


ITEM NO. CA17

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 5, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE July 6, 2016

DATE: June 15, 2016

TO: Public Utility Commission

FROM: Judy Johnson 

THROUGH: Jason Eisdorfer and Marc Hellman 

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 318/Advice No. 16-08) Requests clarification of the interest rate applicable to the Renewable Development Fund.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric Company's (PGE or Company) Advice No. 16-08 and its companion request for approval of the schedule change on less than the 30-days' notice in order to have rates be effective on and after July 6, 2016.

DISCUSSION:

Issue

Whether the Commission should approve PGE's Advice No. 16-08 (Advice Filing) which clarifies that the applicable interest rate to apply to the Company's Renewable Development Fund (RDF) on and after July 6, 2016, will be the same as the interest rate that is applied to a deferred account that is being amortized. Further, whether the Commission should approve the Advice Filing's correction of references in Schedules 7 and 32 from Tradable Renewable Credits (TRCs) to Renewable Energy Certificates (RECs).

Applicable Law

PGE submits its filing as a general request for a schedule change pursuant to ORS 757.205, ORS 757.210, and OAR 860-022-0025. PGE is also submitting an application requesting a waiver of statutorily-required 30-days' notice of schedule change pursuant to ORS 757.220 and OAR 860-022-0020 (this waiver request is commonly known as a request for approval with "less than statutory notice" or "LSN").

Finally, Commission Order No. 08-263 specifies that a modified blended treasury rate (MBT) applies to a deferred account when it is being amortized.

Discussion

On May 31, 2016, PGE filed its Advice Filing to request that the interest rate that applies to its RDF, set forth in its Schedules 7 and 32, be updated to be the same MBT interest rate that is applied to deferred accounts in amortization. While the RDF is not a deferred account, PGE's current practice is to apply an interest rate that is consistent with the Commission's Order No. 08-263. That Order specifies that the "authorized rate of return" (AROR) is applied to a deferred account while the funds are being held, and then uses a MBT when the deferred account RDF is amortized.

Staff reviewed PGE's filing and met with PGE staff. After the discussion, the Company submitted a supplemental filing to clarify that, consistent with Order No. 08-263, PGE's authorized cost of capital will be the interest rate that applies to funds that are currently held in the RDF. Going forward, for amounts accruing to and held in the RDF on or after July 6, 2016, PGE will apply the MBT interest rate for deferred accounts in amortization. In addition, PGE and Staff agree that the funds in the RDF will be disbursed to qualifying projects on a first-in-first-out basis.

In addition, references to Tradable Renewable Credits (TRC) were changed to Renewable Energy Certificates (REC) in PGE's Advice No. 16-07 that was recently approved. PGE inadvertently missed this correction and is including those changes to its Schedules 7 and 32 with this Supplemental Filing.

Conclusion

Staff has reviewed PGE's original and supplemental filing. Staff finds that PGE's proposed clarification of the interest rate to be applied to the RDF is reasonable. Further, Staff reviewed PGE's request for waiver of 30-days' statutory notice. Staff concludes that the waiver is acceptable in this case.

PROPOSED COMMISSION MOTION:

Approve both PGE's Advice No. 16-08 and the Company's request for an LSN for Schedule changes, allowing changes in rates to be effective on and after July 6, 2016. Also, approve changing the references in PGE's approved Schedules 7 and 32 from Tradable Renewable Credits to Renewable Energy Credits.