

ITEM NO. CA6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 26, 2017

REGULAR _____ CONSENT X EFFECTIVE DATE October 1, 2017

DATE: September 19, 2017

TO: Public Utility Commission

FROM: Max St. Brown^{MSB}

THROUGH: Jason Eisdorfer and Marc Hellman

SUBJECT: PACIFIC POWER: (Docket No. ADV 621/Advice No. 17-004) Updates Schedule 98, Sets Residential Exchange Program Credits for the Fiscal Year 2018-19 Rate Period.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve PacifiCorp's proposed revisions to the residential exchange program (REP) credits in its Schedule 98, Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act and allow the associated tariff revisions to take effect October 1, 2017.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's proposed revisions to the REP credits in its Schedule 98.

Applicable Law

Under ORS 757.205(1), a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. The Commission may approve tariff changes if they are deemed to be fair, just and reasonable. ORS 757.210. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0005 and OAR 860-022-0025. Filings that make any change in rates, tolls, charges, rules or regulations must be filed with the Commission at least 30 days before the effective date of the changes.

In addition, the tariff relates to the Residential Exchange Credit and the Regional Power Act for which ORS 757.663 provides the Commission authority to require electric companies to enter into contracts with Bonneville Power Administration (BPA). BPA and PacifiCorp are operating under the terms of the contract previously approved by the Commission in Order Nos. 11-113, 11-170, and 11-467, Docket UM 926.

Background

On August 28, 2017, PacifiCorp filed Advice No. 17-004, to update the values of the REP credits for the fiscal year 2018-19 rate period. For PacifiCorp's system, the aggregate REP benefit increased 4.3¹ percent versus the October 2015 to September 2017 period. However, the per kWh credit for Oregon customers only increases 2.2² percent, partly because for the last two years, PAC has over-credited customers resulting in a negative balancing account balance which is to be recouped going forward.

Analysis

The REP credit is computed as follows. First, PAC allocates its Final REP Benefits³ of \$67,750,000 between each of its states based on qualifying relative load and the lookback adjustment, resulting in an aggregate credit of \$46,784,772 for Oregon qualifying customers. PAC indicates that the lookback adjustment is "allocated to state jurisdictions by ratio of benefits received under overturned disallowed settlement 2002-2007."⁴ Second, the Oregon allocation is adjusted for the current balance in the Oregon REP account of (\$4,865,440). On a two-year basis, the annual credit to be distributed to Oregon qualifying customers is $\frac{\$46,784,772 * 2 - \$4,865,440}{2} = \$44,350,000$. Third, kWh associated with PAC's employee discount are added back in, which increases the total distribution by \$30,000 to \$44,380,000. Fourth, the Oregon credit is allocated to residential versus non-residential customers based on their qualifying load. Residential qualifying load is 5,251,930 MWh and non-residential qualifying load is 401,136 MWh. Non-residential customers have 7.1 percent of qualifying load, so they receive 0.071 * \$44,380,000 = \$3,149,000. The non-residential rate of \$0.00785 per kWh is \$3,149,000

¹ Where $\$67,750,000 \div \$64,972,000 - 1 = 0.043$. \$64,972,000 is the Final REP Benefit in Bonneville Power Administration. "Table 2.4.11: Rate Directive Step Calculation of Utility Specific PF Exchange Rates and REP Benefits: Test Period October 2015 - September 2017."

² Where $\$0.01062 \div \$0.01039 - 1 = 0.022$.

³ See Bonneville Power Administration. "Table 2.4.11: Rate Directive Step Calculation of Utility Specific PF Exchange Rates and REP Benefits: Test Period October 2017 - September 2019." Available at: <https://www.bpa.gov/Finance/ResidentialExchangeProgram/FY20182019UtilityFilings/Table%202.4.11.pdf>

⁴ Attachment A of Advice No. 17-004 (PAC).

÷ 401,136,000 kWh. Finally, the residential rate is only applied to the first 1,000 kWh per customer, which is 3,882,368 kWh in aggregate. The residential rate of \$0.01062 per kWh is $\frac{\$44,380,000 - \$3,149,000}{3,882,368,000}$.

Conclusion

The updated rates will decrease the average residential customer's bill by 0.2 percent. Staff reviewed the workpapers provided with the filing and compared them to the spreadsheet workpapers provided with the REP 2015 filing, ADV 92/Advice No. 15-011 (PAC). Staff found the 2017 workpapers sufficient and did not ask any information requests. Staff confirmed that PAC is using the correct aggregate REP credits from BPA and Staff confirmed the accuracy of the Company's computations to spread that credit among states and among residential and non-residential customers based on relative qualifying load while accounting for the lookback adjustment.

The Company has reviewed this memo and has stated no objections.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's proposed revisions to its Schedule 98, Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act, and allow the associated tariff revisions to take effect for service rendered on and after October 1, 2017.