

ITEM NO. 1

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

REGULAR CONSENT EFFECTIVE DATE January 1, 2016

DATE: November 23, 2015

TO: Public Utility Commission

FROM: Scott Gibbens *SG*

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

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 138/Advice No. 15-29) Requests withdrawal of Schedule 730 Power Quality Products and Services.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE) Advice No. 15-29 filing and allow it to take effect January 1, 2016.

ISSUE:

Whether the Commission should approve PGE's request to terminate Schedule 730 Power Quality Products and Services, under which customers may purchase or lease products to protect against power surges, spikes, or outages.

APPLICABLE LAW:

The Commission reviews proposed tariffs filed under ORS 757.205 to determine whether they are fair and reasonable. See ORS 756.040.

OAR 860-022-0025(2) requires utilities proposing to change a tariff to (a) plainly indicate the increase, decrease, or other proposed change; (b) set forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) provide a detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

ANALYSIS:

Under Schedule 730, any PGE customer could purchase or lease products from PGE to protect their electronic equipment from potential power surges, spikes, and outages. Four product categories are available through the schedule; Meter Socket Adapter (MSA), Home Surge Protection Center, Inside Outlet Surge Suppressor, and Uninterruptible Power Supply. Only the MSA device was available to lease.

Due to low enrollment and an increased availability of similar products in the retail market PGE is seeking to terminate Schedule 730. Advice No. 09-20 closed the program to new service effective November 25, 2009. No sunset date was filed at the time. Currently there are thirty-three customers in the program who lease a MSA and that will be affected by the change.

PGE notified the affected customers November 9, 2015. They have until December 31, 2015 to respond to the notification. Should the filing be approved, they will have the option to keep the device and accept all liability as the new owner of the MSA, or have PGE remove the device at no cost. PGE will remove the device between January 1, 2016 and January 31, 2016. If PGE does not receive a customer's preferred option, the customer will be deemed to have elected to keep the device. All affected customers would see the removal of the \$5.95 per month fee associated with the lease agreement. If the customer elects to keep the unit, they will receive a confirmation letter that includes technical support information for the assistance or replacement of their unit.

Staff analyzed the termination of the schedule based on three criteria:

- 1) Were the customers provided reasonable notice?
- 2) Is the transition offered by PGE based on reasonable terms and conditions?
- 3) Do the customers have market alternatives to the PGE service offering?

Staff used the filing and Staff reports from Advice No. 09-20 and Advice No. 03-18, the current application, the Company's Schedule 730, research into the power suppression industry, as well as the responses to five Staff information requests to analyze the filing.

Were the customers provided reasonable notice?

PGE noticed customers by providing a separate mailing that informed the customer of the discontinuing of service as well as the options available to the customers. The notice to customers was mailed on November 7, 2015. Customers have until December 31, 2015, to notify PGE whether they would like to assume ownership of the leased devices or have PGE remove them at no cost to the customer. Staff believes this is sufficient notice.

Is the transition offered by PGE based on reasonable terms and conditions?

For customers that elect to assume ownership of the device, Staff believes that the transfer of liability will be minimal. PGE states that the customer will continue to bear the same risk as it did under the lease agreement with PGE. PGE's liability for the products is currently limited in the existing tariff. Original Sheet No. 730-4 of P.U.C. Oregon No. E-18 states:

All products are warranted through the manufacturer. The Customer agrees that the Company will not be liable for any and all claims, costs, expenses, damages and liabilities, including reasonable attorney fees at trial and on appeal, resulting from, or alleged to be caused, directly or indirectly, by use, operation, or failure of any of the products or services offered under this schedule except when cause by sole negligence of the Company. The Customer will look solely to the manufacturer for any recovery of the liability claims.

Should PGE customers choose to have the products removed, PGE will perform the removal at no cost to the customer. If the device needs to be replaced, Staff believes customers can obtain similar products that perform the same function from electric supply stores, building supply warehouses, or on the internet.

Commission Order No. 03-701 states that Schedule 730 meets the definition of competitive operations.¹ Program costs and revenues are recorded into non-regulated accounts. PGE's retail ratepayers would see no rate impact from the estimated \$2,356 loss in annual revenue, nor would they see any impact from the associated costs of removing MSA units.

Staff believes that PGE is fairly treating customers affected by the termination of the schedule. As noted previously, the program is part of a competitive market; as such Staff believes that the addition and removal of products from the market is a natural outcome. The option to retain the devices or have PGE remove them presents a minimal impact solution that is fair and just. Due to the low enrollment in the program and the availability of similar products via multiple outlets the filing is reasonable.

Do the customers have market alternatives to the PGE service offering?

In every written and verbal communication regarding the Power Quality products PGE includes the following two points:

¹ "Competitive operation" means any activities related to the provision of electricity services conducted by the electric company's nonregulated operation or the electric company's affiliate.

- a) The purchase of this service is not necessary for a Customer to continue to receive safe and reliable power from the Company.
- b) Customer may buy similar products and services from other providers.

In the review of the surge suppressor industry, Staff found multiple outlets which customers could pursue to purchase similar products.

Staff believes that the termination of Schedule 730 will not result in the deprivation of necessary energy services due to the fact that the program is voluntary and similar products are available to customers at similar prices.

Staff therefore recommends the approval of ADV No.15-29.

The Company was provided a draft copy of this memo and has no concerns.

PROPOSED COMMISSION MOTION:

PGE's Advice No. 15-29 be approved and allowed to go into effect on January 1, 2016.