

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 19, 2024**

REGULAR **CONSENT** **EFFECTIVE DATE** April 1, 2024

DATE: March 11, 2024

TO: Public Utility Commission

FROM: Peter Kernan

THROUGH: JP Batmale and Sarah Hall **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1599/Advice No. 24-004)
Update to Schedule 291, System Benefits Charge.

STAFF RECOMMENDATION:

Approve PacifiCorp's dba Pacific Power's (PacifiCorp or Company) Advice No. 24-004, revising Schedule 291, System Benefits Charge, on less than statutory notice, for service rendered on and after April 1, 2024.

DISCUSSION:

Issue

Whether to approve PacifiCorp's Advice No. 24-004, revising Schedule 291, System Benefits Charge, for service rendered on and after April 1, 2024.

Applicable Rule or Law

A public utility is required to file schedules with the Commission showing all changes to rates, tolls, and charges. ORS 757.205. The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting

change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

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. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

Analysis

Background

The purpose of Schedule 291, PacifiCorp's System Benefits Charge, has traditionally been to collect funds for energy efficiency, demand response, and transportation electrification programs. In Advice No. 23-004, the Commission authorized PacifiCorp to also include funding for the Community Benefits and Advisory Group (CBIAG) in Schedule 291.¹

PacifiCorp made this filing February 28, 2024, to update Schedule 291. The Company seeks funding updates for self-perform energy efficiency programs, Energy Trust of Oregon (Energy Trust) programs, and demand response programs, all of which are housed in the System Benefits Charge. No funding adjustments are proposed for CBIAG or transportation electrification programs at this time. PacifiCorp collects around \$0.65 million and \$3.56 million annually for CBIAG and transportation electrification, respectively.

PacifiCorp requests to increase the annual level of budgeted funding by \$36.4 million, or 1.9 percent. The proposed change will impact around 627,000 customers. Residential customers using 950 kWh per month will see a monthly bill increase of \$3.35. The details of this increase will be discussed below.

¹ See Docket No. ADV 1490, PacifiCorp Advice No. 23-004, (Mar. 21, 2023), <https://edocs.puc.state.or.us/efdocs/UBF/adv1490ubf111253.pdf>.

At the November 2, 2023, Special Public Meeting regarding the Energy Trust's 2024-25 Budget and Action Plan, the Commission adopted Staff's recommendation directing utilities to delay implementing the price change until April 1 instead of the usual effective date of January 1.² This request sought to minimize rate impacts from PacifiCorp rate increases taking effect on January 10, 2024.³ Delaying the energy efficiency revenue adjustment to April 1 reduces the increased rates during the winter heating season, when costs are higher for many customers.

Energy Efficiency Programs.

PacifiCorp, via Schedule 291, collects in rates funds necessary to pursue all cost-effective, reliable, and feasible energy efficiency.⁴ As directed by the Commission, Schedule 291 revenue funds energy efficiency programs administered by Energy Trust of Oregon (Energy Trust), with funds distributed to Energy Trust on a monthly basis. PacifiCorp also raises energy efficiency funds for self-perform programs, home energy reports, and program administration.

The Energy Trust budget for 2024 is \$86.7 million. In the 2024 budget process, Energy Trust forecast a \$95 million budget for 2025, which will be subject to utility and stakeholder review and an Energy Trust Board decision in December 2024. PacifiCorp's internal 2024 energy efficiency budget is \$2.4 million. PacifiCorp proposes to update Schedule 291 rates to collect an average annual budget of \$98.4 million for energy efficiency programs. As provided in a supplement to the filing on March 8, 2024, the average annual budget represents the need to collect increased Energy Trust funding over a nine-month period, plus \$2.4 million for PacifiCorp's internal energy efficiency budget. The proposed increase in annual energy efficiency funding is \$35 million and is primarily driven by the PacifiCorp allocation of Energy Trust's 2024 budget, approved by Energy Trust's Board of Directors on December 15, 2023.

In review of workpapers, Staff identified an under collection of funds in PacifiCorp's initial Advice No. 24-004 filing. After coordinating with the Company, PacifiCorp revised the energy efficiency collection rate in order to collect the full amount required for the Energy Trust of Oregon's budget for calendar year 2024. The Company submitted a Supplemental Filing with a Less than Statutory Notice Application.⁵

² See November 2, 2023 Special Public Meeting, *Staff Report on Presentation of Energy Trust 2024 Draft Budget and 2024-2025 Action Plan*, (Oct. 25, 2023), p. 22,

https://oregonpuc.granicus.com/MetaViewer.php?view_id=2&clip_id=1239&meta_id=37540.

³ Media Release, (Jan. 9, 2024), <https://www.oregon.gov/puc/news-events/Documents/PR-202401.pdf>.

⁴ ORS 757.054(3)(a)

⁵ See Docket No. ADV 1599. *Advice No. 24-004—Schedule 291—System Benefits Charge—Supplemental Filing with Less than Statutory Notice Application*, (Mar. 8, 2024), <https://edocs.puc.state.or.us/efdocs/UAC/adv1599uac327173023.pdf>.

House Bill 3141 (2021) stipulates, for the period beginning January 1, 2022, and ending December 31, 2025, retail consumers who use more than one average megawatt (aMW) of electricity annually at any site may not be charged for cost-effective energy efficiency measures more than 1.7 percent of the total revenue from electricity sales at the site. PacifiCorp notes that Schedule 291 already collects the maximum 1.7 percent of total revenue for customers using more than 1 aMW. Therefore, no additional amount will be collected from these customers. The energy efficiency related increase for customers using less than 1 aMW on Schedule 291 is approximately 1.6 percent.

Demand Response Programs

Schedule 291 collects funds for PacifiCorp to operate demand response programs which provide capacity, energy, and ancillary grid services. PacifiCorp operates three active demand response programs: Irrigation Load Control (ILC); Commercial and Industrial (C&I) Demand Response; and Optimal Time Rewards, a residential direct load control program. The Company received approvals for each of the three programs separately during 2022 and 2023.

The Company proposes to update rates in Schedule 291 to collect approximately \$4.2 million, an increase of \$1.4 million over the current funding level. This funding increase will allow PacifiCorp to expand the programs and achieve demand capacity expectations in line with targets set in program approvals and the Company's 2023 Integrated Resource Plan. The rate adjustment will result in an approximately 0.1 percent increase.

Conclusion

Staff's review of this filing and associated workpapers finds that the updated rates in Schedule 291 are correctly calculated, based on recent forecasted costs, and that PacifiCorp's proposed recovery of 2024 target costs is appropriate. Staff also finds that costs included for recovery are reasonable. As this filing meets the requirements of ORS 757.205, ORS 757.210, OAR 860-022-0025, and OAR 860-022-0030, Staff recommends the Commission approve PacifiCorp filing.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's Advice No. 24-004, revising Schedule 291, System Benefits Charge, on less than statutory notice, for service rendered on and after April 1, 2024.