

ITEM NO. CA4

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

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

DATE: November 15, 2019

TO: Public Utility Commission

FROM: Ming Peng

THROUGH: Mike Dougherty, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1035/Advice No. 19-21)
Schedule 145 Boardman Power Plant Decommissioning Adjustment.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) proposed Schedule 145 tariff, as described in the Advice filing 19-21, effective on and after January 1, 2020.

DISCUSSION:

Issue

Whether the Commission should approve PGE's revised Schedule 145¹ prices to reflect the 2020 Boardman Decommissioning² revenue requirements and projected 2020 applicable loads.

Applicable Laws

- I. ORS 757.205 and ORS 757.210 pertain to filing schedules with the Commission and hearing to establish new schedules.

¹ [https://portlandgeneral.com/our-company/regulatory-documents/tariff Schedule 145 - Boardman Power Plant Decommissioning Adjustment](https://portlandgeneral.com/our-company/regulatory-documents/tariff/Schedule%20145%20-%20Boardman%20Power%20Plant%20Decommissioning%20Adjustment)

² Coal Plant Decommissioning: Demolish facility, infrastructure, civil-works, pond, and buildings; Remove equipment, materials, and concrete.

- II. OAR 860-022-0025(2) states that each energy utility filing tariffs or schedules changing existing tariffs or schedules shall submit therewith the following information: (a) a statement plainly indicating the increase, decrease, or other change thereby made in existing rates, charges, tolls, or rules and regulations; (b) a statement setting forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) a detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

Analysis

Background

Boardman Coal Power - Built In Late 1970s and Shutting Down Next Year



The Boardman Coal Plant is an approximately 550 MW coal-fueled electric generating power plant, currently owned and operated by Portland General Electric (PGE 90 percent) and Idaho Power (IPC 10 percent) near Boardman, Oregon.

The plant was issued a site certificate in 1975, and was constructed in late 1970s and placed into service in 1980. It was a time when Oregon's population was growing and the OPEC oil embargo of the early 1970s was still fresh. The country wanted more energy choices, and a coal plant seemed like a good choice at the time.

Times have changed. A combination of lawsuits, political pressure and cheaper alternative power have required the Company to terminate the plant operation long

before its expected service life is over. Portland General Electric has agreed to shut the plant down next year in 2020. On November 19, 2010, stakeholders endorsed PGE's plan to close its Boardman coal plant twenty years ahead of schedule. The plant will close in 2020 (a 40-year service life) instead of 2040 (a typical 60-year average service lifespan for a coal-fired power plant).

On December 17, 2010, the Commission issued the Order 10-478 (Docket No UE 215), III. STIPULATIONS, 6. Boardman Tariff stated that:

Because PGE was originally expected to operate its Boardman coal-fired generating plant (Boardman) through the end of the plant's estimated useful life, PGE's remaining undepreciated investment in the plant is being recovered in rates through 2040. Given changing environmental regulations, PGE may cease operating the plant much earlier than 2040. To allow rates to reflect a shortened operating life, PGE proposed a Boardman Depreciation Revenue Requirement Tariff (Schedule 145) in this case. The tariff provides a mechanism to allow the Commission to authorize rate changes to reflect the incremental revenue requirement effect of a shortened operating life.

On July 5, 2011, the Commission issued the Order 11-242 (Docket No. UE 230), and stated that:

Effective July 1, 2011, in order to include in the Company's revenue requirement the increase in depreciation/amortization expense and the decommissioning costs related to the planned Boardman plant closure changing from the year 2040 to the year 2020 is allowed subject to the following conditions:

1. Beginning June 15, 2012, PGE will submit an annual informational report to all parties in the UE 230 proceeding that will include the current balance of dollars collected for decommissioning and any relevant changes to PGE forecasts of future decommissioning costs;
2. PGE shall submit its November 1st Annual Update as a supplemental filing to this docket (UE 230).

Analysis of 2020 Boardman Decommissioning Revenue Requirements

In its Advice Filing, PGE updates Schedule 145 prices consistent with the 2020 Boardman decommissioning revenue requirement of \$4 million and projected 2020 applicable loads.

The 2020 decommissioning costs continue to reflect PGE's 90 percent share

of the decommissioning costs and the costs of the plant-focused reliability plan during the 2016-2020 period. The proposed Schedule 145 price changes result in an approximate \$222,000 decrease in revenues from the amount which was included in last year's Schedule 145 advice filing.

To satisfy the requirements of OAR 860-022-0025(2), PGE states that “the recovery of the prospective 2020 decommissioning expenses through Schedule 145 prices results in an approximate 0.02% overall average rate decrease for the 920,500 (2020 forecasted average) applicable Cost-of-Service customers. A typical Schedule 7 residential customer consuming 800 kWh monthly will see a \$0.01 or 0.01% decrease to their monthly bill.”

Staff reviewed and discussed the filing and associated work papers with PGE through conference calls on November 14th and 15th of 2019. Staff found that in this filing, PGE complied with OAR 860-022-0025(2) a, b, and c, provided “a detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.” Staff verified PGE's workpaper data and found the calculations are sufficient and supportive to its filing, and is consistent with past Commission Orders.

Conclusion

Staff concludes that the 2020 decommissioning costs continue to reflect PGE's 90 percent share of the decommissioning costs and the costs of the plant-focused reliability plan during the 2016-2020 period, are reasonably consistent with the Boardman decommissioning revenue requirement and applicable loads.

Staff concludes that the calculation methodology of PGE proposed Schedule 145 tariff changes result in an approximate \$222,000 decrease in revenues are consistent with past Commission Orders.

The Company has reviewed this memo and has no concerns.

PROPOSED COMMISSION MOTION:

Approve PGE's proposed Schedule 145 tariff, as described in the Advice filing 19-21, effective with service on and after January 1, 2020.

