



# Oregon

Kate Brown, Governor

## Public Utility Commission

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December 17, 2019



BY EMAIL

Portland General Electric Company

[pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

RE: Advice No. 19-30

At the public meeting on December 17, 2019, the Commission adopted Staff's recommendation in this matter docketed as ADV 1057. 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**  X  **EFFECTIVE DATE**  January 1, 2020

**DATE:** December 9, 2019

**TO:** Public Utility Commission

**FROM:** Mitchell Moore

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

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(ADV 1057 / Advice No. 19-30)  
Requests amortization of demand response programs through Schedule 135

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve Portland General Electric's (PGE or Company) filing and allow the associated tariff to go into effect on January 1, 2020.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's proposed updates to Schedule 135 to recover accrued incremental costs and projected 2020 incremental costs for its Demand Response pilot programs.

Applicable Rule or Law

PGE makes this filing pursuant to ORS 757.205, ORS 757.210, OAR 860-022-0025, and OAR 860-022-0030.

- ORS 757.205 requires that public utilities file all rates, rules, and charges with the Public Utility Commission of Oregon (OPUC).
- ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.
- ORS 757.259 allows certain deferred amounts to be included in utility rates.

- 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.

### Analysis

PGE made this filing November 20, 2019 to update its Schedule 135 (Demand Response Cost Recovery Mechanism) rates to amortize the existing balance for its Demand Response pilots, and to recover projections of 2020 costs. The proposed rates would go into effect January 1, 2020.

The pilot schedules included in this filing are:

- UM 1514 – Nonresidential demand response pilot
- UM 1827 – Residential water heater pilot
- UM 1976 – Testbed pilot
- UM 1708 – FLEX pricing pilot and Direct Load Control pilot (DLCT)

Schedule 135 was originally authorized in 2011 in a Joint Order issued in Docket Nos. UM 1514 and UE 229 regarding the deferral and recovery of costs for PGE's automated demand response pilot programs.<sup>1</sup> In Order No. 18-381 the Commission approved cost recovery through Schedule 135 of the FLEX and DLCT pilots. Cost recovery through Schedule 135 for the Testbed pilot was recently approved by the Commission in Order No. 19-425.

Schedule 135 is updated annually and has two components. First, it includes rates based on the forecasted costs of the demand response programs over a 12-month period. Second, it includes amortization of the deferred variance between forecasted costs and actual costs for the previous 12-month period. Accordingly, the rates in this filing takes into account an updated forecast of costs for 2020, as well as amortizing the deferred variance between forecasted and actual costs for the previous 12-month period.

The proposed price changes will result in an approximate \$12 million, or 0.8 percent overall average rate increase for the 900,000 applicable cost-of-service customers. A typical residential customer consuming 800 kWh monthly will see a \$0.59 or 0.57 percent increase in their monthly bill as a result of this filing.

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<sup>1</sup> See Order No. 11-182.

*Prudence Review*

Staff has periodically met with PGE to review spending and performance of each of the pilot programs in this filing, and continues to engage PGE as the pilots progress. Staff has undertaken a preliminary review of 2018 and 2019 costs, but final determination of prudence is pending end of year reporting of 2019 actual costs. PGE anticipates being able to provide this information to Staff in February 2020.

Although Staff has not completed its prudence review of 2018 and 2019 costs, Staff's review to date reflects that it is appropriate to begin amortizing the deferral balance at the rate proposed by PGE. To the extent Staff recommends disallowance of any of the costs in the deferred account balance, the reduction to the deferral balance should not result in PGE's overcollection. However, if a future prudence disallowance reduction could potentially result in overcollection, PGE agrees to either file an application to defer the overcollection amount for amortization in a subsequent year or an amended tariff that reduces the charges in Schedule 135.

Conclusion

Staff's review of this filing finds that the updated rates in Schedule 135 are correctly calculated, based on to-date and forecasted costs, and that PGE's proposed recovery of 2020 target costs is appropriate. As this filing meets the requirements of ORS 757.205, ORS 757.210, OAR 860-022-0025, and OAR 860-022-0030, Staff recommends the Commission approve PGE's filing.

**PROPOSED COMMISSION MOTION:**

Approve PGE's proposed updates to Schedule 135 to recover accrued incremental costs and projected 2020 incremental costs for its Demand Response pilot programs.

**SCHEDULE 135  
DEMAND RESPONSE COST RECOVERY MECHANISM**

**PURPOSE**

This Schedule recovers the expenses associated with demand response pilots not otherwise included in rates. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210.

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To all bills for Electricity Service except Schedules 76R, 485, 489, 490, 491, 492, 495 and 576R.

**ADJUSTMENT RATE**

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

| <u>Schedule</u> | <u>Adjustment Rate</u>         |
|-----------------|--------------------------------|
| 7               | 0.118 ¢ per kWh                |
| 15/515          | 0.090 ¢ per kWh                |
| 32/532          | 0.107 ¢ per kWh                |
| 38/538          | 0.098 ¢ per kWh                |
| 47              | 0.130 ¢ per kWh                |
| 49/549          | 0.129 ¢ per kWh                |
| 75/575          |                                |
| Secondary       | 0.096 ¢ per kWh <sup>(1)</sup> |
| Primary         | 0.094 ¢ per kWh <sup>(1)</sup> |
| Subtransmission | 0.091 ¢ per kWh <sup>(1)</sup> |
| 83/583          | 0.106 ¢ per kWh                |
| 85/585          |                                |
| Secondary       | 0.104 ¢ per kWh                |
| Primary         | 0.101 ¢ per kWh                |

(1) Applicable only to the Baseline and Scheduled Maintenance Energy.

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Received by OPUC

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Issued November 20, 2019  
James F. Lobdell, Senior Vice President

Filing Center  
11/20/2019

Effective for service  
on and after January 1, 2020

**SCHEDULE 135 ( Concluded)**

ADJUSTMENT RATE (Continued)

| <u>Schedule</u> | <u>Adjustment Rate</u> |
|-----------------|------------------------|
| 89/589          |                        |
| Secondary       | 0.096 ¢ per kWh        |
| Primary         | 0.094 ¢ per kWh        |
| Subtransmission | 0.091 ¢ per kWh        |
| 90/590          | 0.090 ¢ per kWh        |
| 91/591          | 0.090 ¢ per kWh        |
| 92/592          | 0.093 ¢ per kWh        |
| 95/595          | 0.090 ¢ per kWh        |

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**BALANCING ACCOUNT**

The Company will maintain a balancing account to accrue differences between the incremental costs associated with automated demand response and the revenues collected under this schedule. This balancing account will accrue interest at the Commission-authorized rate for deferred accounts.

**DEFERRAL MECHANISM**

Each year the Company may file a deferral request to defer the incremental costs associated with the implementation and administration of demand response pilots. The rate on this schedule recovers only the incremental costs for implementation and administration of demand response pilots. The deferral will be amortized over one year in this schedule unless otherwise approved by the Oregon Public Utility Commission.

**SPECIAL CONDITION**

1. Costs recovered through this schedule will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule.

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