

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 28, 2023**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A** _____

DATE: December 4, 2023

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1301(16))
Requests reauthorization to defer Direct Access Open Enrollment
Costs/Benefits.

STAFF RECOMMENDATION:

Staff recommends that the Oregon Public Utility Commission (Commission) approve Portland General Electric's (PGE or Company) application for reauthorization to defer certain costs or benefits associated with implementation of PGE's direct access open enrollment for the 12-month period beginning January 1, 2023.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request for reauthorization to defer, with interest, certain costs or benefits associated with implementation of PGE's direct access open enrollment.

Applicable Law

Pursuant to ORS 757.259, the Commission may authorize the deferral of identifiable utility revenues and expenses for later inclusion in rates after finding the expenses or revenues should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels, or to match appropriately the costs borne by and benefits received by ratepayers.

OAR 860-027-0300 governs the use of deferred accounting by energy and large telecommunications utilities and includes several procedural requirements for an application for deferral. This deferral was most recently approved by Order No. 21-034.

Analysis

Background

On September 14, 2006, the Commission adopted the Direct Access Stipulation in Order No. 06-528. PGE and parties entered into, and the Commission approved a stipulation by which PGE would offer quarterly direct access enrollment windows in addition to its annual November election window. The stipulation was made a part of Commission Order No. 07-015 and PGE filed tariff Schedule 128 in compliance with that Order.

On February 1, 2007, PGE filed a request for approval to defer costs and benefits associated with its 2007 Quarterly Direct Access Open Enrollment Windows pursuant to the Commission Orders referenced above. The quarterly deferral was authorized by Commission Order No. 07-108. Then, on March 17, 2008, the Commission determined that the costs and benefits associated with PGE's Annual Direct Access Window are appropriately included within the Docket No. UM 1301 deferral (see Commission Order No. 08-169 in Docket UM 1359).

On February 23, 2012, Commission Order No. 12-057 (Docket No. UE 236) reduced the quarterly windows to one, effective April 1 of each year.

Reason for Deferral

Pursuant to ORS 757.259(2)(e) and for the reasons discussed above, PGE seeks continued deferred accounting treatment for the costs and benefits associated with direct access open enrollment windows incurred from January 1, 2023, through December 31, 2023. Any costs or benefits associated with the deferral will be considered later for appropriate rate-making treatment.

Proposed Accounting

The Company proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) with an off-setting credit to FERC Account 447 (Sales for Resale) or as a regulatory liability in FERC Account 254 (Other Regulatory Liabilities) with an off-setting debit to FERC Account 447 (Sales for Resale).

Estimate of Amounts

The balance-of-year window now provides Schedule 128-eligible customers the opportunity to move to direct access service or an applicable non-cost-of-service pricing

option for the balance of the calendar year. The financial impact of customer decisions during the balance-of-year and Annual Direct Access Windows is based on the amount of customer load that selects non-cost of service pricing and the changes in wholesale market prices used to set the transition adjustment rates (Schedule 128 rates) for each enrollment period. Amounts calculated pursuant to this mechanism will be deferred if the difference in market prices and the load leaving PGE's cost-of-service rate exceeds \$60,000 in the balance-of-year period or \$240,000 for the annual election as specified in Schedule 128.

Information Related to Future Amortization

- Earnings review – An earnings review is required prior to amortization, pursuant to ORS 757.259(5).
- Prudence Review – A prudence review is required prior to amortization and should include a verification of the accounting methodology used to determine the final amortization balance.
- Sharing – How sharing would be structured does not appear to be specified by Commission order, but Staff recommends that there be no sharing of costs after an earnings review is applied.
- Rate Spread/Design – The amortization of any deferred amount will be spread on a per-kWh basis to Large Nonresidential customers as specified in Schedule 128.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year. Because PGE is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit.

Conclusion

The rationale for this deferral is still valid, and the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300. For these reasons, Staff recommends PGE's application be approved.

The Company has reviewed a draft of this memo and voiced no concerns.

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PROPOSED COMMISSION MOTION:

Approve PGE's application for reauthorization to defer certain costs or benefits associated with implementation of PGE's direct access open enrollment for the 12-month period beginning January 1, 2023.

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