

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 4, 2017

REGULAR _____ CONSENT X EFFECTIVE DATE April 5, 2017

DATE: March 23, 2017

TO: Public Utility Commission

FROM: *SC* Mark Bassett *MB*

THROUGH: *J* Jason Eisdorfer and *SC* John Crider

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 517/Advice No. 17-04) Revising Schedules 7 and 32 Renewable Development Fund Update.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Portland General Electric's (PGE) filing pursuant to ORS 757.205, and OAR 860-022-0025 for filing proposed revised tariff sheets associated with Tariff P.U.C. No. 18:

- Eighth Revision of Sheet No. 7-2
- Eighth Revision of Sheet No. 7-3
- Eighth Revision of Sheet No. 32-2
- Seventh Revision of Sheet No. 32-3

DISCUSSION:

Issue

Whether the Commission should approve PGE's filing of proposed tariff sheets associated with Tariff P.U.C. No. 18 to: (1) comply with Order 16-156 with regard to the timing of the annual report; and (2) clarify the language in Advice Filing 16-08 regarding the interest paid on funds deemed disbursed in the Renewable Development Fund (RDF).

Applicable Rule or Law

ORS 757.205 requires every public utility to file schedules with the Commission.

OAR 860-022-0025 defines requirements for filing tariffs or schedules changing rates. Order No. 16-156, dated April 12, 2016, accepted PGE's revised RDF Guidelines, adopted Staff's revised Renewable Fund Review Process, and concluded that new projects from PGE's RDF program cannot also use ratepayer funds for those projects. Finally, Commission Order No. 08-263 specifies that a modified blended treasury rate (MBT) applies to a deferred account when it is being amortized.

Analysis

Report Timing

Order No. 16-156 changed the filing date for the annual report from April 1 to March 15, and PGE's recommended revisions to the tariff sheets address this.

Interest Accrued on RDF

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.

The purpose of the RDF is to provide these customer contributed funds as grants to support renewable projects. In 2016, PGE submitted its RDF program and guidelines to the Commission, which the Commission approved on April 2016 with Order No. 16-156. PGE then issued an RFP calling for projects seeking RDF funding, selected projects, and forwarded them to the Commission for review. The Commission approved the projects with Order No. 17-048, and PGE notified the project owners of the approved projects that they would receive the RDF funding once the projects were constructed and complete.

In this advice filing, PGE is clarifying in the tariff that the applicable interest rate applies to the funds until they are disbursed, and that funds are deemed disbursed when they

are allocated to projects and the grants have been through the Commission review process. Funds deemed disbursed but still held by PGE will accrue interest at the Commission authorized rate for deferred accounts in amortization.

To satisfy the requirements of OAR 860-022-0025, PGE responds as follows:

This filing modifies language and is housekeeping in nature. There is no change in rates or charges in this service. PGE has 9,078 Customers who choose the Fixed Renewable voluntary option and contribute to the RDF.

Conclusion

PGE's filing of revised tariff sheets meets the requirements related to RDF guidelines and reporting dates established by Order No. 16-156, application of interest rates established by Order No. 08-263, and tariff filing requirements of OAR 860-022-0025 and should be approved.

PROPOSED COMMISSION MOTION:

Approve PGE's Advice No. 17-04 allowing revision of Schedules 7 and 32 to reflect the revised filing date and clarify RDF fund disbursement effective April 5, 2017.