

ITEM NO. CA9

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 16, 2014

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE January 1, 2015

DATE: December 8, 2014

TO: Public Utility Commission

FROM: Suparna Bhattacharya *SB*

THROUGH: Jason Eisdorfer and Marc Hellman *A*

SUBJECT: PORTLAND GENERAL ELECTRIC: (Advice No. 14-15) Schedules 7 and 32 Renewable Portfolio Options.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric's (PGE or Company) proposed credit eligibility requirements for participating in voluntary renewable programs, as described in the fifth supplemental filing of Advice 14-15, effective for service on and after January 1, 2015.

**DISCUSSION:**

Background

Pursuant to ORS 757.205 and 757.210, Portland General Electric initially filed Advice No. 14-15 on August 12, 2014, with an effective date of October 1, 2014. The filing requested an approval of the Company's proposed credit eligibility requirements for Schedule 7 and 32 customers enrolling in renewable portfolio programs. Under the current credit eligibility conditions, as specified in the existing tariff special conditions, customers with two or more final disconnect notices, on time payment arrangements that have not been kept current, or those who have been involuntarily disconnected within past 12 months, are not allowed to participate in the renewable programs. PGE proposed to relax the current tariff requirements and requested that customers who have received two or more final disconnect notices or are on time payment arrangements be allowed to participate in these programs. PGE however, will continue to restrict customers who have been involuntarily disconnected within the past 12 months, from renewable enrollment.

PGE's current tariff special conditions in Schedule 7 and 32 provide as follows:

The Company will not accept enrollments from accounts with poor credit history. For the purposes of this rate schedule, poor credit history is defined as: a) having a time payment agreement that has not been kept current from month to month; b) having received two or more final disconnect notices in the past 12 months; or c) having been involuntarily disconnected in the past 12 months.

PGE believed the current tariff criteria were too restrictive and prevented the low credit risk customers, who are either on time payment or received two or more notices, from participation. Assuming that the regulatory approvals from Commission were in place, PGE changed the credit restrictions for renewable portfolio options around May 2013 with the intent to provide enrollment opportunity to these low risk customers. The new credit criteria implemented from May 2013 specified that only those customers whose service had been involuntarily disconnected within the past 12 months are not eligible for participation. However, due to system errors these disqualified customers were also enrolled, and approximately 1,000 customers under this category participated until April 2014, when the error was discovered. Since April 2014, disconnected customers are restricted from the renewable portfolio option programs. PGE filed the application on August 12, 2014, to correct the discrepancy.

Based on a September 5, 2014, conversation with the Company, Staff realized that enrollment eligibility has been relaxed since May 2013 and PGE has been already accepting renewable enrollments from customers with poor credit (i.e., those with two or more notices, on time payments, or with disconnected services within last 12 months).

PGE filed two supplemental filings on September 10 and October 9, following the September 5 discussion. The October 9 supplemental filing, with an effective date of November 26, 2014, describes the history on changed credit restrictions and provides revised Schedule 7 and 32 tariff sheets modifying language based on conversation with Staff. Since the November 25, 2014, Public Meeting was moved to December 3, 2014, PGE filed another supplemental filing on October 29, 2014, pursuant to ORS 756.010(8) and 757.205, with an effective date of December 10, 2014.

While reviewing the Company's responses to data requests, Staff had further discussion with the Company's staff members and both parties agreed more time was needed to identify the renewable portion of the uncollectibles from the voluntary renewable programs. Currently, PGE's process does not separate out the renewable portion of a customer's uncollectible bill. Upon Staff's request, PGE has worked on this issue and provided a revised response to the Staff's data request whereby the unpaid dollar amounts/premiums associated with voluntary programs going to uncollectibles are detailed.

The current supplemental filing, with an effective date of January 1, 2015, provides the future process of allocating uncollectibles from voluntary renewable programs and also includes the revised tariff sheets incorporating the language suggested by Staff.

Specifically, PGE and Staff agreed on the following areas:

- a) Starting January 1, 2015, PGE will not include the unpaid renewables program premiums in the overall uncollectibles that are collected from all customers. The portion of uncollectibles that are unpaid premiums for the voluntary renewable programs will be collected from customers participating in those voluntary renewable programs
- b) To remove double recovery with the assignment of uncollectibles to renewable customers only, PGE will refund the amount of uncollectible premiums as detailed in PGE's revised response to Staff's Data Request 001d to the intervenors- Citizens' Utility Board of Oregon (CUB) and Industrial Customers of Northwest Utilities (ICNU). PGE will deposit 86 percent to the CUB intervenor funding account for the benefits of residential customers, and 14 percent to the Industrial intervenor funding account. The method used to allocate the funds approximately matches the one used to collect uncollectibles in rates.
- c) The revised tariff sheets, provided in the supplemental filing, add a provision to condition 2 to the effect that while the company may exercise discretion to accept renewables' enrollments on accounts that have a time payment in effect or have received two or more final disconnect notices. The Company will not accept for enrollment accounts that have been involuntarily disconnected in the previous 12 months.

#### Staff's Analysis

To reach its recommendation regarding PGE's filing, Staff examined the Company's Advice filings, revised Sheet Nos. 7-4 and 32-5, and also the Company's responses to Staff's data requests.

The revised tariff sheets add the language suggested by Staff. The language precisely mentions the types of customers who are eligible to participate in the voluntary renewable programs. Customers with involuntary disconnection in the past 12 months are not eligible to enroll in these programs. This modification applies to both Schedule 7 and 32 PGE customers.

Staff also reviewed the worksheet provided by the Company in response to Staff's data request. The worksheet shows the following, by month, for the period October 2012 through September 2014:

- a. Total uncollectible amounts;
- b. Total uncollectible amount from renewables enrolled accounts;
- c. Renewable percent of total uncollectibles;
- d. Uncollectible premiums from the three PGE's voluntary renewable programs – Green Source, Clean Wind, and Habitat Support; and
- e. Total uncollectible renewable premiums

The total uncollectible amount (including light and power) from renewables enrolled accounts from October 2012 to September 2014 is \$298,583.72 and the total uncollectible renewable premium from the three renewable programs for the same period is \$54,619.29. Currently, PGE recovers the total uncollectible amount from renewable accounts, including the uncollectible premiums from all PGE customers. The amount of customer uncollectibles in customer rates is determined in utility general rate cases. It was most recently reviewed in PGE's pending UE 283 general rate case for rates effective January 1, 2015 (Order No. 14-422). Once the rate of uncollectibles is approved in the company's general rate case, the company recovers those costs from customers in proportion to the customer class' contribution to uncollectibles. PGE reports that about 86% of its uncollectibles are from residential customers so about 86% of uncollectibles are collected from residential customers. Therefore to remove double recovery when the renewable uncollectibles will be assigned to the customers buying renewable tariff offerings, PGE agreed to refund the \$54,619.29 of uncollectibles from renewable premiums to benefit the respective class of customers. PGE identified the best option was to refund the monies to the intervenor funding accounts. Therefore, PGE agreed to deposit the amount of \$54,619.29 in the intervenor funding; 86 percent of the amount will be credited to the CUB account and 14 percent of the amount to the ICNU account. As discussed above, PGE agreed to Staff's proposal to spread the uncollectible renewable premiums among the PGE customers enrolled in renewable portfolio options and not across all PGE customers, starting January 1, 2015.

Staff also reviewed PGE's data response showing the ratio of total uncollectible accounts in the voluntary program to all renewable accounts enrolled in the voluntary renewable program. Staff confirmed that the ratio remained virtually unchanged pre- and post- credit change (approximately 0.18 percent).

The Company has reviewed the memo and has no areas of concern.

**PROPOSED COMMISSION MOTION:**

Portland General Electric's proposed credit eligibility requirements for voluntary renewable programs, as described in the fifth supplemental filing of Advice 14-15, dated November 19, 2014, effective with service on and after January 1, 2015, be approved.

Renewable Portfolio Options