

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 23, 2021**

REGULAR  CONSENT  EFFECTIVE DATE April 1, 2021

**DATE:** February 25, 2021

**TO:** Public Utility Commission

**FROM:** Michelle Scala

**THROUGH:** Bryan Conway and Caroline Moore **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1242/Advice No. 21-04)  
Updates Schedule 128, Short Term Transition Adjustment.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) proposed updates to Schedule 128, Short Term Transition Adjustment, as described in Advice No. 21-04, effective for service rendered on and after April 1, 2021.

**DISCUSSION:**

Issue

Whether the Oregon Public Utility Commission (Commission) should approve PGE's Advice No. 21-04, which updates its Schedule 128, Short Term Transition Adjustment, effective with service rendered on and after April 1, 2021.

Applicable Law

ORS 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

ORS 757.220 requires that any change in rates, tolls, charges, rules, or regulations be filed with the Commission at least 30 days before the effective date of the change.

OAR 860-022-0025 and OAR 860-022-0030 set forth the requirements for tariff filings naming increased rates. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules 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.

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.

ORS 757.600 to 757.689 authorize and regulate the provision of the "direct access" (Direct Access) options in Oregon. The Commission's rules implementing these statutes are set forth in OAR Chapter 860, Division 038. OAR 860-038-0160 concerns Direct Access transition charges and credits.

## Analysis

### *Background*

The purpose of instituting transition adjustment rates for Direct Access customers is to recover fixed generation costs from those who elect to substitute third-party energy sources for retail utility service. To recover said costs, each such customer will receive a transition credit or pay a transition charge. These transition adjustment rates are updated regularly to prevent net revenue shortfalls or windfalls arising from Direct Access.

PGE's Schedule 128 (Short Term Transition Adjustment Update) establishes the Company's revised nine-month balance-of-year (BOY) short term transition adjustment rates for customers electing to leave Cost of Service or choosing Direct Access Service for the balance of the calendar year. On February 16, 2021, PGE filed Advice No. 21-04 to update rates for customers electing the April 2021 quarterly election window.<sup>1</sup> The rate changes in Advice No. 21-04 compared to the prior year nine-month BOY short term transition adjustment rate are the result of the updated price of electricity derived from the Company's most recent Annual Power Cost Update filing,

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<sup>1</sup> On February 23, 2021, PGE filed replacement sheets for Advice No. 21-04 to revise the proposed Schedule 128 rates. Rates listed in the Company's initial filing had been incorrectly calculated using outdated COS energy price inputs that were unintentionally omitted in the 2021 updates.

Docket No. UE 377, and the 2021 forward market prices.<sup>2</sup> The transition adjustment rates associated with a particular customer-schedule reflect the difference between the per-kWh weighted-average price that would be expected to be recovered applying current cost-of-service (COS) tariff energy charges to the respective schedule's projected total loads under the COS option, and the projected weighted average market cost. The respective schedule's load shape provides the weights used in estimating the average price and market cost.

#### *Staff Review*

The proposed rates in Schedule 128 affect only those customers electing to leave PGE's Cost of Service or choosing Direct Access during the election window that opened February 16, 2020, for service effective as of April 1, 2021.

The nine-month BOY short-term transition adjustment rates are based upon the same Commission-approved methodology and 2021 forward market prices used to establish the annual short-term transition adjustment rates that the Company filed in PGE Advice No. 20-37.

As it is unknown how many customers will elect service through Schedule 128 for the remainder of 2021, the corresponding change in Company revenue is also unknown. Customers that elect to remain on Direct Access service or applicable non-cost-or-service rate in 2022 will shift to the annual rates established for Schedule 128 applicable at that time.

Staff corresponded directly with the Company to discuss Advice No. 21-04 and did not require any information requests as the Company's filing included all requisite documents to perform the analysis and review. Staff reviewed the filing, tariff schedule, and workpapers to ensure consistency among the model inputs, outputs and actual tariff filing and in accordance with past Commission orders. As filed, the proposed Schedule 128 adjustment rate will range from a 1.894 cents per kWh to 2.658 cents per kWh charge to applicable customers, dependent on schedule. Compared with last year's nine-month BOY update, ADV 1242 represents an average increase of approximately four percent in the Schedule 128 adjustment rates. Staff's year-to-year comparison of the COS energy prices and forecasted market values of energy saw slight increases in both input variables; however, the COS energy price increases were greater resulting in the overall increase to Schedule 128 prices. Staff concludes that all of the revised sheets are correct and consistent with PGE's 2021 Annual Power Cost Update.<sup>3</sup>

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<sup>2</sup> See OPUC Docket No. ADV 1092/PGE Advice No. 20-03.

<sup>3</sup> See Commission Order No. 20-428, Docket No. UE 377, PGE 2021 Annual Power Cost Update Tariff.

Conclusion

Staff finds that the updated rates in Schedule 128 are appropriately calculated, and recommends that the Commission approve the proposed tariff changes and permit the revised schedule to go into effect on April 1, 2021.

**PROPOSED COMMISSION MOTION:**

Approve PGE's proposed updates to Schedule 128, Short Term Transition Adjustment, as described in Advice No. 21-04, effective for service rendered on and after April 1, 2021.