

**PUBLIC UTILITY COMMISSION OF OREGON
REDACTED STAFF REPORT
PUBLIC MEETING DATE: January 26, 2021**

REGULAR X CONSENT EFFECTIVE DATE February 1, 2021

DATE: January 19, 2021

TO: Public Utility Commission

FROM: Eric Shierman

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1149/Advice No. 20-17)
Schedule 300 Transportation Line Extension Allowance.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) issue an order approving Portland General Electric's (PGE or Company) filing, Advice No. 20-17, which adds a new Transportation Line Extension Allowance (TLEA) to Schedule 300 with modifications or, in the alternative, suspend and investigate PGE's filing.

DISCUSSION:

Issue

Whether the Commission should approve PGE's filing that requests the adoption of a TLEA in Schedule 300.

Applicable Rule

Under ORS 757.205(1):

Every public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it.

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

Filings that propose 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 change. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

OAR 860-021-0045(1) requires that an electric company shall furnish service connections to the customer's service entrance for the connection of its distribution system to the customer's premises.

Through SB 1547, the legislature supported electric company investment and participation in the electric vehicle (EV) marketplace through infrastructure investments and programs that accelerate transportation electrification (TE) and create access to electric vehicles for customers.

Executive Order 20-04 establishes Governor Brown's new greenhouse gas emissions goals for the State of Oregon, and directs state agencies to identify and prioritize actions to meet those goals. Section 5.4(B) of the Executive Order directs the Public Utility Commission to "[e]ncourage electric companies to support transportation electrification infrastructure that: supports GHG reductions, helps achieve the transportation electrification goals set forth in Senate Bill 1044 (2019), and is reasonably expected to result in long-term benefit to customers."

Analysis

In this analysis section, Staff will first explain the context of PGE's proposal. After summarizing the proposal, Staff compares PGE's proposal to the Company's current allowance and to PacifiCorp's TLEA. Staff describes how we vetted PGE's modeling inputs. The analysis then suggests how to balance ratepayer protection with Oregon climate policy. Then Staff describes the modifications that we suggested to PGE. After a description of stakeholder engagement, the analysis section concludes with the reasons for Staff's recommendation.

Background

On July 27, 2011, PGE's Advice No. 11-13 went into effect, authorizing the current terms of a line extension allowance (LEA) available to the commercial customers that would qualify for this TLEA. Electric Vehicle Service Equipment (EVSE) customers in PGE's service territory already have a line extension allowance.

On December 27, 2016, PGE first filed an application for TE programs as required by ORS 757.357. In that filing, the only nonresidential program proposals were for TriMet and PGE's own Electric Avenue public charging stations.¹ In that filing, Navigant, PGE's consultant, found the costs of subsidizing TriMet's electrification to exceed the benefits.

On February 16, 2018, the Commission adopted UM 1811's stipulation in Order No. 18-054, where:

PGE agrees to propose a workplace charging and/or fleet charging program within one-year of the date of the Stipulation, conditioned on Commission approval of the Stipulation. The approximate total cost of the proposal will be \$1M. The program shall be open to both cost-of-service and direct access customers. The proposed \$1M results from a removal of \$1M from the PGE's proposed Education and Outreach budget in its application. PGE will also separately consider developing programs to increase access to electricity as a transportation fuel at multifamily dwellings.²

That first stipulation also specified restrictions on further funding of TriMet:

¹ See Docket No. UM 1811, Portland General Electric Company, Application for Transportation Electrification Programs, Transportation Electrification Plan, December 27, 2016, p. 11.

² See Docket No. UM 1811, OPUC, Application for Transportation Electrification Programs, Order No. 18-054, Appendix A, February 16, 2018, p. 7.

PGE agrees that the TriMet pilot program is not a model to allow utility ownership of transit charging infrastructure beyond this pilot's terms and scope.... PGE will not undertake any future action that commits ratepayer funding for mass transit electrification projects without first participating in a discussion with the Commission. Any future proposals to use ratepayer money for mass transit electrification will be discussed with Staff and Stipulating Parties in advance of any commitments, and will be filed with the Commission for review... Approving this TriMet pilot program is not intended to suggest that future investment by PGE in mass transit electrification is appropriate.³

On February 15, 2019, PGE filed a \$44.9 million Business EV Charging pilot with substantial sums devoted to funding TriMet.⁴ Staff found this proposal to violate the terms of UM 1811's stipulation. Parties negotiated a second stipulation, which the Commission approved on November 7, 2019, in Order No. 19-385. This second Commission order reiterated the original terms for a nonresidential pilot: that it be for workplace and/or fleet charging, within a budget of \$1 million, available to direct access customers, and that PGE would separately consider developing programs for multifamily dwellings.⁵ The order also encouraged bigger proposals that robustly deliver benefits for PGE's system and customers:

Though we approve the amended stipulation, we note that we have issued no order or guidance suggesting that PGE's future program proposals could not be larger in scale. Nor have we prevented PGE from proposing new or expanded programs in response to evolution in the transportation electrification market. In fact, we have encouraged consideration of the broad scope of the legislative goals and directives expressed in SB 1547, and we expect that the framework provided by PGE's transportation electrification plan will give us the opportunity to review and consider the costs and benefits of larger and more ambitious program proposals developed to help further the legislature's vision in a manner that satisfies SB 1547 and benefits ratepayers and the electricity system. Given the rapidly evolving electric vehicle market, timely leadership from electric utilities and the Commission is needed to achieve the legislature's vision for expanded transportation electrification that delivers robust system and customer benefits. We look forward to engaging with PGE, Staff, and stakeholders in this area.⁶

³ See Docket No. UM 1811, OPUC, Application for Transportation Electrification Programs, Order No. 18-054, Appendix A, February 16, 2018, p. 4,5.

⁴ See Docket No. UM 1811, Portland General Electric Company, Application for Transportation Electrification Programs, Electric Vehicle Charging Program and Pilot, February 15, 2019, p. 49.

⁵ See Docket No. UM 1811, OPUC, Application for Transportation Electrification Programs, Order No. 19-385, Appendix A, November 7, 2019, p. 3.

⁶ Ibid, p. 4.

On July 14, 2020, PGE filed this proposal for a TLEA (ADV 1149) that contains much of the same program components PGE proposed for its February 14, 2019, Business EV Charging pilot that violated PGE's UM 1811 stipulation. PGE filed Advice No. 20-19 a few days after filing this TLEA, seeking approval of a nonresidential pilot containing the program components that were supported by stakeholders in UM 1811. The Commission approved that Nonresidential Electric Vehicle Charging Pilot at the December 15, 2020 Public Meeting. On December 1, 2020, PGE refiled its TLEA, modifying some of the language of the original filing and adding some changes to the Company's Rule I.

Commercial customers installing EVSE in PGE's service territory already have a line extension allowance and a rebate pilot program. The question is whether PGE's proposed expansion of its commercial line extension allowance for transportation electrification strikes an appropriate balance between ratepayer costs, and "delivering robust system and customer benefits" from such investments.⁷

PGE's Proposal & Supporting Analysis

The Company's proposal divides EVSE customers into two groups. EVSE used for public charging is covered by the proposal's Business TLEA. EVSE used exclusively to charge a customer's own vehicles is covered by the proposal's Fleet TLEA. PGE proposes ratepayers increase funding for Business TLEA projects by paying \$10,000 per port for level 2 sites with at least four ports, and increase funding for Fleet TLEA projects by multiplying the fleet projects' existing line extension allowance by 10. As Staff discusses later in this memo, the Company's proposed increases range from 10 to 33 times larger than the Company's current LEA policy and 7 to 9 times larger than the recently approved TLEA for PacifiCorp.⁸

Additionally, in both cases the size of the ratepayer subsidy exceeds PGE's estimate of the line extension cost over a fifty-five year book life. Further, PGE's proposal includes language authorizing the Company to rate base investments in the electrical work on the customer's side of the meter or "make ready."

[BEGIN CONFIDENTIAL]

[END CONFIDENTIAL].

⁷ See Docket No. UM 1811, OPUC, Application for Transportation Electrification Programs, Order No. 19-385, Appendix A, November 7, 2019, p. 4.

⁸ Business Payout 3 Perspectives CONF ES.xlsx; Fleet Payout 3 Perspectives CONF ES.xlsx.

Table 1: Business TLEA Costs⁹

[BEGIN CONFIDENTIAL]

Customer Type	Line Extension	Make Ready	Total Cost	TLEA	Ratepayer Share of Cost
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[END CONFIDENTIAL].

Table 2: Fleet TLEA Costs¹⁰

[BEGIN CONFIDENTIAL]

Customer Type	Line Extension	Make Ready	Project Management	Total Cost	TLEA	Ratepayer Share of Cost
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

⁹ IR 018_Attachment A_CONF.xlsx.

¹⁰ IR 019_Attachment A_CONF.xlsx.

Customer Type	Line Extension	Make Ready	Project Management	Total Cost	TLEA	Ratepayer Share of Cost
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[END CONFIDENTIAL]

In a meeting with PGE on December 18, 2020, the Company revealed to Staff that

[BEGIN CONFIDENTIAL] [REDACTED]
[REDACTED]
[REDACTED] [END CONFIDENTIAL].

To analyze the cost-effectiveness of these two versions of its proposed TLEA, PGE used a ratepayer impact measure (RIM) consistent with the California Standard Practice Manual (CSPM). [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL].

Staff met with the Company nine times, sent 36 information requests, and sent several more informal requests via email over the past four months to vet the formulas and planning assumptions behind PGE's RIM analyses. To Staff, the Business TLEA's assumption that [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] was questionable. This assumes [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] during the same time period. Staff found the [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. Customers choosing the Fleet TLEA must agree to remain as cost of service customers for ten years, but [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. Some of these customers may opt for direct access after their ten year commitment expires.

On December 3, 2020, PGE sent Staff a second iteration of RIM analyses. The second Business TLEA RIM spreadsheet [BEGIN CONFIDENTIAL] [REDACTED]
[REDACTED]

[REDACTED] [END CONFIDENTIAL].¹¹ This second iteration cut the Business TLEA's [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. The second Fleet TLEA RIM assumed that [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED] [END CONFIDENTIAL].¹² This changed assumption cut the Fleet TLEA [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL].

Aside from the specifics of modeling assumptions, Staff would note that much of PGE's planning assumptions were based on conjecture. Staff discovered that despite several years of operating charging stations, its work with TriMet, and prevalence of EVSE in PGE's service territory, PGE used little empirical data from the Company's own service territory that could be used in developing the proposed TLEA.

On October 15, 2020, Staff requested information on EVSE customers in PGE's service territory. For key metrics like energy outlays, the Company responded that "PGE does not currently collect EV charging usage delivered by rate schedule."¹³ Staff followed-up by requesting information on the number of commercial customers that are separately metering EVSE and the number of commercial customers that mix EVSE load with other commercial load. While PGE is unaware of any customers mixing EVSE energy demand with other commercial load, PGE identified 32 separately metered EVSE customers and grouped them by rate schedule.¹⁴ These EVSE customers are categorized in Table 3 below.

¹¹ EV Business2020_rev22_OPUC2_SensB.xlsx.

¹² EV Fleet_rev12p_OPUC2_sensA.xlsx.

¹³ IR 24, October 29, 2020, p2.

¹⁴ See Docket No. ADV 1149, Portland General Electric Company, Advice No. 20-17, PGE Response to OPUC Information Request No. 033, November 17, 2020, p. 2.

Table 3: EVSE Customers in PGE's Service Territory

Customer (names redacted)	# EV Load Meters Schedule 32	# EV Load Meters Schedule 38	# EV Load Meters Schedule 83	# EV Load Meters Schedule 85	# EV Load Meters Schedule 89	Total # EV Load Meters	Presumed Type of EV Charging
Customer A	1		5			6	Public DCQC and L2
Customer B	1		8			9	Public DCQC and L2
Customer C	2	1				3	Public DCQC and L2
Customer D	2	1	1	3		7	Public DCQC and L2
Customer E	1					1	Public L2
Customer F		1		1		2	Fleet Transit DCQC
Customer G		2				2	Public DCQC and L2
Customer H		2				2	Public DCQC
Total	7	7	14	4	0	32	

Staff then asked for key data points from these customers to empirically confirm PGE's planning assumptions. The calendar year 2019 was chosen to avoid COVID-19 skewing the results. Customer F's observed coincident peak demand, load shape, and utilization differed significantly from PGE's assumptions about transit customers in the Fleet TLEA.

Staff also asked for key 2019 data points from PGE's own EVSE sites. PGE used its own EV fleet as the proxy for non-bus private and government fleets and its own workplace charging stations as the proxy for workplace sites. Staff found the coincident peak demand assumptions PGE used for these fleet and workplace customers to differ significantly from PGE's coincident peak charging of its own vehicles and its employees' vehicles. Staff also found PGE's utilization at both kinds of sites to differ from the planning assumptions the Company used. Staff used PGE's Electric Avenue World Trade Center site as the proxy for destination sites, which also differed from PGE's planning assumptions for destination sites.

Staff created a third iteration of RIM analyses by changing inputs of PGE’s second RIM iteration that differed from observed charging behavior from PGE’s Customer F and PGE-owned EVSE in 2019. This slightly raised the Business TLEA’s BCR from **[BEGIN CONFIDENTIAL]** **[END CONFIDENTIAL]**. Staff concludes that PGE’s RIM analyses do not provide evidence that PGE’s proposal, at the proposed level of increases, can be reasonably expected to provide long-term benefit to customers as required in the Governor’s EO 20-04.

Comparison of PGE’s TLEA with EVSE Customers’ Existing Allowance

The Business TLEA pays significantly more than the current Schedule 300 LEA for Schedule 38, the tariff PGE expects for all Business TLEA customers.¹⁵ The existing allowance varies by customer because it is dependent on a load forecast. PGE’s proposal would pay a flat amount regardless of expected revenue.

Table 4: Current LEA vs. Business TLEA

[BEGIN CONFIDENTIAL]

Customer Type	Existing Allowance Per Port	Proposed TLEA Per Port (<i>minimum four</i>)
██████████	\$ 213	\$ 10,000
██████████	\$ 106	\$ 10,000
██████████	\$ 213	\$ 10,000
██████████	\$ 418	\$ 10,000
██████████	\$ 418	\$ 10,000
██████████	\$ 418	\$ 10,000
██████████	\$ 110	\$ 10,000
██████████	\$ 110	\$ 10,000
██████████	\$ 110	\$ 10,000
██████████	\$ 306	\$ 10,000
██████████	\$ 612	\$ 10,000
██████████	\$ 306	\$ 10,000

[END CONFIDENTIAL]

On a weighted average, the Business TLEA’s increase represents a multiple of 33 of these customers’ current allowance. The Fleet TLEA multiplier is designed to increase the existing allowance tenfold.

¹⁵ See Docket No. ADV 1149, Portland General Electric Company, Advice No. 20-17, PGE Response to OPUC Information Request No. 004, October 9, 2020, p. 1.

Table 5: Current LEA vs. Fleet TLEA

[BEGIN CONFIDENTIAL]

Customer Type	Existing Allowance Per Site	Proposed TLEA Per Site
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[END CONFIDENTIAL].

Comparison of PGE's TLEA Proposal to PacifiCorp's TLEA

On November 17, 2020, the Commission approved PacifiCorp's TLEA. From Staff's modification of PGE's RIM analyses, using revenue assumptions from observed utilization in PGE's service territory, Staff was able to calculate PacifiCorp's expenditures per site and compare them to payout assumptions from PGE's original RIM analyses.

Table 6: PacifiCorp TLEA Expenditure Per Site vs. PGE's Proposed Business TLEA

[BEGIN CONFIDENTIAL]

Customer Type	PacifiCorp TLEA	PGE's Proposed TLEA
[REDACTED]	\$ 3,159	[REDACTED]
[REDACTED]	\$ 6,318	[REDACTED]
[REDACTED]	\$ 7,898	[REDACTED]
[REDACTED]	\$ 6,205	[REDACTED]
[REDACTED]	\$ 12,410	[REDACTED]
[REDACTED]	\$ 15,513	[REDACTED]
[REDACTED]	\$ 1,633	[REDACTED]
[REDACTED]	\$ 3,267	[REDACTED]
[REDACTED]	\$ 4,084	[REDACTED]
[REDACTED]	\$ 4,545	[REDACTED]
[REDACTED]	\$ 9,091	[REDACTED]
[REDACTED]	\$ 11,363	[REDACTED]

[END CONFIDENTIAL]

Table 7: PacifiCorp TLEA Expenditure Per Site vs. PGE's Proposed Fleet TLEA

[BEGIN CONFIDENTIAL]

Customer Type	PacifiCorp TLEA	PGE's Proposed TLEA
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[END CONFIDENTIAL]

PacifiCorp's expected payments to fleet customers are rounded numbers, because those are PGE's expected costs of extending the distribution line. PacifiCorp's TLEA does not pay for make ready infrastructure. PGE would pay significantly more per project.

If approved with its original terms, PGE's TLEA would create a wide disparity between ratepayer expenditures for the same kind of project in adjacent utility service territories. This is something the Commission has avoided with energy efficiency (EE), conservation, and other market transformation efforts, despite different avoided costs across the utilities. Failing to do this in TE investment might distort the reasonable market transformation we are trying assist, especially in Portland, where these two utilities' territories intersect.

Staff Suggestion on How to Strike a Balance

PGE's proposed TLEA places a tension between protecting ratepayers and assisting state policy to encourage TE. Further, Staff fully internalized the Commission guidance to "consider the costs and benefits of larger and more ambitious program proposals developed to help further the legislature's vision in a manner that satisfies SB 1547 and benefits ratepayers and the electricity system."¹⁶

PGE's TLEA has the potential to put upward pressure on rates. The total amount of new TE stimulated by PGE's proposal is not certain. Staff believes PGE's proposal can be reasonably assumed to have some positive impact on the adoption of electricity as a motor vehicle fuel in the Company's service territory, particularly by private sector fleets, given the generous incentive.

¹⁶ See Docket No. UM 1811, OPUC, Application for Transportation Electrification Programs, Order No. 19-385, Appendix A, November 7, 2019, p. 4.

The Commission has not yet definitively ruled on a cost-effectiveness methodology to assess programs that accelerate TE, but PGE didn't file this TLEA as an SB 1547 program. The Company filed it as an LEA. As such, Staff approached this TLEA using the established methodology to assess the prudence of LEAs.

The past practice in LEAs has been to reserve some benefit for existing customers. PGE has used the same formula that PacifiCorp has, except PGE's allowance is paid out as a multiple of the basic charge and the distribution charge while PacifiCorp's is paid out in terms of gross revenue. The calculation of the benefit is the same, and the principle of expending less than the size of the benefit has been the same as well. The LEA formula identifies a breakeven point in the following mathematical expression. In past practice, a prudent LEA paid a multiple that was *lower* than this breakeven point where B+D is the annual sum of the customer's basic charge and distribution charge:

$$\frac{(B + D) - \text{Marginal Cost to Serve Load} * \text{Energy Sales}}{\text{Annualization Factor}} * \frac{1}{(B + D)}$$

PGE prefers to analyze the cost-effectiveness of the Company's proposed TLEA using CSPM RIM tests. Staff has no trouble using this different method. The traditional LEA formula's breakeven point between expenditures on a project and the benefit to existing customers for adding a new customer is simply the equivalent of BCR of 1. The two methods are easily comparable. The past practice for LEAs is to have a BCR well above 1. For example, by paying 57 percent of the expected benefit of adding new EVSE customers to PacifiCorp's system, PacifiCorp's TLEA has a BCR equivalent of 1.75 which overshot the 1.5 BCR standard Staff and PacifiCorp had agreed upon before we saw the empirical data. PGE's original RIM analyses showed both versions of PGE's TLEA were below that standard. Staff's vetting of PGE's RIM analyses' inputs confirms PGE's proposal falls short of this standard.

The central issue is how to balance ratepayer cost and benefits in light of Oregon's TE policy. The Oregon Legislature has made TE a salient priority for our state's decarbonization goals. In 2016, SB 1547 authorized electric companies to spend ratepayer money on accelerating TE. In 2019, SB 1044 set numerical targets for the number of registered EVs in Oregon.

Last year, the Governor issued EO 20-04. After reaffirming the independence of the OPUC, the order said the OPUC should: "Encourage electric companies to support transportation electrification infrastructure that supports GHG reductions, helps achieve

the transportation electrification goals set forth in Senate Bill 1044 (2019), and is reasonably expected to result in long-term benefit to customers”.

In Order No. 19-385, the Commission both reaffirmed the UM 1811 stipulation commitments and signaled openness to other proposals. This openness has motivated Staff to rigorously take a second look at PGE’s desire to rate base a different approach to EVSE projects by funding make ready investments. In completing our analysis, we find this latest version of an older proposal lacks evidence that it “benefits ratepayers and the electricity system.”¹⁷

Staff Counterproposal to PGE

On January 12, 2021, Staff proposed modifications to PGE that the Company refile with an eighteen month expiration date, a Business TLEA of \$1,500 per port, and a Fleet TLEA multiple of four.

The recommendation for an expiration allows for some increase in PGE’s LEA for EVSE customers. This is consistent with the way the Commission has allowed SB 1547 programs to progress on an experimental basis while their cost-effectiveness is not fully known, as these pilots are limited in cost and duration.

Staff’s recommended reductions to the Business and Fleet TLEA were grounded in three issues:

- Long-term ratepayer benefits are misaligned with the potentially sizeable near-term increases in ratepayer costs.
- An unreasonable lack of supporting data justifies the exponential increase in incentives, both in absolute and relative terms.
- Managing the TLEA increase across adjacent utility service territories needs to avoid market distortions.

Staff would note that the Business TLEA of \$1,500/per port is an increase of 2.5 to 14 times over PGE’s current LEA, depending on the customer. Staff’s proposal of a Fleet TLEA multiple of four is a four time increase over PGE’s current LEA available to fleets. We feel these strike a reasonable balance between ratepayer benefits and Oregon’s TE policy directives.

For background, Staff arrived at these numbers by considering three different ways to link PGE’s TLEA to a reasonable benchmark. These are shown in Table 8 on the next page. In all three perspectives, the precedent of the standard LEA was relaxed. This

¹⁷ See Docket No. UM 1811, OPUC, Application for Transportation Electrification Programs, Order No. 18-385, November 7, 2019, p. 4.

different standard is intended to temporarily stand in for an unknown societal benefit that might make this increased ratepayer investment in EVSE projects cost-effective under a future TE investment framework.

The first perspective is to link PGE’s absolute expenditure on EVSE LEAs to PacifiCorp’s expenditure. The second perspective is to link PGE’s BCR to PacifiCorp’s BCR. This second perspective is not possible with empirically-derived inputs. To get the BCRs to match, the reasonableness of the assumptions must be relaxed by using the original inputs PGE included in its RIM analyses.

The first and the second standards cannot be simultaneously met, because PGE has significantly higher marginal costs to serve EVSE customers than PacifiCorp. The average marginal cost to serve EVSE customers in PacifiCorp’s Oregon service territory is around \$83 per MWh.¹⁸ For PGE, it is \$128 per MWh.¹⁹ If both utilities had the same absolute expenditure, PGE’s BCR would be lower. For both utilities to have the same BCR, the size of PGE’s payout would have to be lower.

The third perspective would not link PGE’s TLEA to either PacifiCorp’s absolute expenditures or PacifiCorp’s BCR. Instead, this third perspective would set a minimum interim BCR of .65, but do so with vetted inputs.

Table 8: Counterproposal Perspectives

TLEA	Expenditure	BCR of 1.5 with PGE’s Original Assumptions	BCR of .65 with Evidence-Based Assumptions	Current LEA
Business - Per Port	\$1,171	\$622	\$1,400	\$302
Fleet - Multiplier	1.85	2.54	4.01	1.00

Staff chose the third perspective, because it best balances ratepayer protection and Oregon TE policy by standing in for an unknown absence of societal benefit in PGE’s analyses. Temporarily allowing this lower standard assumes PGE’s omission of a societal benefit in the Company’s RIM analyses misses .35 of BCR score. In Staff’s counterproposal, the Business TLEA was rounded to the nearest \$500 and the Fleet TLEA multiplier was rounded to the nearest integer.

On January 12, 2021, Staff shared its proposed modifications with PGE. Staff requested PGE file a supplement to ADV 1149 with revised numbers. PGE chose not to refile with

¹⁸ Attachment A - TE Specific Customers.xlsx

¹⁹ TLEA MC Calcs - Ratespread_ 2019 GRC SSEP18E19 Post 400 Final V2 ES.xlsx

the changes Staff recommended. Instead, PGE sought to make its case directly to the Commission.

Stakeholder Positions

The most definitive stakeholder engagement on PGE's proposal was in UM 1811 last year. PGE's TLEA is largely the same commercial program that was not accepted in UM 1811. Because refiling this proposal as an LEA was not mentioned in the Company's TE Plan, there has been very little stakeholder input on this modified proposal after the UM 1811 stipulation. PGE held a workshop on June 18, 2020, that discussed some aspects of this filing at a high-level but without disclosure of its low BCR numbers.

Because CUB did not attend PGE's June workshop, Staff met with CUB and briefed them on PGE's proposal. CUB said they would support it "if the numbers are right." Unlike PacifiCorp, PGE did not include an analysis of benefits in its TLEA filing, and CUB has not made itself a party to ADV 1149's very technical discovery, nor has any other stakeholder. It is therefore uncertain if any parties that were in support of or opposed to the 2019 version of this proposal have changed their minds. Staff cannot discuss the details with stakeholders because the important facts are confidential.

The City of Portland reached out to Staff to voice support for PGE's TLEA and has filed comments in support of PGE's filing. Here is an excerpt:

The City would like to express its support for PGE's proposed modifications to its Schedule 300. We believe these modifications will substantially streamline and make affordable the development of "make ready" electric vehicle charging infrastructure – our largest barrier to green fleet conversion. In suit, we believe the modifications will enable a more rapid development of transportation electrification infrastructure in the region, a more rapid conversion of large fleets to cleaner fuel sources, and a more rapid achievement of a fair and just clean energy future.²⁰

Future Activities

Staff suggests that the best solution to balancing ratepayer protection and state environmental goals is to include the environmental benefits ratepayers will obtain from reduced emissions into the analysis, with a Societal Cost Test (SCT). In its implementation of EO 20-04, Staff plans to engage stakeholders in establishing a framework for evaluating TE investment that takes into account the net societal benefits. Staff will convene stakeholders through public workshops to set guidance for TE

²⁰ See Docket No. ADV 1149, City of Portland, Advice No. 20-17, Comments, January 12, 2021, p. 1.

investments and BCR analysis. Staff will then be able to evaluate PGE's TLEA and know if it is cost-effective from the perspective of SB 1547.

Reason for Staff Recommendation

Staff finds PGE's proposed TLEA is not reasonably expected to provide a long-term benefit to the Company's customers. The proposal is at such high expenditure levels, in both relative and absolute terms, that it is inconsistent with the LEA past practice of reserving some benefit for existing customers from the extension.

Staff makes this recommendation in the context of having offered the Company terms we can recommend the Commission support on a temporary basis. Staff sees our proposed modifications as a bridge to a point where the Commission has established clear guidelines for evaluating TE investments. While in place, the proposed modifications would temporarily allow greater spending on EVSE projects while limiting ratepayer impact. The proposed modifications would also limit the disparity in subsidy across Oregon and particularly in the Portland market, avoiding market distortions.

The two options Staff recommends provide alternative levels of risk for ratepayers. By issuing an order approving PGE's TLEA with conditions, the Commission will allow a higher level of spending through PGE's Schedule 300 on a temporary basis, knowing the size of the expenditures will be greater than the established means of calculating the benefit of the EVSE projects to other customers. The merit of this choice is that it allows PGE to increase ratepayer expenditures on EVSE projects in advance of a Commission-approved TE investment framework. In response to such a Commission order, PGE will then refile its TLEA as a compliance filing.

Alternatively, by suspending and investigating PGE's Advice No. 20-17, the Commission will choose to wait until a Commission-approved TE investment framework is in place before deciding whether or not to approve PGE's TLEA. Staff will then evaluate PGE's TLEA proposal using the new guidelines the Commission approves. The merit of this choice is that it avoids the risk of PGE potentially spending more ratepayer money on EVSE projects than the social benefit the future TE framework identifies.

Conclusion

Staff recommends the Commission approve PGE's TLEA with the following modifications:

1. The Business TLEA pays \$1,500 per port.
2. The Fleet TLEA pays a multiple of 4.

3. It expires on August 1, 2022, at which time it will be reassessed.

In the alternative, Staff recommends that the Commission suspend and investigate Advice No. 20-17 for refiling after the Commission has approved a TE investment framework.

PROPOSED COMMISSION MOTION:

Approve PGE's filing with conditions or, in the alternative, suspend and investigate PGE's filing as described in Advice No. 20-17.