

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 31, 2022**

REGULAR CONSENT EFFECTIVE DATE January 1, 2022

DATE: May 16, 2022

TO: Public Utility Commission

FROM: Curtis Dlouhy

THROUGH: Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2218)
Application for Deferred Accounting for Costs and Revenues Associated
with the Transportation Electrification Charge.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or Company) application to defer costs and revenues associated with the Transportation Electrification (TE) Charge in House Bill (HB) 2165.

DISCUSSION:

Issue

Whether the Commission should approve PGE's application to defer costs and revenues associated with the TE Charge in HB 2165.

Applicable Rule

PGE makes this filing in accordance with ORS 757.259, OAR 860-027-0300, and HB 2165. ORS 757.259 authorizes the Commission to allow a utility to defer, for later recovery in rates, expenses or revenues in order to minimize frequency of rate changes or to match appropriately the costs borne by and benefits received by customers. OAR 860-027-0300 sets forth several requirements for application to defer.

HB 2165(2)(2) states:

An electric company that makes sales of electricity to 25,000 or more retail electricity consumers in this state shall collect, through monthly meter charges, an amount from each retail electricity consumer served through the distribution system owned and operated by the electric company. The total amounts collected under this section must be set to one quarter of one percent of the total revenues collected by the electric company from all retail electricity consumers.

HB 2165(2)(3) states:

Funds collected under subsection (2) of this section must be expended by the electric company to support and integrate transportation electrification and must be consistent with a budget approved by the Public Utility Commission for use of funds collected under this section. Expenditures made by an electric company pursuant to this subsection must be made on elements contained within the electric company's transportation plan accepted by the commission pursuant to ORS 757.357.

Under HB 2165(4)(3)(a), utilities are required to submit a plan that integrates the Company's TE actions to the Commission for acceptance.

Analysis

Background

On May 17, 2021, the Transportation Electrification Rebates and Cost Recovery (HB 2165) was passed. As a result of the passage of this law, electric companies with more than 25,000 Oregon customers are required to collect an amount from their retail customers to support TE investments. The Companies are required to submit their TE investment plans to the Commission for acceptance under HB 2165(4)(3)(a).

HB 2165(2)(2) states that the revenues used to fund these expenditures must come through monthly meter charges through the distribution system and be set at 0.25 percent of the company's revenue from retail electric customers. HB 2165 went into effect on January 1, 2022.

In accordance with HB 2165, ORS 757.259, and OAR 860-027-0300, PGE requested an order authorizing the use of a deferral to track the costs and revenues associated with the TE Charge on December 30, 2021, and an effective date of January 1, 2022.¹ PGE states that this deferral will support a balancing account mechanism to track the

¹ Application, page 2.

ongoing revenues brought in from the monthly meter charge and the costs incurred through TE investments. The deferral will be recovered through Schedule 150 as requested in PGE Advice Filing No. 21-26, which was approved at the December 28, 2021, public meeting.

Relationship to other TE Deferrals

Staff met with the Company on April 18, 2022 to clarify this deferral, particularly how it relates to the two other PGE deferrals regarding transportation electrifications and electric vehicles in UM 1938 and UM 2003. PGE noted that it does not intend to cover the costs of these deferrals with the revenues acquired by the TE charge. There is nothing that requires the utility to use funds collected through the TE charge on existing programs. However, Staff suggested this as an option at the November 30, 2021 Special Public Meeting.²

Reason for Deferral

In its application, PGE states that granting this deferral will minimize the frequency of rate changes and match appropriately the costs and benefits received by customers.³

Proposed Accounting

PGE intends to record the balancing account in FERC Account 242 (Current Regulatory Liabilities). The TE Charge payments, i.e. the money spent to invest in TE programs, will be debited to FERC Account 242 and credited to FERC Account 407.4 (Regulatory Credit). TE Charge amortization, i.e. revenues collected from PGE customers to support TE investments, will be credited to FERC Account 242 and debited to FERC Account 407.4.⁴

Estimate of Amounts

PGE expects that approximately \$5.2 million will be collected from customers through the TE charge in 2022. The money spent on TE programs is not known at this time, and will be approved in a separate, forthcoming docket where PGE will submit its TE budget.

Information Related to Future Amortization

- Earnings review – No earnings review is applicable due to the AAC.
- Prudence Review – A prudence review will be performed when updating the amounts for amortization as part of the AAC.

² See Page 7 of [Item No. RA2 Staff Report](#) at the November 30, 2021, Special Public Meeting.

³ Application, page 3.

⁴ *Id.*

- Sharing – All prudently incurred costs are recoverable by PGE with no sharing mechanism.
- Rate Spread/Design – Costs will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of revenue applied on a cents-per-kWh basis.
- Three Percent Test (ORS 757.259(6)) – Future amortization will be subject to the three percent test in accordance with ORS 757.259 (7) and (8).

Conclusion

Approval of this deferral is consistent with HB 2165 and past Commission activities regarding transportation electrification. Staff recommends that the Commission approve PGE's application to defer costs and revenues associated with the TE charge in HB 2165.

PROPOSED COMMISSION MOTION:

Approve PGE's application to defer costs and revenues associated with the TE Charge in HB 2165.