



# Oregon

Kate Brown, Governor

## Public Utility Commission

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December 28, 2021



BY EMAIL

Portland General Electric Company

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RE: Advice No. 21-35

At the public meeting on December 28, 2021, the Commission adopted Staff's recommendation in this matter docketed as ADV 1337. 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 28, 2021**

REGULAR  CONSENT  EFFECTIVE DATE January 1, 2022

**DATE:** December 20, 2021

**TO:** Public Utility Commission

**FROM:** Heather Cohen

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

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1337/Advice No. 21-35)  
Schedule 108 Public Purpose Charge and Schedule 109 Energy  
Efficiency Funding Adjustment.

**STAFF RECOMMENDATION:**

Approve Portland General Electric Company's (PGE or Company) Advice No. 21-35, revising Schedule 108 (Public Purpose Charge) and Schedule 109 (Energy Efficiency Funding Adjustment), for service rendered on and after January 1, 2022.

**DISCUSSION:**

Issue

Whether the Commission should approve Advice No. 21-35, PGE's request to update its Schedule 108 (Public Purpose Charge) and Schedule 109 (Energy Efficiency Funding Adjustment) in accordance with House Bill 3141.

Applicable Law

ORS 757.205 requires public utilities file to all rates, rules, and charges with the Commission.

ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just, and reasonable.

ORS 757.220 provides that no change shall be made in any schedule, except upon 30 days' notice to the Commission prior to the time the changes are to take effect.

OAR 860-022-0025 requires that filings revising tariffs include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.

### Analysis

#### *Background*

Senate Bill 1149 directed Oregon's two largest investor-owned electric utilities (Portland General Electric and Pacific Power) to collect a public purpose charge from their customers equal to 3 percent of their revenues to fund energy efficiency, development of new renewable energy, and low-income weatherization projects throughout Oregon (Schedule 108). Schedule 109 funds the acquisition of additional Energy Efficiency Measures (EEMs) for the benefit of the Company's customers pursuant to the Oregon Renewable Energy Act, Section 46, through programs administered by the ETO.

House Bill 3141, signed into law on July 27, 2021, reduces the public purpose charge (Schedule 108) for retail electricity consumers (including direct access) within service areas of electric companies and Oregon Community Power to 1.5 percent until January 1, 2036. The 1.5 percent is to be reallocated as follows:

Percentage	Purpose
0.30%	School districts located in the service territory
0.51%	Above-market costs of constructing and operating new renewable energy resources
	Customer investments in distribution system-connected technologies that support renewable energy resources
0.55%	New low-income weatherization
0.14%	Funding for the Housing and Community Services' Electricity Public Purpose Charge Fund for the purposes of providing grants
1.50%	

The legislation also stipulates, for the period beginning January 1, 2022, and ending December 31, 2025, consumers who use more than one average megawatt of electricity annually may not be charged more than 1.7 percent of the total revenue for cost-effective energy efficiency measures. HB 3141 requires, for the period beginning January 1, 2026, and ending December 31, 2035, the following maximum combined amounts charged to retail electricity consumers that use certain megawatts of electricity:

- 1) Consumers that use more than one average megawatt and less than 10 average megawatts of electricity at any site in the prior year may not exceed \$250,000;

- 2) Consumers that use more than 10 average megawatts of electricity at any site in the prior year may not exceed \$4 million; and
- 3) Consumers that use more than 10 average megawatts of electricity at any site in the prior year may not exceed \$4.5 million.

Schedule 108 (Public Purpose Charge) proposed changes

PGE has updated the PPC collection percentage to 1.5 percent of total revenue billed to the consumers for electricity services, distribution, ancillary services, metering, and billing. Disbursement of the PPC funds has been updated with the new disbursement amounts. PGE has updated Special Condition 1 to require Energy Service Suppliers (ESS) to provide supporting calculations for each Service Point enrolled in Direct Access when they remit monthly PPC collections to PGE in order to accurately allocate the applicable portions.

Schedule 109 (Energy Efficiency Funding Adjustment) proposed changes

HB 3141 directs electric companies to pursue cost-effective energy efficiency resources to be collected in the rates of all retail consumers, including direct access customers or those receiving electricity from electricity service suppliers. In compliance, PGE proposes to include Direct Access rate schedules at Cost-of-Service prices and to allocate Schedule 109 Energy Efficiency Funding on the basis of an equal percentage of base revenues. PGE is calculating volumetric rates to collect the funding. To comply with the cap of 1.7 percent for consumers using more than one average megawatt of electricity, PGE has calculated the annual base revenues by rate schedule for customer sites greater than one average megawatt and capped the cost recovery of Schedule 109 at 1.7 percent per rate schedule. Because PGE is not aware of the ESS revenues derived from energy sales to Direct Access customers, its tariff does not collect 1.7 percent of these amounts.

*Staff Analysis of Filing*

Schedule 108 changes result in an annual decrease of 1.5 percent for the approximately 918,600 (2022 forecasted) customers. The proposed change in Schedule 109 results in an annual increase of \$25 million, or 1.5 percent. The overall impact of both Schedule 108 and 109 changes result in no change for a residential consumer consuming 780 kWh's a month.

Staff's review of this filing and associated work papers finds that the updated rates in Schedule 109 are correctly calculated and costs included for recovery are appropriate and prudently incurred. As this filing meets applicable legal requirements, Staff recommends the Commission approve PGE's filing.

However, both Staff and the Alliance of Western Energy Consumers (AWEC) have a concern regarding PGE's calculation of cost-effective energy efficiency funding requirements for customers subject to the 1.7 percent cap in HB 3141, which includes both Cost of Service customers as well as Direct Access customers. Due to PGE's proposed methodology for implementing the cap, there is a possibility that customers greater than 1 aMW with higher-than-average load factors could pay more than the 1.7 percent cap because the rates are based on the average load factor for that load schedule. There are concerns about the consistency of this methodology with the requirements of HB 3141. However, the cap is an annual cap, and therefore, Staff, PGE, and AWEC are comfortable allowing this methodology to be used until a substitute methodology is identified. Staff, PGE, and AWEC have discussed potential "fixes" to the issue, but find that all require further exploration and that none will be ready to implement prior to the required January 1, 2022, implementation date required by relevant legislation.

Staff also has a concern that Direct Access customers are not paying for cost-effective energy efficiency funding derived from energy charges from their respective ESS. The 1.7 percent charge on revenues related to energy charges is only estimated because these amounts are unknown to PGE, as the service is provided by an ESS. Staff finds that this is likely contrary to the intended purpose of the bill, which sought to make cost-effective energy efficiency charges non-bypassable. This is not an issue for PGE alone as no utility is able to correctly assess this charge due to similar lack of information.

Staff has discussed this concern with both PGE and PacifiCorp, who share the concern. Staff, PGE, and PacifiCorp have agreed to explore additional options that would allow for Direct Access customers to pay no more than 1.7 percent for energy charges and observe the statutory restriction.

### Conclusion

For the reasons stated above, Staff recommends that the Commission approve PGE's Advice No. 21-35 for service rendered on and after January 1, 2022, with the understanding that Staff, PGE, and stakeholders will work together in early 2022 to address the issues and concerns discussed above.

### **PROPOSED COMMISSION MOTION:**

Approve PGE's Advice No. 21-35, revising the Schedule 108 (Public Purpose Charge) and Schedule 109 (Energy Efficiency Funding Adjustment), for service rendered on and after January 1, 2022.

**SCHEDULE 108  
PUBLIC PURPOSE CHARGE**

**PURPOSE**

To collect funds associated with activities mandated for the benefit of the general public pursuant to OAR 860-038-0480. Activities include new energy, related investments in schools, new renewable energy resources and customer investments in technologies supporting reliability, resilience and the integration of renewable energy resources with the Company's distribution system, low-income housing resources and new low-income weatherization.

(C)  
|  
(C)

**APPLICABLE**

To all Residential and Nonresidential Customers located within the Company's service territory except Nonresidential Customers qualifying as a Self-Directing Customer may be partially exempt.

**PUBLIC PURPOSE CHARGE**

The Public Purpose Charge will be 1.5% of total revenue billed to the Customer "for electricity services, distribution, ancillary services, metering and billing, transition charges and other types of costs that were included in electric rates on July 23, 1999" as specified in OAR 860-038-0480(2).

(C)

**SELF-DIRECTING CUSTOMER (SDC)**

Pursuant to OAR 860-038-0480, to qualify to be a Self-Directing Customer (SDC), the Large Nonresidential Customer must have a load that exceeds one aMW and receive certification from the Oregon Department of Energy (ODOE) as an SDC. Beginning November 30, 2004, the Company will include the credits due, as reported by the ODOE, to the applicable portions of the SDCs monthly Public Purpose Charge.

**SPECIAL CONDITIONS**

1. Electricity Service Suppliers (ESS) – Each ESS that provides Direct Access Service in the Company's service territory will collect a Public Purpose Charge from its Direct Access Customers. The ESS will remit monthly to the Company the Public Purpose Charges it collects from Customers and provide calculations of the Public Purpose Charge for each Service Point enrolled in Direct Access. The ESS will supply the Company with this information, so the Company can correctly allocate the applicable portions of the Direct Access SDC's monthly Public Purpose Charge and ensure Disbursement of Funds collected are allocated as required.

(C)  
|  
(C)

**SCHEDULE 108 (Concluded)**

SPECIAL CONDITIONS (Continued)

2. Disbursement of Funds – The Company will distribute monthly, Public Purpose funds collected, minus reasonable administrative costs, as outlined in OAR 860-038-0480 and required by ORS 757.612:

- The funds for energy related investments in schools to the education service districts located in the Company’s service territory = 0.30% of revenues (20% of total); (C)  
| (C)  
(D)
- The funds for renewable energy resources and customer investments in technologies supporting reliability, resilience, and the integration of renewable energy resources will be allocated as directed by the Commission = 0.51% of revenues (34% of total); (C)  
| (C)
- The funds for low-income weatherization will be allocated to the Housing and Community Services Department = 0.55% of revenues (36.67% of total); and (C)  
(C)
- The funds for low-income housing will be allocated to the Housing and Community Services Department Revolving Account = 0.14% of revenues (9.33% of total). (C)  
(C)

**TERM**

This Schedule will terminate on January 1, 2036. (C)

**SCHEDULE 109  
ENERGY EFFICIENCY FUNDING ADJUSTMENT**

**PURPOSE**

To fund the acquisition of additional Energy Efficiency Measures (EEMs) for the benefit of the Company's Customers pursuant to ORS 757.054.

(C)

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To all Residential and Nonresidential Customers located within the Company's service territory. Nonresidential Customers whose load exceeded one aMW at a Service Point (SP) during the prior calendar year or those Nonresidential Customers qualifying as a Site certified by Oregon Department of Energy (ODOE) will not be charged an amount in rates that exceeds 1.7% of the total revenue received from the sale of electricity serviced to the Site from any source.

(C)

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(C)

**SELF-DIRECTING CUSTOMER (SDC)**

Pursuant to OAR 860-038-0480, to qualify to be a SDC, the Large Nonresidential Customer must have a load that exceeds one aMW at a Site as defined in Rule B and receive certification from the ODOE as a SDC. The Company will include the credits due, as reported by the ODOE, to the applicable portions of the SDCs monthly Schedule 109 Charge.

(C)

(C)

**DISBURSEMENT OF FUNDS**

All funds collected under this schedule less an allowance for uncollectible expenses will be distributed to the ETO on a monthly basis.

(M)



**SCHEDULE 109 (Continued)**

**ENERGY EFFICIENCY ADJUSTMENT**

The Adjustment Rates, applicable for service on and after the effective date of this schedule, will be:

Standard Pricing

<u>Schedule</u>	<u>Adjustment Rate</u>	
7	0.579 ¢ per kWh	(M)
15/515	0.794 ¢ per kWh	(T)
32/532	0.576 ¢ per kWh	(N)
38/538	0.635 ¢ per kWh	(I)
47	0.922 ¢ per kWh	(I)(C)
49/549	0.635 ¢ per kWh	(I)(C)
75/575		(M)
Secondary	0.125 ¢ per kWh	(R)
Primary	0.121 ¢ per kWh	
Subtransmission	0.123 ¢ per kWh	(R)
83/583	0.464 ¢ per kWh	(I)(C)
85/485/585		
Secondary	0.400 ¢ per kWh	
Primary	0.413 ¢ per kWh	(I)(C)
89/489/589/689		(C)
Secondary	0.125 ¢ per kWh	(R)
Primary	0.121 ¢ per kWh	
Subtransmission	0.123 ¢ per kWh	
90/490/590	0.113 ¢ per kWh	
91/491/591	0.553 ¢ per kWh	(R)
92/492/592	0.409 ¢ per kWh	(I)
95/495/595	0.553 ¢ per kWh	(R)
		(D)

**SCHEDULE 109 (Concluded)**

ENERGY EFFICIENCY ADJUSTMENT (Continued)

Over One Average Megawatt or Site Price Adjustment

<u>Schedule</u>	<u>Adjustment Rate</u>
15/515 >1aMW	0.140 ¢ per kWh
32/532 >1aMW	0.214 ¢ per kWh
38/538 >1aMW	0.243 ¢ per kWh
47 >1aMW	0.353 ¢ per kWh
49/549 >1aMW	0.243 ¢ per kWh
75/575 >1aMW	
Secondary	0.125 ¢ per kWh
Primary	0.121 ¢ per kWh
Subtransmission	0.123 ¢ per kWh
83/583 >1aMW	0.149 ¢ per kWh
85/485/585 >1aMW	
Secondary	0.132 ¢ per kWh
Primary	0.126 ¢ per kWh
89/489/589/689 >1aMW	
Secondary	0.125 ¢ per kWh
Primary	0.121 ¢ per kWh
Subtransmission	0.123 ¢ per kWh
90/490/590 >1aMW	0.113 ¢ per kWh
91/491/591/95/495/595 >1aMW	0.223 ¢ per kWh

**TERM**

This Schedule will terminate on January 1, 2036.

(D)  
(N)

(N)