

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 15, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2016

DATE: December 4, 2015

TO: Public Utility Commission

FROM: Suparna Bhattacharya ^{SB} and Ming Peng ^{mp}

THROUGH: Jason Eisdorfer ^J and Marc Hellman ^M

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 121/Advice No. 15-24) Schedule 145 Boardman Power Plant Decommissioning Adjustment.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) proposed Schedule 145 tariff, as described in the Advice filing 15-24, effective on and after January 1, 2016.

DISCUSSION:

Issue

Whether the Commission should approve revised Schedule 145 prices consistent with the 2016 Boardman Decommissioning revenue requirements and projected 2016 applicable loads.

Applicable Administrative Rules

- I. ORS 757.205 and ORS 757.210 pertain to filing schedules with the Commission and hearing to establish new schedules.
- II. OAR 860-022-0025(2) states that each energy utility filing tariffs or schedules changing existing tariffs or schedules shall submit: (a) a statement plainly indicating the increase, decrease, or other change thereby made in existing rates, charges, tolls, or rules and regulations; (b) a statement setting forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) a detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

- III. OAR 860-022-0030(1) states that each energy utility filing tariffs or schedules increase rates shall also submit: (a) a statement setting forth for each separate schedule 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; (b) a statement setting forth for each separate schedule the average monthly use and resulting bills under both the existing rates and the proposed rates for characteristic customers, which will fairly represent the application of the proposed tariff or schedules; and (c) a detailed statement setting forth the reasons or grounds relied upon in support of the proposed increase.

Analysis

In Order No. 10-478, the Commission authorized PGE to establish an automatic adjustment clause (Schedule 145) under ORS 757.210 to recover the increased depreciation and decommissioning expenses associated with the early closure of the Boardman coal plant. Schedule 145 became effective January 1, 2011, with no rate effect (zero rates), pending the final determination of the plant closure date.

In Order No. 11-242, the Commission authorized PGE to begin amortizing Boardman decommissioning costs under Schedule 145. Under Order No. 11-242, PGE must submit an annual information report each June 15 reflecting the current balance of dollars collected for decommissioning and any relevant changes to PGE forecasts of future decommissioning costs. PGE must also file an annual update to Schedule 145 rates no later than November 1 of each calendar year.

In this application, PGE updates Schedule 145 rates based on 2016 Boardman decommissioning revenue requirements and projected 2016 loads.

Staff discussed the filing and associated work papers with PGE through conference calls on November 4, and on November 20 of 2015. Staff appreciates the Company's effort in providing all documents relevant to decommissioning costs, as requested by Staff.

For 2016, the proposed revenue requirement due to the decommissioning of Boardman facility is \$6.7 million and includes PGE's 90 percent share of the decommissioning costs,¹ costs associated with plant-focused reliability plan, as well as an additional \$580,000 in order to amortize the balancing account to approximately zero by the end of 2016.

¹ Effective January 1, 2015, PGE's share of decommissioning cost increased from 80 percent to 90 percent (Advice Nos. 14-09 and 14-18).

PGE allocated \$6.7 million across all schedules based on each schedule's generation revenue share. PGE determined the price for each schedule by calculating as an allocated revenue share over respective forecasted load. PGE used 2016 projected load and current energy price to generate revenue share and price for each schedule. The Schedule 145 rate will increase for each schedule. Average rate increase for the 856,000 applicable cost-of-service customers will be 0.03 percent.² A typical Schedule 7 residential customer consuming 840 kWh monthly will see a bill increase of \$0.03.³ The proposed Schedule 145 price changes will result in an approximately \$517,000 increase in revenues.⁴

Conclusions

Given that the recovery of decommission expense through Schedule 145 is subject to an automatic adjustment clause, Staff's prudence review focused on whether decommissioning costs and projected rate adjustments were calculated correctly. Staff verified that PGE's 90 percent cost share and reliability plan costs for 2016 have been appropriately calculated. Schedule 145 rates reflect the decommissioning expense to be recovered in 2016 and have been correctly updated in the filed tariff sheets 145-1 and 145-2.

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

PROPOSED COMMISSION MOTION:

PGE's proposed Schedule 145 tariff, as described in the Advice filing 15-24, effective with service on and after January 1, 2016, be approved.

Boardman Decommissioning

² PGE Advice No. 15-24 at 1.

³ PGE Advice No. 15-24 at 1.

⁴ PGE Advice No. 15-24 at 1.