

ITEM NO. CA15

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2017

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2018

DATE: December 11, 2017

TO: Public Utility Commission

FROM: Max St. Brown^{MSB}

THROUGH:  Jason Eisdorfer and John Crider

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 652/Advice No. 17-28) Updates BPA Residential Exchange Credit.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric (PGE or Company)'s proposed revisions to the Residential Exchange Program (REP) credits in its Schedule 102, Regional Power Act Exchange Credit.

DISCUSSION:

Issue

Whether PGE correctly calculated the adjustment to the Residential Exchange Program (REP) credits and whether the Commission should approve PGE's proposed revisions to the REP credits in its Schedule 102.

Applicable Rule or Law

The Commission's authority over this tariff filing is pursuant to ORS 757.205-.215 and OAR 860-022-0025. In addition, the tariff relates to the Residential Exchange Credit and the Pacific Northwest Electric Power Planning and Conservation (NW 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 PGE are operating under the terms of the contract with PGE that was previously approved by the Commission.

Analysis

For PGE, this is an annual filing; Idaho Power described the background on BPA credits in its Advice No. 17-10, which is reproduced here for reference:

“Under the terms and conditions of the [NW Power Act], BPA has established a Residential Exchange Program (“REP”) to pass through benefits from the federal Columbia River power system directly to qualifying residential and small farm customers of participating Pacific Northwest utilities. The REP was suspended in 2007 due to a ruling by the United States Ninth Circuit Court of Appeals. In 2011, [PGE], BPA, and others (“the Parties”) signed a Residential Exchange Program Settlement Agreement (“Settlement Agreement”) (BPA Contract No. 11PB-12322) whereby [PGE] would start receiving monthly benefits beginning October 1, 2011. The Settlement Agreement settled the Parties’ rights and obligations for the REP provided for by the NW Power Act and fixed the total amount of benefits to be paid to participating utilities from 2011 through 2028.

Although the Settlement Agreement established fixed annual benefits in total for BPA fiscal years 2012 through 2028, these benefits are allocated to the utilities based upon each utility’s Average System Cost (“ASC”) in comparison to BPA’s Priority Firm Exchange Rate (“PF Exchange Rate”), and upon a two-year average of the utility’s historical eligible loads. A utility’s ASC and the resulting benefits are determined through an ASC filing and review process administered by BPA and conducted every two years.”¹

PGE filed Advice No. 17-28 on November 13, 2017, to update Schedule 102 reflecting an increase in REP credits to be distributed to residential, farm, nonresidential farm irrigation, and drainage pumping customers. BPA updated REP rates for the 2018 to 2019 fiscal year; the update increased PGE’s annual monetary benefits by \$5,126,000.² This filing updates Schedule 102 rates to pass those credits (plus \$1.1 million in the BPA balancing account) through to customers and to reflect PGE’s updated load forecast.

As a first step to compute Schedule 102 rates, PGE sums the rate year’s BPA benefit with the funds remaining in the BPA balancing account and then divides by the rate year’s eligible load. This provides a credit of \$0.00834 per kWh, which is the proposed rate for all eligible schedules except Schedule 7. The Schedule 7 rate is higher because it only applies to the first 1,000 kWh of use. To compute the Schedule 7 rate,

¹ See Initial filing in Advice No. 17-10 (Idaho Power), November 17, 2017 at 1-2. Available at: <http://edocs.puc.state.or.us/efdocs/UAA/uaa141653.pdf>

² See Appendix, where \$66,934,000 - \$61,808,000 = 5,126,000.

PGE subtracts the other schedules' credits from the sum of the benefit and balancing account funds and then divides by the Schedule 7 eligible load in the first 1,000 kWh block.

Conclusion

The Company is proposing to increase customers' credits, which will decrease customers' bills. As a result of the proposed tariff revisions, a typical Schedule 7 residential customer consuming 820 kWh monthly will see a bill decrease of approximately \$0.30 or 0.3 percent.³

Staff initiated five requests for information. Staff reviewed PGE's workpapers and confirmed that the proposed Schedule 102 rates are properly computed.

PROPOSED COMMISSION MOTION:

Approve PGE's proposed revisions to its Schedule 102, Regional Power Act Exchange Credit, effective for service rendered on and after January 1, 2017.

CA15_Advice No. 17-28 (PGE)

³ See PGE Advice No. 15-26 at 1.

