



Oregon

Kate Brown, Governor

Public Utility Commission

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December 17, 2019



BY EMAIL

Portland General Electric Company

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RE: Advice No. 19-20

At the public meeting on December 17, 2019 , the Commission adopted Staff's recommendation in this matter docketed as ADV 1034. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**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 Commission's 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.

SCHEDULE 123 (Continued)

NONRESIDENTIAL LOST REVENUE RECOVERY ADJUSTMENT (LRRRA) (Continued)

For the purposes of this Schedule, the Lost Revenue Recovery Adjustment is the product of: (1) the reduction in kWh sales resulting from ETO-reported EEMs plus the energy savings associated with the conversion to LED streetlighting in Schedule 95, and (2) the weighted average of applicable retail base rates (the Lost Revenue Rate). Applicable base rates for Nonresidential Customers are defined as the schedule-weighted average of transmission, distribution, and fixed generation charges; including those contained in Schedule 122 and other applicable schedules. System usage or distribution charges will be adjusted to include only the recovery of Trojan Decommissioning expenses and the Customer Impact Offset. Franchise fee recovery is not included in the Lost Revenue Rate. The applicable Lost Revenue Rate is 6.278 cents per kWh.

SNA and LRRRA BALANCING ACCOUNTS

The Company will maintain a separate balancing account for the SNA applicable rate schedules and for the Nonresidential LRRRA applicable rate schedules. Each balancing account will record over- and under-collections resulting from differences as determined, respectively, by the SNA and LRRRA mechanisms. The accounts will accrue interest at the Commission-authorized Modified Blended Treasury Rate established for deferred accounts.

DECOUPLING ADJUSTMENT

The Adjustment Rates, applicable for service on and after the effective date of this schedule will be:

<u>Schedule</u>	<u>Adjustment Rate</u>	(R)	
7	0.058 ¢ per kWh		
15	(0.002) ¢ per kWh		
32	(0.037) ¢ per kWh		
38	(0.002) ¢ per kWh		
47	(0.002) ¢ per kWh		
49	(0.002) ¢ per kWh		
75			
Secondary	(0.002) ¢ per kWh		
Primary	(0.002) ¢ per kWh		
Subtransmission	(0.002) ¢ per kWh		
83	(0.002) ¢ per kWh		(R)

SCHEDULE 123 (Continued)

DECOUPLING ADJUSTMENT (Continued)

<u>Schedule</u>	<u>Adjustment Rate</u>	
85		
Secondary	(0.002) ¢ per kWh	(R)
Primary	(0.002) ¢ per kWh	
89		
Secondary	(0.002) ¢ per kWh	(R)
Primary	(0.002) ¢ per kWh	
Subtransmission	(0.002) ¢ per kWh	
90	(0.002) ¢ per kWh	
91	(0.002) ¢ per kWh	
92	(0.002) ¢ per kWh	
95	(0.002) ¢ per kWh	
485		
Secondary	0.000 ¢ per kWh	(R)
Primary	0.000 ¢ per kWh	
489		
Secondary	0.000 ¢ per kWh	(R)
Primary	0.000 ¢ per kWh	
Subtransmission	0.000 ¢ per kWh	
490	0.000 ¢ per kWh	
491	0.000 ¢ per kWh	
492	0.000 ¢ per kWh	
495	0.000 ¢ per kWh	
515	(0.002) ¢ per kWh	
532	(0.037) ¢ per kWh	
538	(0.002) ¢ per kWh	
549	(0.002) ¢ per kWh	(R)

SCHEDULE 123 (Continued)

DECOUPLING ADJUSTMENT (Continued)

<u>Schedule</u>	<u>Adjustment Rate</u>	
575		
Secondary	(0.002) ¢ per kWh	(R)
Primary	(0.002) ¢ per kWh	
Subtransmission	(0.002) ¢ per kWh	
583	(0.002) ¢ per kWh	
585		
Secondary	(0.002) ¢ per kWh	
Primary	(0.002) ¢ per kWh	
589		
Secondary	(0.002) ¢ per kWh	
Primary	(0.002) ¢ per kWh	
Subtransmission	(0.002) ¢ per kWh	
590	(0.002) ¢ per kWh	
591	(0.002) ¢ per kWh	
592	(0.002) ¢ per kWh	
595	(0.002) ¢ per kWh	(R)

TIME AND MANNER OF FILING

Commencing in 2014, the Company will submit to the Commission the following information by November 1 of each year:

1. The proposed price changes to this Schedule to be effective on January 1st of the subsequent year based on a) the amounts in the SNA Balancing Accounts and b) the amount in the LRRR Balancing Account.
2. Revisions to this Schedule which reflect the new proposed prices and supporting work papers detailing the calculation of the new proposed prices and the SNA weather-normalizing adjustments.

Received by OPUC
Filing Center
10/31/2019

Advice No. 19-20
Issued October 31, 2019
James F. Lobdell, Senior Vice President

Effective for service
on and after January 1, 2020

PROPOSED TARIFF DO NOT BILL