

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 29, 2020**

REGULAR  CONSENT  EFFECTIVE DATE January 1, 2021

**DATE:** December 21, 2020

**TO:** Public Utility Commission

**FROM:** Sabrinna Soldavini

**THROUGH:** Bryan Conway and John Crider **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1198/Advice No. 20-38)  
2021 Annual Update Tariff Compliance Filing.

**STAFF RECOMMENDATION:**

The Oregon Public Utility Commission (Commission) should approve the compliance filing submitted by Portland General Electric (PGE) in compliance with Order No. 20-390 and allow the tariff sheets filed in Advice No. 20-38 to go into effect on January 1, 2021.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's filing implementing changes to its rates approved by the Commission in Order No. 20-390.

Applicable Law

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.

In Order No. 20-390, the Commission adopted a stipulation that resolved all issues related to PGE's 2021 Annual Power Cost update and forecast of net variable power costs. The stipulation, in part, ordered PGE to file its final power cost model (MONET) run on or before November 15, 2020, producing the final Annual Update Tariff Adjustment for 2020.<sup>1</sup>

## Analysis

### *Initial Filing*

On April 1, 2020, PGE filed its 2021 net variable power cost (NVPC) projection, consistent with the terms of its Schedule 125, which implements the Company's Annual Update Tariff (AUT). The AUT is designed to allow PGE to revise customer rates to reflect those changes in its projected NVPC resulting from new information. NVPC include wholesale power purchases and sales, fuel costs, and other costs that generally change as power output changes. The filing included direct testimony in support of the 2021 NVPC projection of \$436.2 million, or approximately \$23.20 per megawatt-hour

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<sup>1</sup>See Docket No. UE 377, Order No. 20-390, p. 10.

(MWh). This would have translated to an overall rate increase of approximately \$2.19 per MWh from the final 2020 projected power costs. The primary factors responsible for the increase were an increase in power costs due to Boardman ending operations in 2020, an increase in costs related to market energy and capacity purchases, an increase in transmission costs, and a decrease in expected market sales due to projected load increase in 2021.<sup>2</sup>

Because PGE filed its 2021 NVPC non-concurrent with a general rate revision, the Company is allowed, per Order No. 08-505, to update the following model parameters, but not propose changes to their model:<sup>3</sup>

- a) Forward Price Curves;
- b) Load Forecasts;
- c) Heat rates;
- d) Pacific Northwest Coordination Agreement Headwater Benefit Study;
- e) Contracts for wholesale power and power purchases and sales;
- f) Wind availability forecast;
- g) PURPA contract expenses; and
- h) Maintenance and Forced Outage rates.

#### *UE 377 Proceedings*

Following PGE's initial filing, the stipulating parties held a workshop to discuss issues and review PGE's Multi-area Optimization Network Energy Transaction power cost forecasting model (MONET) on June 5, 2020. On June 8, 2020, PGE filed supplemental testimony Staff, providing details of a power purchase agreement (PPA) upon negotiating an agreement with Public Utility District No. 1 of Douglas County (Douglas), Washington for surplus capacity and energy.

Staff, the Oregon Citizens' Utility Board (CUB), and the Alliance of Western Energy Consumers (AWEC) filed testimony related to all AUT Issues, with the exception of the Douglas PPA on June 26, 2020. Testimony addressing the Douglas PPA was filed by Staff, CUB, and AWEC on July 9, 2020.

On July 13, 2020, the Stipulating Parties participated in a settlement conference. On July 22, 2020, PGE filed a motion to suspend the procedural schedule related to the AUT Issues, indicating that the parties had reached an agreement in principle. The administrative law judge granted the motion.

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<sup>2</sup> UE 377, PGE/100, Seulean – Kim – Batzler/2.

<sup>3</sup> See Docket No. UE 198, Order No. 08-505, Appendix A, p. 4.

On August 21, 2020, PGE filed a stipulation and supporting testimony joined by Staff, CUB, and AWEC. The stipulation settled all issues raised in the proceedings including:

- a) Western Energy Imbalance Market (EIM) Costs and Benefits;
- b) Faraday Production Tax Credits (PTCs);
- c) Gas Resale Optimization;
- d) Variable Energy Resources Integration Update;
- e) Transmission Resales;
- f) Colstrip Forced Outage Rate;
- g) Port Westward/Beaver Complex Gas Supply;
- h) Gas Resale Transactions on the GTN Pipeline During Carty and Coyote Springs generation plant forced outages;
- i) BPA Transmission Rights Purchase;
- j) Qualifying Facilities (QFs);
- k) PCAM/AUT Construct;
- l) Automated Demand Response (ADR) Programs; and
- m) Beaverton Public Safety Center (BPSC) Energy Storage Microgrid.

The Commission issued Order No. 20-390 on October 28, 2020, adopting the AUT Issue stipulation and requiring the Utility to complete a final MONET run by November 15, 2020, to finalize estimated power cost amounts.<sup>4</sup>

#### *MONET Updates*

The Annual Update Tariff process includes four periodic updates to forecasted NVPC for the following year with revisions to load forecasts, price forecasts, and contracts as they are realized. Each change in parameters produces a revised net variable power cost by updating the MONET dispatch tool and running the model again for the test year.

On July 15, 2020, PGE updated contract and electric and gas forward curves as of May 29, 2020. The NVPC forecast for 2021 increased roughly \$5.8 million from the April 1, 2020, initial filing to approximately \$442.0 million. This increase was primarily due to capacity contract updates and electric and gas forward price curves updates.

On October 1, 2020, PGE performed a MONET update based on contracts and electric and gas forward curves as of August 31, 2020. PGE's NVPC forecast for 2021 increased to approximately \$451.2 million, a decrease of roughly \$9.2 million from the July 15, 2020 update filing. This decrease was primarily due to updating the 2021 load

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<sup>4</sup> Order No. 20-390 also requires that in developing a report which details the performance of the Wheatridge facility, to be filed with PGE's next annual power cost filing, as required by Order No. 20-321, information will be included about the PPA portion of the project.

forecast, qualifying facilities achieving commercial operations, updates to maintenance schedules, and contract updates.

On November 6, 2020, PGE updated contracts and electric and gas forward curves as of October 15, 2020. The NVPC forecast for 2021 increased to \$459.1 million, an increase of roughly \$7.9 million from the October 1, 2020, update filing. This increase was primarily due to updates to electric and gas forward price curves and updates to west side hydro facilities maintenance schedules that reflect expected timelines to address wildfire damages.

On November 16, 2020, PGE performed the final update of its 2021 NVPC forecast. This update included 2021 electric and natural gas forward prices based on a five-day average of the forward curves on November 2, 2020 through November 6, 2020. The final NVPC forecast totaled \$457.9 million, a reduction of approximately \$1.2 million from the November 6, 2020 update filing, which is due to the updates to electric and natural gas forward prices and QF contracts. This results in a final NVPC of roughly \$24.41 per MWh, or an increase of \$1.21 per MWh. This equates to a roughly \$4.72 increase in the typical Schedule 7 Residential customer's monthly bill. These changes will impact all of the roughly 900,000 Cost-of-Service customers.

*Effect of Docket No. UE 377 and Advice No. 20-38*

On November 16, 2020, PGE filed Advice No. 20-38. Staff reviewed the filing, tariff schedules, and workpapers to ensure the proposed filing is accurately calculated and consistent with Commission policy and direction.

On November 19, 2020, PGE filed replacement sheets for Schedule 689, New Large Load Cost-of-Service Opt-Out, which was inadvertently left out of the initial filing. On December 9, 2020, PGE filed replacement sheets correcting the pricing in Schedule 515, Outdoor Area Lighting Direct Access Service.

In addition to Schedule 125, which updates NVPC, Advice No. 20-38 also updates Schedule 26 (Nonresidential Demand Response Pilot Program) and updates various System Usage, Distribution, and lighting fixture charges. Schedule 26, Nonresidential Demand Response Pilot Program energy prices are updated based on the 2021 forward market gas prices contained in the final UE 377 NVPC update. The System Usage and other various charges are reset based on new long-term direct access participation during the September 2020 enrollment window. The changes in System Usage, Distribution, and lighting fixture prices result in an increase of approximately \$0.9 million.

In total, 43 sheets are updated through Advice No. 20-38, a list of which can be found on the first page of the Company's application.

Staff's only further contact with the Company regarding this filing was to get the workpapers in their spreadsheet format in order to complete the review process.

Based on Staff's analysis of PGE's advice filing and associated workpapers, Staff finds the filed rates to be accurate and consistent with Order No. 20-390 and applicable law. Staff further finds that all of the revised tariff sheets correct and that the Company's filing results in rates that are fair, just, and reasonable.

### Conclusion

Based on the review of PGE's application, Staff concludes that the proposed revisions are consistent with Order No. 20-390 and result in rates that are fair, just, and reasonable.

### **PROPOSED COMMISSION MOTION:**

Approve the compliance filing submitted by PGE in compliance with Order No. 20-390 and allow the tariff sheets filed in Advice No. 20-38 to go into effect on January 1, 2021.