

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 17, 2019**

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2020

DATE: December 10, 2019

TO: Public Utility Commission

FROM: Sabrinna Soldavini

THROUGH: Mike Dougherty and Marianne Gardner **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket ADV No. 1034/Advice No. 19-20)
Updates Schedule 123, Decoupling Adjustment.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (Commission) approve Portland General Electric's (PGE or Company) proposed update to its Schedule 123, Decoupling Adjustment, as described in the filing of Advice No. 19-20, effective with service on and after January 1, 2020.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request to update its Schedule 123, Decoupling Adjustment.

Applicable Law

ORS 757.205(1) states that 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.

OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff. 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. ORS 757.220.

The Commission reviews tariffs filed under ORS 757.205 and 757.210 to determine whether they are fair, just, and reasonable.

ORS 757.259 allows certain deferred amounts to be included in utility rates upon application of a utility or ratepayer or upon the Commissions' own motion identifiable 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 fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

Analysis

Background

PGE submitted Advice No.19-20 on October 31, 2019, pursuant to ORS 757.205, ORS 757.210, and OAR 860-022-0025, with an effective date of January 1, 2020. This filing requests updates to PGE's Schedule 123 rates to amortize the variances deferred pursuant to Schedule 123.

Schedule 123 is designed to allow PGE to recover the variance between forecasted and actual revenue using two mechanisms: the Sales Normalization Adjustment (SNA) and Nonresidential Lost Revenue Recovery Adjustment (LRRRA). The SNA applies to Schedules 7, 32, and 532, and the Nonresidential LRRRA applies to the remaining nonresidential schedules.

Sales Normalization Adjustment

The SNA addresses the non-weather related deviation between actual and forecasted energy sales. The monthly SNA deferral is calculated as fixed charge revenue less weather adjusted actual revenues. The monthly deferral is booked to the SNA balancing account in the month of usage. The SNA balancing account accrues interest at the modified blended treasury rate.

PGE calculates the 2020 amortization of the 2018 results of the SNA balancing account will charge approximately \$4.3 million to residential customers through Schedule 7, and refund approximately \$0.58 million to small non-residential customers through Schedule 32. If approved, this results in a Schedule 123 rate of 0.058 cents per kWh for Schedule 7 customers¹, and (0.037) cents per kWh for Schedule 32 customers.

¹ Staff notes that although the Schedule 123 rate for residential Schedule 7 customers is positive, the overall effect of this filing on Schedule 7 customers (and the Company's revenue) is a decrease in rates, as the current Schedule 123 rate for Schedule 7 customers is 0.200 cents per kWh.

Lost Revenue Recovery Adjustment

The LRRRA portion of Schedule 123 addresses the deviation of actual SB 838 funded energy efficiency measures from forecasted SB 838 funded energy efficiency measures embedded in the most recent rate case. The difference between actual and forecasted energy efficiency savings is assigned to the LRRRA balancing account based on the fixed cost portion of energy charges. The LRRRA applies to all Schedules except 7, 32, and 532. PGE calculates that the amortization of the 2018 LRRRA balancing account will lead to a refund of approximately \$0.1 million to applicable schedules. This results in a Schedule 123 rate of (0.02) cents per kWh for cost of service customers and 0.00 cents per kWh Schedule 123 rate from cost of service opt-out customers.

Staff reviewed the work papers underlying the SNA and LRRRA values and found the assumptions and calculations to be accurate.

Effects of Filing

The changes to Schedule 123 will affect approximately 902,000 customers (2020 forecast). PGE's overall revenues are projected to decrease by \$10.3 million or 0.6 percent. A typical Schedule 7 residential customer, using 800 kWh per month, will see a \$1.17, or 1.1 percent, decrease in their monthly bill due to the proposed changes to Schedule 123.

PGE estimates 2020 amortization of all deferrals, not including the proposed rates in Schedule 123, at approximately \$14.2 million (0.8 percent of 2018 revenues). This is in compliance with the Three Percent Test, pursuant to ORS 757.295(6). Because amortization of the deferred amounts is pursuant to an automatic adjustment clause, an earnings review is not required. The deferral is the variance between forecasted and actual revenues, and PGE's actions in connection with both the forecast and collection of actual revenues are prudent.

Conclusion

Based on Staff's analysis of PGE's application, the workpapers associated with the filing, and phone conversations with the Company, Staff finds that the calculations associated with the filing are accurate and consistent with past Commission Orders. Staff also finds that the Company's update to Schedule 123 results in rates that are fair, just, and reasonable. Staff recommends the Commission approve PGE's application.

PROPOSED COMMISSION MOTION:

Approve PGE's application to update Schedule 123, Decoupling Adjustment, effective for service on and after January 1, 2020.