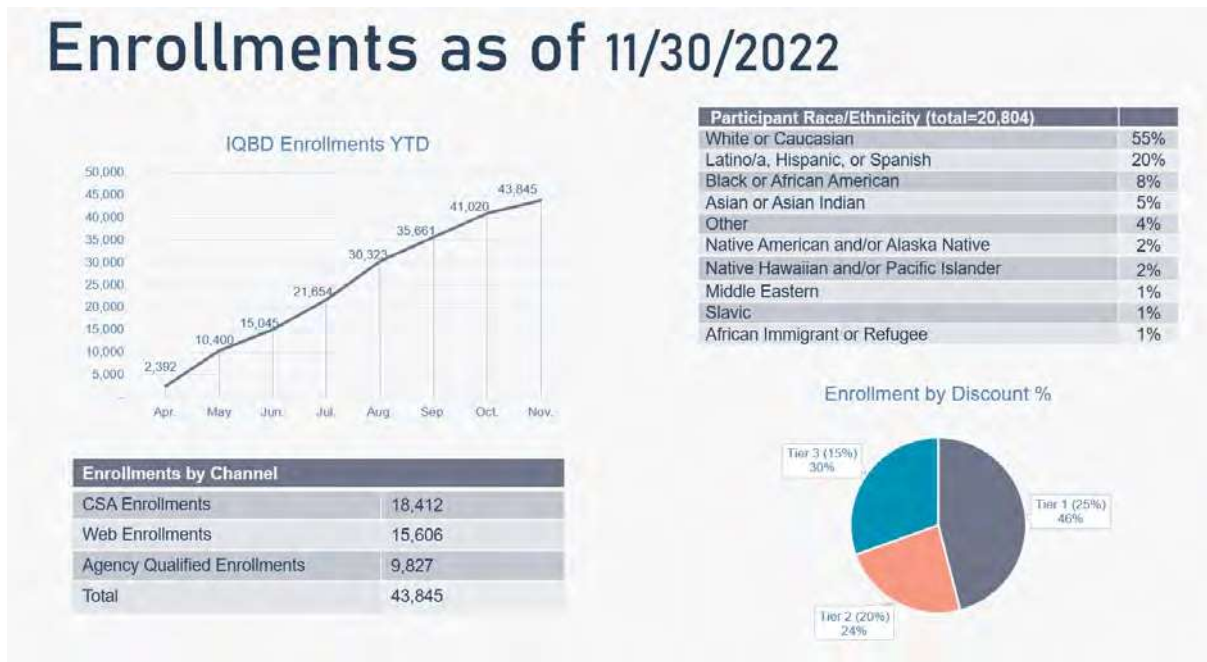
**Stakeholder Feedback**

Staff also reached out to a small group of stakeholders that had previously engaged on the IQBD docket in April and received affirming comments that the rate adjustments appeared reasonable and reflective of enrollment numbers.

Stakeholders and Staff have also been privy to the accelerated enrollment numbers in advance of this filing. PGE conducts regular check-ins with parties interested in the IQBD and has shared information about IQBD participation and enrollment growth monthly, since launching in April. Figure 2 shows a slide from PGE’s December 5, 2022, engagement session showing enrollment numbers through the end of November, including counts, channel, and race/ethnicity distributions.

<sup>1</sup> 2022 enrollment estimate as approved in Docket No. ADV 1365, including auto-enrolled customers.

Figure 2. PGE Enrollment Slide



**Additional Considerations**

Staff notes that the IQBD reaching program maturity faster than originally expected is good news, and likely points to success in outreach channels and community penetration efforts. Better still, a greater proportion of eligible households enrolled in the IQBD means more resources deployed against energy burden in Oregon.

**Bill Impacts**

A typical residential, Schedule 7 customer using 780 kWh currently receives a monthly bill of \$114.54. If Advice No. 22-23 is approved, this customer can expect to see an increase to their monthly bill of 0.79 percent or \$0.92. All other cost of service and direct access customer schedules are subject to Schedule 118 at a volumetric rate. These customers will see a 0.091 cent per kWh increase from their current rate of 0.023 cent per kWh to the 2023 rate of 0.114 cent per kWh.

**Conclusion**

Staff has reviewed PGE’s Advice No. 22-23 and finds no issue with the proposed rate adjustments to Schedule 118 as filed. Staff has verified the likelihood of accelerated enrollment for 2023 as evidenced in 2022 enrollment rates and influenced by upcoming

Docket No. ADV 1447  
December 19, 2022  
Page 6

information sharing agreements between the Company and OHCS. As such, Staff recommends the Commission approve the Schedule 118 rate adjustment as filed.

**PROPOSED COMMISSION MOTION:**

Approve Portland General Electric's (PGE or Company) request to update Schedule 118 Income-Qualified Bill Discount Cost Recovery Mechanism, effective for service on and after January 1, 2023.

PGE ADV 1447 Sch 118 Update

**SCHEDULE 118  
BILL ADJUSTMENT  
COST RECOVERY MECHANISM**

**PURPOSE**

The purpose of this schedule is to recover the costs associated with PGE's Income-Qualified Bill Discount, an offering to eligible Residential Customers designed to increase bill affordability (operationalized in Schedule 18). This discount is enabled by House Bill 2475 (2021 regular session), which calls for differentiated rates for "low-income customers and other economic, social equity or environmental justice factors that affect affordability for certain classes of utility customers." This adjustment schedule is implemented as an automatic adjustment clause as provided for in ORS 757.210.

**APPLICABLE**

To all bills for Electricity Service.

**ADJUSTMENT RATES**

The applicable Adjustment Rates are listed below. Customers will not be required to pay more than \$1,000 per month per Site for cost recovery of the Income-Qualified Bill Discount.

<u>Schedules</u>	<u>Adjustment Rate</u>	
7	\$1.14 per bill	(I)
All other Schedules	0.114¢ per kWh for the first 877,193 kWh	(I) (C)