

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: *J* Jason Eisdorfer and *MH* Marc Hellman

SUBJECT: PORTLAND GENERAL ELECTRIC: (Advice No. 14-20) Schedule 123  
Decoupling Adjustment.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric's (PGE or Company) proposed Schedule 123 tariff, as described in the filing of Advice 14-20, effective for service beginning January 1, 2015, through December 31, 2015.

**DISCUSSION:**

Background

Portland General Electric submitted its filing on October 30, 2014, pursuant to ORS 757.205, ORS 757.210, OAR 860-022-0025, and OAR 860-022-0030, with an effective date of January 1, 2014. The filing updated 2015 Schedule 123 (Decoupling Adjustment) rates associated with the amortization of the Sales Normalization Adjustments (SNA) applicable to Schedules 7, 32, and 532, and the Non-residential Lost Revenue Recovery Adjustments (LRRRA), applicable to remaining non-residential schedules.

The proposed amortization balance resulting from SNA and LRRRA mechanisms is \$5.6 million. The Company proposed to collect \$2.6 million from Schedule 7, refund \$0.9 million to Schedule 32, and collect \$3.9 million from other applicable non-residential Schedules. To amortize the deferred balance of \$2.6 million the proposed rate for Schedule 7 is 0.034 cents per kWh, identical to the current rate. For Schedule 32, the new proposed rate is a credit of 0.057 cents per kWh, a price increase from the current credit of 0.152 cents per kWh. For Schedules impacted by the LRRRA, the proposed

rates are 0.071 cents per kWh and 0.015 cents per kWh for Cost of Service customers and Long-Term Direct Access customers respectively. This is an increase from the current price of 0.007 cents per kWh. The new Schedule 123 rates will be effective for the 12 month period beginning January 1, 2015, through December 31, 2015.

Schedule 123 is designed to recover variances from two mechanisms: the SNA and Non-residential LRRR. Original authorization for these mechanisms was approved in Commission Order No. 09-020 and reauthorization was granted in Commission Order No. 10-077. Commission Order No. 10-478 granted an extension of these mechanisms beyond the original two year agreement while Order Nos. 11-110, 12-075, and 13-044 approved PGE's subsequent request for reauthorization to defer the revenues associated with these mechanisms. The Company maintains a separate balancing account and associated energy rates for the SNA, applicable to Schedules 7, 32, and 532 and for the non-residential LRRR applicable to remaining non-residential schedules.

SNA mechanism addresses deviation of weather adjusted energy sales from forecasted weather normal energy sales. Specifically, SNA, on a monthly basis, is calculated as fixed charge revenue less actual weather-adjusted revenues and accrued to the SNA balancing account. The monthly fixed charge revenue is collected by applying the fixed charge per customer to the number of customers each month, while weather-adjusted monthly revenue is generated from applying distribution, transmission, and fixed generation charges to the weather normalized kWh energy sales per month. The monthly accrual may be positive (under-collection) or negative (over-collection). The SNA is divided into sub-accounts so that net accruals for schedules 7, 32, and 532 are tracked separately.

LRRR mechanism addresses deviation of actual SB 838 funded Energy Efficiency Measures from forecasted SB 838 funded energy efficiency measures. The non-residential LRRR amounts is equal to the reduction in distribution, transmission, and fixed generation revenues due to the reduction in kWh sales as reported to PGE by the Energy Trust of Oregon. The monthly accrual can be positive or negative. The non-residential LRRR is applicable to all customers except those served under Schedules 7, 32, and 532. Large nonresidential customers whose load exceeds one average megawatt at a Point of Delivery are also exempt from the LRRR.

In this filing, the requested balance to amortize due to SNA from January 2015 through December 2015 is an increase of \$2,587,984. Schedule 7 forecasted load for 2015 is 7,554,568 MWh. To amortize the deferred balance of \$2,587,984, the proposed and current rates will remain same i.e., 0.034 cents/kWh. Thus, Schedule 7 customers will see no change in their bill next year.

The proposed 2015 amortization for Schedule 32 as a result of the SNA mechanism is (\$899,525). The forecasted load for Schedule 32 customers is 1,580,865. Given the 2015 load, Schedule 32 customers will see a Schedule 123 rate of (0.057) cents/kWh on their bill. Each of the deferred SNA accounts accrues interest at the Modified Blended Treasury Rate.

The proposed 2015 amortization from the LRRRA mechanism is \$3,907,756. Consistent with OPUC Order No. 13-459, the LRRRA prices for the direct access customers apply to only distribution services. The 2015 load for the LRRRA Cost of Service customers is 5,405,380 MWh and to spread the LRRRA balance over the forecasted load, a rate of 0.071 cents/kWh will apply to all LRRRA Cost of Service customers. Similarly, the estimated rate for the LRRRA Direct Access customers is 0.015 cents/kWh, given the 2015 forecasted load of 421,079 MWh. Each of the deferred LRRRA accounts accrues interest at the Modified Blended Treasury Rate.

The amortization amount proposed in the current filing is approximately 0.3 percent of 2013 revenues. The sum of current and proposed amortization of deferrals, including the deferred balances from Schedule 123 is approximately 2.3 percent of 2013 revenues. The current filing thus, satisfies the requirements of ORS 757.259(6). The current filing also complies with OAR 860-022-0025(2) and OAR 860-022-0030(1). PGE estimated that approximately 107,000 non-residential customers will be impacted by the 0.3 percent increase in revenues from Schedule 123 rates.

#### Staff's Analysis

Staff examined the Company's filings and the worksheets associated with the filings. Staff reviewed the Schedule 123 tariff sheets and found no unusual terms and conditions. As noted above, the current filing fulfills the requirements of the statutes.

Staff reviewed the worksheets showing the deferred balances from the SNA and LRRRA accounts and the Schedule 123 rates derived from these accounts. The proposed rate of 0.034 cents per kWh for Schedule 7, a rate decrease of 0.057 cents per kWh for Schedule 32, and increased rate of 0.071 cents per kWh and 0.015 cents per kWh for Schedules LRRRA-Cost of Service and LRRRA-Long Term Direct Access appropriately reflects the Schedule 123 rates required to amortize the deferrals for the period January 1, 2015, through December 31, 2015.

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

**PROPOSED COMMISSION MOTION:**

Portland General Electric's proposed Schedule 123 rates, as described in the filing of Advice 14-20, effective with service on and after January 1, 2015, be approved.