

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

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ October 1, 2023

DATE: September 7, 2023

TO: Public Utility Commission

FROM: Bret Stevens

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1535/Advice No. 23-017)
Schedule 98 Update.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Pacific Power's (PacifiCorp) proposed revisions to the residential exchange program (REP) credits in its Schedule 98, Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act and allow the associated tariff revisions to take effect October 1, 2023.

DISCUSSION:

Issue

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

Applicable Law

Under ORS 757.205(1), 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 may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0005 and OAR 860-022-0025. Filings that make 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 changes.

In addition, the tariff relates to the Residential Exchange Credit and the Regional Power Act for which ORS 757.663 provides the Commission authority to require electric companies to enter into contracts with Bonneville Power Administration (BPA). BPA and PacifiCorp are operating under the terms of the contract previously approved by the Commission in Order Nos. 11-113, 11-170, and 11-467, Docket No. UM 926.

Analysis

On August 18, 2023, PacifiCorp filed Advice No. 23-017, to update the values of the REP credits for the fiscal year 2024-25 rate period. The reason for this update is that the total amount of benefits available to IOUs increases biannually until the end of 2028. In 2024, the total amount of available benefits to participating IOUs is set to increase by \$14 million. However, for PacifiCorp's system, the aggregate REP benefit is set to decrease by 12.8 percent versus the October 2022 to September 2023 period. This decrease is largely due to how BPA allocates REP benefits, which are primarily based on PacifiCorp's average system costs as compared to other investor-owned utilities. The total amount of REP benefits available to IOUs is fixed biannually. However, participating IOUs receive a portion of this total benefit based on the relative average system costs of their systems.

Two of the largest factors for the total dollar amount of residential credits that determine an IOU's benefits are their Average System Cost (ASC) and qualifying load. The share of the total benefits received by an IOU increases with both of these factors. As shown in Table 1 and Table 2, both PacifiCorp's ASC and qualifying load grew at significantly lower rates than other participating utilities.¹ As a result, the per kWh credit for Oregon customers is set to decrease by roughly 10 percent. The relative growth in both load and ASC for other participating IOUs has led to a decrease in the share of REP benefits received by PacifiCorp. This decrease is only partially offset by the \$14 million total increase in the available benefits.

¹ For 2021 figures, see Bonneville Power Administration. "Table 2.4.11: Rate Directive Step Calculation of Utility Specific PF Exchange Rates and REP Benefits: Test Period October 2021 - September 2023." Available at: <https://www.bpa.gov/-/media/Aep/power/residential-exchange-program/powerratesstudydocumentationtable2411.pdf>.

Table 1. Change in ASC of Participating Utilities

Company	2023	2021	Change
Avista	\$70.61	\$62.93	12.2%
Idaho Power Company	\$66.03	\$58.17	13.5%
Northwest Energy	\$83.73	\$68.34	22.5%
PacifiCorp	\$84.08	\$77.61	8.3%
Portland General Electric	\$80.83	\$70.09	15.3%
Puget Sound Electric	\$81.53	\$67.28	21.2%

Table 2. Change in Qualifying Load of Participating Utilities

Company	2023 (MWh)	2021 (MWh)	Change
Avista	4,129	3,971	3.98%
Idaho Power Company	7,165	6,857	4.49%
Northwest Energy	746	714	4.48%
PacifiCorp	9,419	9,147	2.97%
Portland General Electric	8,661	8,413	2.95%
Puget Sound Electric	12,503	11,952	4.61%

After the REP benefits are allocated to PacifiCorp, the Company then calculates the REP credit. The REP credit is computed as follows. First, PAC allocates its Final REP Benefits of \$74,665,000 between each of its RESX-qualifying states (Washington, Oregon, and Idaho) based on qualifying relative load, resulting in an aggregate credit of \$51,327,067 for Oregon qualifying customers.² Second, the Oregon allocation is adjusted for the current balance of the balancing account. For Oregon, the left-over amount in the REP balancing account was (\$785,968). After taking this into account, the annual credit to be distributed to Oregon qualifying customers is \$50,934,083 on a two-year basis. Third, kWhs associated with PAC's employee discount are added back

² See Bonneville Power Administration. "Table 2.4.11: Rate Directive Step Calculation of Utility Specific PF Exchange Rates and REP Benefits: Test Period October 2023 - September 2025." Available at: <https://www.bpa.gov/-/media/Aep/rates-tariff/bp-24/Final-Proposal/BP-24-FS-BPA-01A-Power-Rates-Study-Documentation.pdf>.

in, which increases the total distribution by \$28,000 to \$50,962,083. Fourth, the Oregon credit is allocated to residential versus non-residential customers based on their qualifying load. Residential qualifying load is 5,829,081 MWh and non-residential qualifying load (small-farm) is 400,411 MWh. The non-residential rate of 0.818 cents per kWh is applied to all non-residential kWh. The residential rate of 0.876 cents per kWh is only applied to the first 2,000 kWh per customer, which is 5,441,406 kWh in aggregate.

Conclusion

The updated rates will increase the average residential customer's bill by 0.7 percent. Staff reviewed the workpapers provided with the filing. Staff found the workpapers sufficient and did not make any information requests. Staff confirmed that PAC is using the correct aggregate REP credits from BPA and Staff confirmed the accuracy of the Company's computations to spread that credit among states and among residential and non-residential customers based on relative qualifying load.

The Company has reviewed this memo and has stated no objections.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's proposed revisions to its Schedule 98, Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act and allow the associated tariff revisions to take effect for service rendered on and after October 1, 2023.