

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 27, 2019**

REGULAR CONSENT EFFECTIVE DATE September 1, 2019

DATE: August 15, 2019

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TO: Public Utility Commission

FROM: Moya Enright and Scott Gibbens

THROUGH: Jason Eisdorfer and John Crider **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC: (ADV 988/Advice No. 19-14) Updates Three to Five Year Transition Adjustment Schedule 129, prior to the September 2019 Election Window (Enrollment Period R).

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Portland General Electric's (PGE or Company) annual tariff update for service rendered on and after effective date September 1, 2019.

DISCUSSION:

Issue

Whether the Public Utility Commission should approve PGE's annual direct access tariff update for service rendered on and after September 1, 2019.

Applicable Rule or Law

Portland General Electric's request involves changes to tariff sheets governed by Oregon Revised Statutes (ORS) 757.205, ORS 757.210 and Oregon Administrative Rules (OAR) 860-022-0025 and 860-022-0030.

Filings that make any change in rates, tolls, or charges must be filed with the Commission at least 30 days before the effective date of the changes. PGE's filing was lodged on July 3, 2019, within this timeline.

Analysis

Background

PGE's multi-year opt-out filing implements the requirements of OAR 860-038-0275(5) to "offer customers a multi-year direct access program with an associated fixed transition adjustment." The details of these options are as follows:

Five-year Cost of Service Opt-out:

Provides a fixed transition adjustment rate for each year of the opt-out term. Following the five-year term, the customer can return to the Company's cost of service tariff, subsequent to providing PGE with a three-year notice. Alternatively, the customer may remain with an Electricity Service Supplier (ESS) without being subject to any additional Schedule 129 transition adjustments.

Three-year Cost of Service Opt-out:

Provides a fixed transition adjustment rate for each year of the opt-out term. At the end of the three-year term, customers must select service under any other applicable rate schedule.

Customers selecting a cost of service opt-out under Schedules 485, 489, 490, 491, 492 or 495 for service in 2019 will be subject to the applicable Schedule 129 transition adjustment rates. PGE calculates these rates as the difference between the cost of energy provided by its owned and contracted resources and the market value of that energy.

Order No. 13-459 filed in the PGE general rate case UE 262 addressed long-term direct access issues commencing with service beginning January 2015. Consistent with the terms of this stipulation, PGE continues the transition adjustments methodology for Enrollment Period R, including the following details:

Five-year Cost of Service Opt-out:

- 1) Transition adjustment components related to net variable power costs, applicable adjustments, and estimated market power prices are calculated in advance, levelized over the five year opt-out period, and not subject to updates;
- 2) Initial transition adjustments reflect current Commission-approved fixed generation costs, and will not be levelized over the five year opt-out period;¹ and,

¹ Order No. 13-459, Appendix B, p. 3.

- 3) During the five-year opt-out period, fixed generation costs will be updated consistent with Commission orders related to general rate cases or Renewable Resource Automatic Adjustment Clause proceedings.²

Three-year Cost of Service Opt-out:

Transition adjustments include the projected revenue requirements of new and existing resources, if any, that are expected to begin providing service during the three-year period (prorated to the expected date(s) of service), levelized over the three year opt-out period, and not subject to updates.

PGE's July 3, 2019 filing for Enrollment Period R

PGE's application sets rates for customers electing direct access in the 2019 election window (Enrollment Period R) beginning September 1, 2019.

Staff requested and received electronic versions of the Company's workpapers showing the calculation of rates for three- and five-year opt-out customers. Staff reviewed the workpapers to ensure consistency among the model inputs, outputs, and the actual tariff entries.

Staff notes that the three-year transition adjustments in this filing includes the projected revenue requirements of the new Wheatridge generation resource, which is scheduled to begin operation on January 1, 2021. This treatment is consistent with the terms of the stipulation mentioned above.

Advice No. 19-14 is an indicative advice filing demonstrating the methodology behind the direct access rate calculation. PGE expects to file a compliance filing with updated power costs, loads, and forward market prices for Enrollment Period R direct access customers on August 31, 2019.

Effect on Ratepayers

This tariff will impact only those direct access customers who choose to leave cost-of-service during the option window. However, the number of such customers who will make this election is unknown and, under these circumstances, the revenue change is similarly unknown.

² Id.

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Conclusion

Staff has reviewed the methodology used to calculate direct access rates and verified that they align with the stipulations from UE 262. Staff has determined that the rates are fair and reasonable and will not cause harm to cost of service customers.

PROPOSED COMMISSION MOTION:

Approve the Company's request to update its tariff, effective with service rendered on and after September 1, 2019.

ADV 988 - Draft Memo 08.15.2019