

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 4, 2021**

REGULAR CONSENT EFFECTIVE DATE February 22, 2021

DATE: April 23, 2021

TO: Public Utility Commission

FROM: Mitchell Moore and Eric Shierman

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2003(2))
Requests Reauthorization of Deferred Accounting of Costs and Revenues
Associated with Transportation Electrification.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE or Company) application to reauthorize deferred accounting of costs and revenues associated with its Electric Vehicle (EV) Charging Pilots for the 12-month period beginning February 22, 2021.

DISCUSSION:

Issue

Whether the Commission should approve PGE's applications for the reauthorization of deferred accounting of costs and revenues associated with TE and EV Charging Pilots.

Applicable Law

ORS 757.259 allows the Commission to authorize deferred accounting for later incorporation into rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include, "[i]dentifiable utility expenses or revenues, the recovery or refund of which the Commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuations of rate levels or to match appropriately the costs borne by and benefits received by ratepayers."
ORS 757.259(2)(e).

In OAR 860-027-0300(3), the Commission has set the requirements for the contents of deferred accounting applications. Applications for reauthorization must include a description and explanation of the entries in the deferred account, up to the date of the application for reauthorization, as well as the reason for continuation of deferred accounting. OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

Unless subject to an automatic adjustment clause under ORS 757.210(1), amounts deferred under ORS 757.259(5) and OAR 860-027-0300 are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review and review of the utility's earnings. With some exceptions, a company's amortization of amounts deferred under ORS 757.259(5) cannot exceed an amount equal to three percent of the company's gross revenues from the preceding year. ORS 757.259(6).

The Commission most recently approved PGE's applications for the reauthorization of deferred accounting of costs and revenues associated with TE and EV Charging Pilots on October 27, 2020, in Order No. 20-381.

Analysis

Background

In Docket No. UM 1811, Order No. 18-054, the Commission adopted a stipulation from the parties authorizing PGE to undertake three pilot programs to accelerate TE. Additionally, in the stipulation adopted by Order No. 18-054, PGE agreed to submit for future consideration two additional pilot programs. The future pilot programs were to include a residential home charging pilot (including rebates for customers installing a connected level 2 charged and going on time-of-use rate schedule), and a workplace charging and/or fleet charging program available to both cost-of-service and direct access customers. On February 15, 2019, PGE filed its initial application in Docket No. UM 2003, proposing to create and defer the costs of the two additional pilot programs outlined by the stipulation adopted in Order No. 18-054.

After review of the pilots and subsequent discussion among the parties, the original stipulation was modified and PGE modified its two new pilot proposals. Then, on September 11, 2019, PGE and Staff filed a joint motion to adopt an amended stipulation in Docket No. UM 1811. The amended stipulation was adopted by the Commission in Order No. 19-385.

As part of the amended stipulation adopted by the Commission in Order No. 19-385, the parties agreed that all revenues and O&M costs associated with these three pilots and the required pilot evaluation shall be deferred in a deferred account.¹

Residential EV Charging Pilot

The goal of the Residential EV Charging Pilot is to encourage EV adoption by providing financial incentives and facilitating the installation of qualified charging stations. The Pilot also explores mechanisms to realize the value of the delivery of grid services (e.g. demand response, daily load shifting, and load following) via the connected chargers.

PGE provides rebates to customers for the installation of qualifying connected EV home chargers, as well as performance rewards for participation in Smart Charging Program (grid services). The Pilot had a soft launch on October 22, 2020, and was focused on PGE employees and targeted EV owners. Twenty-four PGE customers were enrolled in the Pilot by January 3, 2021, with 12 requesting enrollments into the Schedule 7 Time of Use rate.

Additionally, in December 2020, PGE launched the EV dealership referral program. Chargeway Beacons worked with three local dealerships to test the referral process and the Pilot's communication with customers. PGE reports that the launch resulted in 19 successful customer referrals for Pilot information. On January 4, 2021, PGE began efforts to market the Pilot to the entire residential segment. The pilot includes a network of electricians as a resource for customers, integration of the original equipment manufacturers with our demand response management system, and the start of calling demand.

Business EV Charging Rebate Pilot

PGE's Business EV Charging Rebate Pilot aims to encourage business customers to deploy EV charging infrastructure by reducing their associated costs through a rebate program.

On July 17, 2020, PGE submitted a modified proposal for the Business EV Charging program pilot, designed to reflect the amended stipulation adopted by Commission Order No. 19-385 in Docket No. UM 1811. The modified proposal entails a rebate of \$500 per charging port for non-residential customers installing qualified networked chargers and a rebate of \$2,300 per charging port for income-qualified multifamily properties.

On December 15, 2020, the Commission approved PGE Schedule 52, which implemented the modified proposal effective December 18, 2020. The Business EV

¹ Order No. 19-385. Appendix A, page 3.

Charging Rebate Pilot launched on December 18, 2020, with a new website, a list of 11 qualified products, application checklist, online application, and Frequently Asked Questions.

Description of Expense

As noted above, PGE is proposing to defer the incremental O&M costs and revenues associated with its EV Pilots as authorized by the Commission in Order Nos. 18-054 and 19-385.

Reason for Deferral

PGE seeks to defer the incremental O&M costs associated with its EV Charging pilots in order to minimize the frequency of rate changes and/or match appropriately the costs borne by and benefits received by customers.

Proposed Accounting

PGE proposes to record the deferred amount as a regulatory asset in FERC Account 182.3, Other Regulatory Assets, with a credit to the appropriate FERC accounts.

Estimated Deferrals in Authorization Period

PGE estimates to incur total O&M costs of approximately \$8.9 million over the 14-year period of the Residential EV Charging pilot. PGE reports that residential pilot expenses were significantly below the original forecast due to the delayed timing of various manufacturer integration costs now expected to be delivered in 2021. PGE forecasts approximately \$2 million will be incurred through 2021 for this program.

The total cost of the Business EV Charging Rebate pilot is capped at \$1 million pursuant to Commission Order No. 19-385. PGE expects to incur O&M costs of approximately \$300,000 in 2021.

Information Related to Future Amortization

- Earnings Review – Prior to amortization, an earnings review will be conducted pursuant to ORS 757.259(5).
- Prudence Review – Prior to amortization, a prudence review will be conducted. The prudence review will include the verification of the accounting methodology used to determine the final amortization balance, as well as a review of all costs and revenues proposed for amortization. For example, in reviewing the prudence of the program evaluation costs, Staff will look for compliance with OAR 860-087-0030 and OAR 860-087-0040, as well as the research questions outlined in Appendix B of Order No. 18-124.
- Sharing - These deferrals are not subject to a sharing mechanism.

- Rate Spread/Rate Design – Costs will be allocated to each schedule using the applicable schedule’s forecasted energy based on an equal percent revenue applied on a cents-per-kWh basis.
- Three Percent Test (ORS 757.259(6)) – The amortization of the Pilots’ deferred costs will be subject to the three percent test, which measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (with exceptions) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility’s gross revenues for the preceding year.

Conclusion

Based on Staff’s review of PGE’s application, Staff concludes that the rationale for this deferral is still valid, and the Company’s application meets the requirements of ORS 757.259 and OAR 860-027-0300. For these reasons, Staff recommends PGE’s application be approved.

PROPOSED COMMISSION MOTION:

Approve PGE’s application for deferred accounting of costs and revenues associated with EV Charging Pilots for the 12-month period beginning February 22, 2021.