



# Oregon

Tina Kotek, Governor

**Public Utility Commission**

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March 21, 2023



BY EMAIL

PACIFICORP

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RE: Advice No. 23-004

At the public meeting on March 21, 2023, the Commission adopted Staff's recommendation in this matter docketed as ADV 1490. 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

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ITEM NO. RA1

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 21, 2023**

**REGULAR**  X  **CONSENT** \_\_\_\_\_ **EFFECTIVE DATE**  April 1, 2023

**DATE:** March 13, 2023

**TO:** Public Utility Commission

**FROM:** Curtis Dlouhy and Charles Lockwood

**THROUGH:** Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

**SUBJECT:** PACIFIC POWER:  
(Docket No. ADV 1490/Advice No. 23-004)  
Updates to Schedule 291, System Benefits Charge.

**STAFF RECOMMENDATION:**

Approve Pacific Power's (PacifiCorp or Company) Advice No. 23-004, revising Schedules 291, PacifiCorp's System benefit Charge to include recovery of incremental costs associated with the Communities Benefits and Impacts Advisory Group (CBIAG or the Group), establish an automatic adjustment clause (AAC) to recover such costs, and update the amounts collected through the schedule funding the Company's demand response programs, for service rendered on and after April 1, 2023.

**DISCUSSION:**

Issue

Whether the Commission should approve Advice No. 23-004, PacifiCorp's request to update its Schedule 291 (System Benefits Charge) to recover CBIAG costs, establish an automatic adjustment clause to recover such costs, and update amounts collected for the Company's demand response programs.

Applicable Law

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.

Energy utilities must file tariffs for services provided to retail customers pursuant to ORS 757.205 and 757.210. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210.

Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. ORS 757.220; OAR 860-022-0015.

OAR 860-022-0025 sets forth filing requirements for filing tariffs or schedules changing rates. OAR 860-022-0030 provides requirements for filing tariffs or schedules naming increased rates. Schedule 50 does not alter other existing rates.

ORS 757.210 defines an automatic adjustment clause as a provision of a rate schedule that provides for rate increases or decreases or both, without prior hearing, reflecting increases or decreases or both in costs incurred, taxes paid to units of government or revenues earned by a utility and that is subject to review by the commission at least once every two years.

2021's House Bill 2021 (HB 2021) codified at ORS 469A.425, requires an electric company that files a clean energy plan under ORS 469A.415 to convene a Community Benefits and Impacts Advisory Group (CBIAG or the Group). The members of the electric company's CBIAG will be determined by the electric company with input from stakeholders that represent the interests of customers or affected entities within the electric company's service territory. The authorized activities of the Group are set out in ORS 469A.425(2). Under ORS 469A.425(3): "The commission shall establish a process for an electric company to contemporaneously recover the cost associated with the development of biennial reports and the costs associated with compensation or reimbursement for time and travel of members of a Community Benefits and Impacts Advisory Group."

## Analysis

### *Background*

On December 28, 2021, the Commission approved Advice No. 21-022, which created Schedule 291, cancelled Schedule 297, and consolidated the collection of energy efficiency, demand response, and transportation electrification program funding into a single schedule. Staff concluded that the 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.

*Community Benefits and Impacts Advisory Group*

In July 2021, Governor Brown approved HB 2021 with an effective date of September 25, 2021. Section 4 of this law requires electric companies to file a clean energy plan (CEP) to the Commission and the Oregon Department of Environmental Quality. Section 6(1) states that all electric companies which file a CEP must convene a CBIAG. The CBIAG will be an enduring body, that will consult with the company on the development of a biennial report that describes the company's impact on an array of customer relations, environmental justice, social justice, and equity issues. The group may also consult the company on how to implement its clean energy plan more equitably.

On January 6, 2022, PacifiCorp filed a deferral application in Docket No. UM 2222, requesting authorization to defer the incremental costs associated with the Section 6 of HB 2021. On March 22, 2022, the Commission approved the application. The Company subsequently filed an application to reauthorize the deferral and provided an estimated 2023 budget for ongoing activities of \$510,983 on January 6, 2023. This is approximately \$200 thousand more than PGE's 2023 budget, owing largely to differences in each utility's service territory. In the initial deferral application, the Company committed to filing a proposal for recovery and now proposed rates which would collect the 2023 budget along with the \$84,451 for previously deferred costs.

PacifiCorp's Advice No. 23-004 represents PacifiCorp's proposal for contemporaneous cost recovery of CBIAG costs called for in ORS 469A.425(3) and contained in UM 2222 by incorporating it into the Schedule 291 through the use of an AAC and balancing account.

The Company states that recovering these costs through the existing rate schedule will simplify tariffs and customer rates. To this end, the Company proposes to implement a balancing account and AAC for recovery of the costs of the CBAIG program within Schedule 291. Lastly, the Company states it will make an annual advice filing to review the CBIAG cost recovery and adjust the Schedule 291 rate, if needed, to reflect the Company's projections of the CBIAG-related expense for the coming year plus incorporate any amounts in the balancing account. PacifiCorp's proposed addition of CBIAG cost-recovery to Schedule 291 will recover approximately \$0.59 million, a rate increase of approximately .004 percent to customers. Staff is recommending the reauthorization of UM 2222 for the 2023 calendar year at this public meeting.

*Demand Response Programs*

PacifiCorp also seeks to increase the amount collected for demand response programs in Schedule 291, to recover costs for its irrigation load control demand response

program and predecessor pilot, as well as the Company's commercial and industrial demand response program in Oregon.

On May 6, 2022, the Commission approved the Company's irrigation load control demand response program proposal. Staff is recommending the authorization of the associated deferral, UM 2265, at this same public meeting. The irrigation load control program provides capacity energy and reserves from June through mid-September through curtailment of irrigation pumping loads.

On November 16, 2022, the Commission approved the Company's commercial and industrial demand response program proposal. The commercial and industrial program provides capacity, energy, and ancillary grid services through curtailment of commercial and industrial loads throughout the year depending on a participant's election of dispatch notification. PacifiCorp states the costs incurred in 2023 and beyond will be in support of establishing the program and expanding it to achieve demand capacity expectations.

PacifiCorp's proposed rate updates in Schedule 291 will collect approximately \$2.55 million for demand response programs, an increase of approximately \$2.41 million from the amount currently collected in rates for demand response. The increase in demand response program funding will result in an increase to customers of approximately 0.17 percent.

#### *Other Amounts Collected Through the System Benefits Charge*

The System Benefits Charge will also continue to collect amounts previously approved for Energy Efficiency and Transportation Electrification Programs. PacifiCorp updated the allocation percentages in the tariff to properly reflect the increased collections for demand response and the new collections for CBIAG.

#### *Customer Impacts*

While the Energy Efficiency and Transportation Electrification allocations remain the same, due to the introduction of CBIAG recovery and increased Demand Response program funding, the total System Benefits Charge has increased from 1.96 percent to 2.17 percent, with an overall increase of approximately 0.02 percent or \$3.0 million. PacifiCorp's proposed increase would affect approximately 646,000 customers, and with the average residential customer using 900 kilowatt-hours per month, the average customer would see a monthly bill increase of \$0.24.

#### *Staff Analysis*

Staff's review of this filing and associated work papers finds that the updated rates in Schedule 291 are just and reasonable, and costs included for recovery are appropriate

and prudently incurred. There are currently plans for the utility to meet with Staff and perhaps intervenors to periodically provide updates on CBIAG spending throughout the year. As this filing meets applicable legal requirements and will support the work of the CBIAG under HB 2021, Staff recommends the Commission approve PacifiCorp's filing.

Staff notes that there are many considerations when assessing whether the appropriate mechanism for recovering the costs of established utility programs is through deferral/amortizations or in base rates. In the case of this tariff update, Staff intends to periodically re-evaluate whether the costs associated with components of Schedule 291 are most appropriately recovered in this schedule or elsewhere, and whether an earnings test should be applied. Staff also notes that this filing is being considered at the same public meeting as PacifiCorp's recent deferral applications in Docket Nos. UM 2222 and UM 2265. Staff is recommending approval of these two deferrals, so the advice filing in this docket would be approved simultaneously.

#### *Broader AAC Discussions*

Staff would also like to address some of the points brought up during the March 7, 2023, public meeting where the Commission approved Portland General Electric's (PGE) use of an automatic adjustment clause to fund its CBIAGs in Docket No. ADV 1453. Citizens Utility Board (CUB) filed comments recommending that the Commission delay ruling on the item so that the Commission could consider the application of an earnings test and PGE's increased use of single-issue ratemaking.<sup>1</sup> At the March 7, 2023, public meeting, CUB also brought up PGE's purported overuse of piecemeal AACs, citing that the Company has 26 difference AACs to recover fewer than 20 deferrals. Ultimately, the Commission approved ADV 1453 but noted that it hopes to hear from stakeholders in PGE's ongoing rate case, UE 416, on the issue of AACs in ratemaking.

Staff shares CUB's concerns with the overall proliferation of AACs as a recovery mechanism and supports conversations about integrating protections such as earnings tests or moving some AACs into base rates. Much like what was suggested by the Commission at the March 7 public meeting regarding ADV 1453, a rate case or similar public process with a broader focus than a utility's CBIAG costs would be a worthwhile area to discuss this further regarding PacifiCorp's use of AACs.

Staff recommends approving PacifiCorp's advice filing in ADV 1490 to provide parity with the Commission's decision to approve ADV 1453 at the March 7 public meeting. With this in mind, Staff supports the evolving discussion of the use of AACs in ratemaking and recommends that the Commission approve this filing.

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<sup>1</sup> See [CUB's Comments on ADV 1453](#).

Conclusion

Staff has reviewed Advice No. 23-004 in detail and finds no issue at this time. Staff finds that all listed expenses are just and reasonable. Further, at this time Staff supports PacifiCorp's proposal make an annual advice filing to review the CBIAG cost recovery through an AAC and adjust the Schedule 291 rate, if needed. To this end, Staff recommends the Commission approve PacifiCorp's request to update Schedule 291, System Benefits Charge.

Staff is comfortable with the Company's proposed approach at present but expects the conversation about moving these and other similarly situated programmatic costs into base rates or the role of an earnings test to evolve over time and be further discussed in a more appropriate proceeding.

**PROPOSED COMMISSION MOTION:**

Approve Advice No. 23-004, PacifiCorp's request to update its Schedule 291 (System Benefits Charge) to recover CBIAG costs, establish an automatic adjustment clause to recover such costs, and update amounts collected for the Company's demand response programs effective with service on and after April 1, 2023.

**SYSTEM BENEFITS CHARGE**
**Purpose**

To fund programs which provide a system benefit including planning and pursuit of cost-effective energy efficiency resources pursuant to ORS 757.054 and Oregon Laws 2021, Ch. 547, §2, support and integration of transportation electrification pursuant to Oregon Laws 2021, Ch. 95, §2, participation in and support for the Community Benefits and Impacts Advisory Group (CBIAG) pursuant to ORS 469A.425, and other programs approved by the Commission.

 (N)  
 (N)  
 (N)

**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	0.614 cents per kWh
5	0.614 cents per kWh
15	0.891 cents per kWh
23, 723	0.626 cents per kWh
28, 728	0.489 cents per kWh
30, 730	0.439 cents per kWh
41, 741	0.569 cents per kWh
47, 747	0.348 cents per kWh
48, 748, 848	0.348 cents per kWh
51, 751	1.072 cents per kWh
53, 753	0.428 cents per kWh
54, 754	0.530 cents per kWh

 (I)  
 (I)

(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	0.18%	(I)
Transportation Electrification	0.25%	
CBIAG	0.04%	(N)
<hr/>		
Total Restricted System Benefits Charge	2.17%	(I)

**Allocation of Funds**

Funds collected under this schedule will be allocated as follows:

1. Funds collected under the standard rates will be allocated 88.7% to Energy Trust of Oregon energy efficiency programs, 2.5% to Company energy efficiency programs and administration, 3.6% to demand response programs, 4.4% to transportation electrification programs, 0.8% to CBIAG. (C)
2. Funds collected under the restricted rate for qualifying consumers will be allocated 76.3% to Energy Trust of Oregon energy efficiency programs, 2.1% to Company energy efficiency programs and administration, 8.2% to demand response programs, 11.5% to transportation electrification programs, 1.9% to CBIAG. (C)

**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)